Executive Summary

The Malawi Growth and Development Strategy

The Malawi Growth and Development Strategy (MGDS) is the overarching strategy for Malawi for the next five years, from 2006/07 to 2010/2011 fiscal years. The purpose of the MGDS is to serve as a single reference document for policy makers in Government; the Private Sector; Civil Society Organizations; Donors and Co-operating Partners and the general public on socio-economic growth and development priorities for Malawi.

The overriding philosophy of the MGDS is poverty reduction through sustainable economic growth and infrastructure development. The MGDS identifies six key priority areas which define the direction the country intends to take in the next five years to achieve economic growth and wealth creation which are critical for immediate improvement in the economic well-being of Malawians. These are agriculture and food security; irrigation and water development; transport infrastructure development; energy generation and supply; integrated rural development; prevention and management of nutrition disorders, HIV and AIDS.

These six key priority areas will accelerate the attainment of the Millennium Development Goals (MDGs), thereby recognizing the importance of sectors of health, education, gender, environment and governance. In this regard, the MGDS maintains a balance between the economic and social sectors of the economy. In the medium-term, this is expected to bring about prosperity, reduce poverty and achieve the MDGs in order to make life better for all Malawians.

In order to support the six key priority areas, the development framework of the MGDS is built around five broad thematic areas namely sustainable economic growth; social protection; social development; infrastructure development; and improved governance. The activities in the themes have been systematically prioritized and realistically costed taking into account the limited resource envelope. The MGDS builds on the Malawi Economic Growth Strategy (MEGS) that emphasizes the need to create a conducive environment for private sector investment to stimulate economic growth. As such it recognizes the important role of the private sector in promoting economic growth. It also incorporates lessons from the implementation of the Malawi Poverty Reduction Strategy (MPRS). Hence, the MGDS recognizes the need to invest in social development through education, health, good governance and the need to protect the most vulnerable.

The process of developing the MGDS has been participatory involving all key stakeholders including Government, Parliament, Private Sector, Civil Society, Donors, Co-operating Partners and the General Public. More importantly the preparation of the MGDS has been country led and owned, therefore, making it a document for the nation.
Malawi Growth and Development Strategy

Malawi Economic Growth Strategy

The Malawi Economic Growth Strategy (MEGS) was inspired from a joint realisation by Government and the private sector that the economy had been registering negative growth and that remedial measures had to be put in place to reverse the trend. This was in recognition of the fact that the MPRS could not adequately stimulate sustainable economic growth. There was therefore need for rapid broad-based growth to expand the sectoral sources of growth. This would deepen and sustain the gains from agriculture, achieve food security and make the economy less susceptible to external shocks like weather, changes in terms of trade, political developments in the region, and fluctuations in external aid flows.

The MEGS focused on strategies and actions that did not require substantial additional spending by Government and instead could be achieved through refocusing of existing resources by developing a more conducive set of policies that would stimulate private sector investment and trade. It was envisaged, in the medium term, that Government would create the enabling environment through policy reforms with financial and technical support from donors. In this regard, the MGDS could not re-invent the wheel but rather consolidate the economic growth policies and strategies from the MEGS and lessons from the MPRS to inform the new policy direction articulated in this document.

Malawi Poverty Reduction Strategy Implementation Review

Poverty has not changed significantly for the past seven years. According to the Integrated Household Survey 2004/05, the current status of poverty shows that 52.4 percent of the population lives below the poverty line, i.e. about 6.3 million Malawians are poor, with the poorest people in the Southern Region, and rural areas being poorer than urban areas (where poverty rates are at 25%). The poor still have poor socio-economic indicators with food security being a continuing threat to better life. Female headed households are worse off and income inequality persists in Malawi with the richest 10 percent of the population having a median per capita income that is eight times higher (MK50,373 per person per annum) than the median per capita income of the poorest 10% (K6,370 per person per annum). Approximately 30% of the poor moved out of poverty during the period, while 30% of the non-poor moved into poverty. This suggests that there is continued economic vulnerability in Malawi.

On the economic front, the main macroeconomic indicators remained unsatisfactory with the increase of domestic debt stock as a major setback. Lack of fiscal discipline has in the past contributed to unsustainable increase in the domestic debt. The combination of high interest rates and large stock of short-term domestic debt exacerbated pressure in the operation of the budget as most resources went into debt servicing.

The MGDS incorporates lessons learnt from this review while taking into consideration the current political, economic and social developments in the country. It has also been aligned with existing key sectoral strategies and policies from both

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1 The data from the IHS2 is not directly comparable to the past poverty levels. A change in survey instruments and methodology, required an effort to compute the poverty rates for the previous IHS using the current methodology. In this exercise, poverty estimates from IHS1 were estimated using regression models to impute expenditure per capita based on comparably measured household characteristics. The IHS1 poverty rates were calculated at 54%.

xiii
private and public stakeholder institutions. Government will spearhead the implementation of the MGDS. However, all stakeholders have varying responsibilities in the implementation process to ensure the attainment of the set goals.

**MGDS Resource Envelope and Budget Framework**

The successful implementation of the MGDS will depend on the resource envelope that will be revised from time to time. The total revenue and grants is currently programmed to average 38.5 percent of GDP for the next five years. Tax revenue is expected to remain at about 21 percent of the GDP in the medium term.

The total government expenditure is expected to average about 39 percent of the GDP in the current MGDS macroeconomic framework. However, capital expenditure still remains low but it is the intention of Government to increase it during the period of the MGDS. In the previous strategies, resource allocations were tilted towards general administration and social services. The emphasis of the MGDS is to balance between economic and social sectors. The overall fiscal balance is expected to average 1.0 percent of the GDP. The MGDS budget framework is supposed to create an enabling environment for private sector development and improve economic infrastructure such as road networks, energy, water systems and telecommunication.

In addition, Government will implement a number of structural reforms to strengthen public expenditure management, tax system and administration, parastatal reform, civil service reform, decentralization, and good governance.

**Key Priority Areas of the MGDS**

The MGDS contains six key priority areas identified as necessary to achieve its overall objective. Implementation of these key priority areas is expected to enable Malawi to achieve immediate economic growth and wealth creation which are critical for immediate improvement in the economic well-being of Malawians. As outlined above, the key priority areas are agriculture and food security; irrigation and water development; transport infrastructure development; energy generation and supply; integrated rural development; and prevention and management of nutrition disorders, HIV and AIDS.

The key priority area on agriculture and food security has been chosen from theme one on sustainable economic growth. Transport infrastructure development; energy generation and supply; and irrigation and water development; have been taken from theme four on infrastructure development. This emphasizes Government’s commitment to achieving immediate economic benefits that would translate into the socio-economic well-being of Malawians in the medium-term. The key priority area on integrated rural development comprises elements of all the five themes of the MGDS. The choice of this key priority area reflects Governments commitment to improving lives of the rural poor through infrastructure development and economic empowerment. Lastly, the key priority area on the prevention and management of nutrition disorders, HIV and AIDS has been isolated from theme three on social development emphasizing Government’s commitment to achieving the MDGs. The
six key priority areas are therefore within the five thematic areas and are summarized below:

1. **Agriculture and Food Security**

Agriculture is the single most important sector of the economy as it employs about 80 per cent of the workforce, and contributes over 80 per cent of foreign exchange earnings. Above all it also contributes significantly to national and household food security. However, agriculture in Malawi is characterized by low and stagnant yields, over dependence on rain-fed farming which increases vulnerability to weather related shocks, low level of irrigation development, and low uptake of improved farm inputs among others. Consequently, Malawi continues to suffer from chronic food insecurity with many of the problems being structural and economic in nature. The goal is therefore to increase agriculture’s contribution to economic growth, by not only increasing production for food security, but also for agro-processing and manufacturing for both domestic and export markets.

**Agricultural Productivity:** It is expected that value adding and smallholder productivity will be increased while orienting smallholders to greater commercialization and international competitiveness. The strategy also envisages increased livestock production to meet domestic demand. Key strategies include: contract farming, strengthening linkages of farmers to markets, creating a balance between domestic and export oriented markets and provide effective extension services.

**Agro-processing:** The medium term expected outcomes for agro-processing are focused on tea, tobacco, sugar, cotton and wheat.

- **Tea:** Tea production will be increased, especially clonal tea varieties that are competitive at the world market. Focus will be on increasing estate and smallholder profitability and re-investment by uprooting the old varieties and replacing them with the new clonal tea varieties. Tea processing will also be promoted to increase value added and the private sector will take a leading role.

- **Tobacco:** Malawi will maintain a position of market leader in burley tobacco, ensure quality and add value to tobacco through processing and manufacturing. Malawi will also increase production of flue cured and Northern Dark Fired tobaccos by rationalization of fees, creating a more efficient and fair system between farmers and auction floors, strengthening contract farming, and exploring additional markets for tobacco, including tobacco products. Common strategies for smallholder farmers include establishing cooperatives, providing farmers with inputs and better extension services, and irrigation.

- **Sugar:** In the medium term, sugar production will increase by 23 percent. The industry also expects to continue to move up the value chain. The main strategy is to promote out-grower schemes in the sugar industry.

- **Integrated Cotton Industry:** The medium term outcome for the sector is increased production of garments made from locally woven cotton cloth as opposed to imported synthetic fabrics. Key strategies include focusing efforts
on identifying and negotiating trade opportunities at the global level. Due to the highly competitive nature of the industry, it will look for opportunities where it has a comparative advantage and not attempt to replicate all steps in the value chain.

- **Wheat:** There is need to increase wheat production in the country. Since 1991/92 season, annual wheat production has remained below 2000 metric tonnes which is far short of the estimated consumption of 60,000 metric tonnes. The medium term expected outcome is increased production of wheat from the current hectarage of 2000 to 30,000 hectares. The key strategies include encouraging production of improved varieties of wheat, irrigation, processing and marketing.

### Food Security
Food will be available for all Malawians in sufficient quantities and qualities at affordable prices. Key strategies will include improving agricultural productivity and increase the variety of food available at household, community and national levels; implementing policies to improve the functioning of the maize markets; improving the ability to import and distribute food through better domestic and regional connectivity; providing means for Malawian’s to gain income and put in place effective social protection programs with improved targeting and implement a nutrition strategy while improving coordination and management of food aid.

### 2. Irrigation and Water Development
Irrigation and water development is key to Malawi due to its direct linkages with agriculture and energy. Irrigation will contribute towards reduction of the over dependence on rain-fed agriculture while proper conservation of water will also contribute towards the generation of electricity. Key strategies include construction and promotion of small and medium scale irrigation schemes to enhance food and cash crop production.

### 3. Transport Infrastructure Development
Better domestic and regional connectivity entails improving the current state of transport infrastructure. However, the state of Malawi’s transport infrastructure is characterized by poor road network, poor and limited access to ports, limited air links, inadequate freight and rail capacity. The inadequacy of the transportation infrastructure results in high costs of production, where transportation represents 55 percent of costs, compared to 17 percent in other less developed countries. With the new policy direction, it is expected that improved transportation will contribute to reduced lead times on export, decreased cost of domestic trucking, lower costs of cross-border and transit trade with neighbouring countries, lower cost to reach domestic, regional and international markets (supply and distribution) and improved mobility and connectivity of rural producing communities to markets.

- **Roads:** In the medium term, efforts will be on improving mobility and accessibility of the population to key road corridors within Malawi and out of Malawi while facilitating the improved mobility and accessibility of rural communities to goods and services at low cost.
• **Water transport**: The key medium term outcome for water transport is improved inland shipping network that is active in local and international shipping, trade and tourism in a safe manner while protecting the environment. Efforts will be directed towards plans to navigate the Shire so that the country could have direct access by water to the ports along the Indian Ocean through the Shire-Zambezi Waterway.

4. **Energy Generation and Supply**

Energy is a crucial input into any industrial processing and serves as the life-blood for any economy. Malawi is relatively well endowed with a wide variety of energy resources but a full potential of the energy sub-sector remains far from being realized owing to a number of structural, operational and institutional challenges. The provision of energy in Malawi is inadequate, unreliable and inaccessible to all who need it largely on account of lack of competition in the sector, non-functioning power plants and inability to generate sufficient amounts of energy. The objective of the MGDS is to reduce the number and duration of blackouts, increase access to reliable, affordable electricity in rural areas and other targeted areas, improve coordination and the balance between the needs for energy and those of other high growth sectors such as tourism and mining.

5. **Integrated Rural Development**

The MGDS recognizes that broad based economic growth and development cannot be achieved if rural areas with potential for growth are sidelined. In this context, Government will strive to promote the growth of rural growth centers. The objective is to re-distribute wealth to all citizens while also mitigating the negative consequences of rural-urban migration. The long-term goal is to develop rural growth centers to contribute effectively to economic growth through the creation of employment opportunities thereby enhance the redistribution of wealth to all citizens and reduce rural-urban migration. In the medium-term it is expected that developed rural growth centers will create employment that will enhance incomes for rural communities and in-turn reduce rural-urban migration trends. Emphasis will be placed on infrastructure development such as roads and communications, energy supply, agro-processing and manufacturing. This is envisaged to promote private sector investment that will create employment and improve incomes of the rural people.

6: **Prevention and Management of Nutrition Disorders, HIV and AIDS.**

HIV and AIDS: The MGDS incorporates strategies of the National Action Framework on AIDS and the UNAIDS three-ones principles – one agreed action framework, one national AIDS coordinating authority, and one agreed country level monitoring and evaluation system. It seeks to not only halt and reverse the spread of HIV and AIDS, but also to decrease the negative impact of the epidemic on people living with AIDS and reduce the economic and social consequences for those who care for people living with HIV and AIDS.

Malawi like many other Sub-Saharan African countries has been severely affected by HIV and AIDS. Its impact remains devastating and the country’s efforts are inadequate given the pace of the spread of HIV and AIDS. Poverty and HIV and AIDS are reciprocally influenced. The national adult HIV prevalence in the reproductive age group of 15-49 years has slightly declined from 14.4percent in 2003
to 14.0 percent in 2005. The country still faces a number of challenges in containing the spread and impact of HIV and AIDS on development. Key constraints in containing the HIV and AIDS scourge are: hunger and poverty which make individuals more vulnerable to infection; inadequate supply of Anti-retrovirals (ARVs) and access to nutritious diets.

The long-term goal is to prevent further spread of HIV and AIDS and mitigate its impact on the socio-economic and psychosocial status of the general population and high risk groups. It is expected that in the medium-term there will be behaviour change of people particularly the high risk groups, increased number of people accessing voluntary counselling and testing (VCT), improved health status or extended life of the infected people through increased uptake of ARVs and nutrition therapy.

**Nutrition:** In the medium term, efforts will focus on ensuring effective utilization of quality food and the biological utilization of nutrients in the body; reduced levels of malnutrition among all Malawians; reduced incidences and cases of dietary related non-communicable diseases and micro-nutrient disorders; and increased productivity and availability of food crops. Key strategies include enhancing coordination of nutrition programmes, building capacity for nutritionists and dieticians, and community nutrition workers.

**Interaction of Nutrition, HIV and AIDS:** The HIV and AIDS pandemic has compounded the dual burden of malnutrition and disease. It increases the body’s need for micronutrients, calories and protein while simultaneously decreasing the body’s ability to work. This means that as more nutritious food is needed within a household, less labour is available with which to produce or obtain it. This leads to less nutritious food for everyone else in the household and inadequate diet for the person living with HIV and AIDS. The long-term goal is to improve the nutritional status and support services for people living with and affected by HIV and AIDS. In the medium-term, It is expected that there will be increased knowledge of the interaction between nutrition and HIV and AIDS; improved and diversified dietary practices for people living with HIV and AIDS; and increased provision of HIV and AIDS-related nutrition interventions.

**Other Focus Areas of the MGDS**

In addition to the six key priority areas described above, the MGDS also focuses on areas of health, education, gender, environment, governance and protection of the vulnerable among others. The MGDS recognizes that a healthy and educated population is necessary if Malawi is to achieve sustainable development. In this regard, the MGDS also seeks to achieve and sustain Millennium Development Goals (MDGs). Areas of focus include the provision of the essential health package, and development of health infrastructure. In education, emphasis is on providing adequate learning and teaching materials, rehabilitation and construction of modern schools at all levels. The MGDS also focuses on good governance as it is a prerequisite for achieving sustainable economic growth and development. Furthermore, the MGDS recognizes that equal participation in economic activities and sustainable management of the environment are critical for the development of the country.

It is also a fact that while most may benefit from economic growth and development, some may be left out due to their inability to actively participate in the development
process. Government has put up plans to provide social protection to these marginalized groups of people. These include the elderly, women, people with disabilities and children. Social protection programmes will be developed in line with human capital needs to transform these groups to access social basic needs.

**Malawi Growth and Development Strategy Framework**

The five broad themes are: sustainable economic growth; social protection; social development; infrastructure development and improving governance. The rest of the focus areas are within these themes as outlined below:

**Theme One: Sustainable Economic Growth**

The achievement of sustainable economic growth is necessary if the vision of creating wealth and employment, transforming the country from a predominantly consumption-based economy to a predominantly production-based economy, and turning it into a middle-income economy is to be achieved. To this end, Malawi will seek to increase domestic and foreign private investment in productive sectors. It will also seek to promote exports by addressing supply-side constraints, to diversify the economy and ensure that this growth is shared among all Malawians. The strategy for sustainable economic growth requires action on multiple fronts. In order to generate immediate economic benefits for the people, Government will in the short to medium term prioritise agricultural productivity of key crops such as maize, tobacco, tea, sugar and cotton to improve the food security situation and agro-processing for export. As such issues of agriculture and food security have been isolated as a key priority area as outlined above. The rest of the other focus areas are as below:

**Sub-Theme One: Maximizing the contribution to economic growth through the potential sectors of growth**

High growth sectors will be positioned to realize economic growth in the longer term (by taking away constraints to growth) and increase employment in the medium term.

- **Tourism:** Malawi will be established as a principal and leading eco-tourism destination in Africa and domestic tourism will be increased. Strategies to be pursued include: increasing capacity to service additional tourists in international competitive accommodations; improving transportation links to tourism destinations; increasing attractiveness of national parks for tourism and eco-tourism and improving tourism marketing regionally and internationally.

- **Mining:** In the medium term, production will be increased and efforts geared towards value adding by all miners. The main strategies for mining include: developing a functioning institutional setting to promote mining, ensuring compliance by small, medium and large scale miners with environmental and safety standards; supporting small scale miners by integrating them in the minerals market and increasing their value added; and increasing investment by private sector companies in medium and large scale mining.

- **Manufacturing:** The medium term outcome is to lay the foundation for manufacturing to take off. Key strategies include: improving the quality of products and productivity of both labour and capital; enhancing skills through better integration of science and technology into vocational training;
improving standard certification capacity; developing additional incentives for investment including redefining the roles and responsibilities of support institutions.

Sub-Theme Two: Enabling environment for private sector led growth
The private sector is a recognized engine of growth. It is expected that in the medium term, there will be: an increase in the number of firms that are producing goods that are competitive in regional and international markets, in terms of both product quality and price; and that the number of Malawian firms which are contributing to exports will increase as will the supply of goods for the domestic market.

The key strategies include: addressing the infrastructure constraints; ensuring sustained macro-economic growth; improving vocational training through the current educational system; and updating equipment to meet international certification standards; implementing tax reforms as defined by the tax review; and improving coordination for domestic and international investors to resolve problems in accessing information.

Sub Theme Three: Export Led Growth
Malawi continues to be a member of both SADC and COMESA. The national export strategy will include promoting production of goods and services where Malawi has comparative advantage to take advantage of the existing regional markets. Key strategies include: reducing the cost of reaching external markets by focusing on linkages to Mozambique through the Shire Zambezi waterway, reduced restrictions on air transport; reducing lead times on export and improve efficiency of customs operations, improve marketability of export products through improved certification, trade network and information for export.

Sub Theme Four: Conserving the Natural Resource Base
This strategy recognizes that sustainable use of natural resources contributes to many of the goals in the MGDS. This includes fisheries, forestry, and the environment.

(a) Fisheries: Malawi will ensure sustained fish availability for food as well as income generation. Key strategies include: increasing and sustaining the productivity of small and large scale fisheries for both domestic and export markets; enforcing legislation to ensure sustainable production of fish; promoting the use of modern techniques of fishing; capacity building through community training; and development of small scale fish farming and deep-water fishing.

(b) Forestry: The country will ensure sustainable use and management of forestry resources. Key strategies include: improving productivity and value added by the industrial forestry sector; increasing reforestation efforts for key areas; improving enforcement of regulations for forestry management; initiation of reforestation and environmental rehabilitation programmes in priority areas; and introducing incentives for private sector participation.

c) Environmental Protection: Efforts for environmental protection will focus on improving compliance with environment and natural resource management laws. Key strategies include: improving enforcement of environmental policies, legislation and cooperation in environmental, natural resource management and development; raising awareness of issues of protecting the environment; and incorporating
environmental concerns in school curricula and establishment of an environmental management information system.

(d) **Wildlife:** The overall goal is to conserve and manage protected areas and wildlife. In the medium term, the sub-sector is expected to conserve, manage and develop wildlife resources to effectively contribute towards sustainable development of biodiversity and the tourism industry in Malawi.

**Sub Theme Five: Economic Empowerment**

The productivity of rural communities and businesses will increase to enhance employment and income especially by increasing number of women and youths who actively participate in economic activities. Key strategies include: targeting infrastructure development to ensure that rural communities are linked to markets; developing rural cooperatives to lower transaction costs and helping communities with collective bargaining; strengthening the policy environment for micro-finance, including improved coordination of donor programs; offering vocational and other training for small businesses; and targeting women’s participation in economic growth activities.

**Sub Theme Six: Land and Housing**

The MGDS recognizes the importance of land as a basic factor of production as well as the sole source of livelihood for the majority of Malawians. However, inadequate access to land by majority of Malawians has been identified as one of the critical factors contributing to poverty in the country. The goal in the long term is to ensure tenure security and equitable access to land for the attainment of broad-based social and economic development through optimum and ecologically balanced use of land and land-based resources. It is expected that in the medium term there will be an efficient use of land and land based resources and equitable access to land by all productive Malawians and other investors. Among the key activities, there will be need to promote and facilitate opportunities for lowering land transaction costs and enhance the operation of effective land markets, and support the privatisation of some land services in an effort to encourage the development of private sector participation in land sector activities.

**Theme Two: Social Protection & Disaster Risk Management**

Protecting the most vulnerable will require action on four fronts namely:

- Caring for the most vulnerable with limited factors of production (malnourished under-five children, school-going children, orphans, pregnant and lactating mothers, and destitute families);
- Preventing the vulnerable from slipping into poverty due to economic shocks;
- Increasing the assets of the poor to enable them to engage in economic development activities; and
- Preventing disasters where possible and mitigating the negative impact of disasters on the vulnerable.

**Sub Theme One: Protecting the vulnerable**

Protection of the vulnerable is designed to ensure that the most vulnerable people with limited factors of production are sufficiently cushioned through programmes to improve health and nutritional status of under-five children, school-age children,
orphans, pregnant and lactating mothers and destitute families. The strategy will also focus on improving planning and integration of knowledge on the needs of the chronically poor; provision of opportunities for the poor farmers and rural communities to graduate from poverty by facilitating their integration in mainstream agricultural productivity and enabling them to accumulate wealth.

**Sub Theme Two: Improving Disaster Risk Management**

The main aim is to reduce the socio-economic impact of disasters as well as build a strong disaster management mechanism. The key strategy is enhancing disaster management, planning, and response. Among others, efforts will be made to promote the integration of disaster risk management into sustainable development planning and programming at all levels.

**Theme Three: Social Development**

The MGDS recognizes that human development is important if the country is to achieve its economic growth and development agenda. In addition, Malawi seeks to achieve and sustain MDGs which are also long-term targets and aspirations for the people of this country. As such, building a healthy, educated and gender sensitive population is a priority for Malawi. The strategy recognizes the interrelated nature of issues such as health, HIV and AIDS, nutrition, education, and gender hence the need to deal with these in a coherent and balanced manner. The overall goal is, therefore, to develop human capital for full participation in the socio-economic and political development of the country.

The prevalence of HIV and AIDS in Malawi is very alarming. The country ranks as the 9th country in the world affected by the HIV and AIDS pandemic. The epidemic continues to grow as displayed by high annual infection rates at close to 100,000, especially among youths; high HIV and AIDS morbidity and mortality rates; increasing mother-to-child transmission; increasing number of destitute orphans at 70,000 being added annually; child headed households currently accounting for 15.0 percent; and increased absenteeism and manpower attrition. This situation is made worse with high rates of malnutrition resulting in increased nutrition disorders. It is for these reasons that Government has made the prevention and management of nutrition disorders, HIV and AIDS a key priority area for the next five years. Therefore, the sub themes on HIV and AIDS and nutrition are discussed under key priority areas above and in more detail in chapter 4.

**Sub Theme One: Health and Population**: Improving health requires a multifaceted approach with a combination of preventive, educational and clinical measures. Key strategies include: increasing and retaining the number of well qualified health personnel; increasing availability and supply of drugs and preventing theft of drugs and equipment; improving health facilities and equipment; and improving financial management, monitoring and supervision of health care services.

**Sub Theme Two: Education**: In the education sector, emphasis will be on equipping students, especially at primary school level with basic knowledge and skills to enable them function as competent and productive citizens; to provide academic basis for gainful employment in the informal, private and public sectors; and to produce high quality professionals with relevant knowledge. Key strategies include the provision of
teaching and learning materials, training of teachers, and construction of appropriate classrooms.

Sub Theme Three: Gender: The overall priority goal is to mainstream gender in the national development process to enhance participation of women and men, girls and boys for sustainable and equitable development. Key strategies include undertaking affirmative measures to include women in decision-making positions; and promotion of advocacy for gender equality.

Theme Four: Infrastructure Development

Infrastructure is critical to achieving the growth and social objectives of this country. The MGDS is focused on five main areas of infrastructure, namely: transport; energy; water and sanitation; information and communication technologies; and science and technology research. All these are seen as prerequisites for the achievement of economic growth and development. However, Government has prioritized transport infrastructure in roads and the Shire-Zambezi Waterway for the next five years. Particular emphasis is being placed on reducing transportation costs by connecting production areas to both domestic and export markets. Energy generation and supply, irrigation and water development have also been identified as priority areas within the infrastructure theme. It is a national consensus that unless Malawi improves its energy generation and supply, particularly electricity, the MGDS will remain a mere dream. Equally so is the realization that the country needs to shift towards irrigation development in order to reduce over-dependence on rain-fed agriculture that has left this country vulnerable to weather shocks. In light of this, Government has also isolated energy generation and supply, and irrigation and water development as key priority areas of the MGDS. The other focus areas within infrastructure development are as follows;

Sub Theme One: Air and Rail Transportation

(a) Air Transport: Air transport is the most efficient and effective means of transportation in the world. However, Malawi faces a number of constraints such as airfreight costs which are higher than neighbouring countries, and landing rights restrictions and fees are prohibitive hence uncompetitive. While Malawi is striving to become a productive exporting economy the status of international airport facilities are in poor condition. In light of this, the focus of the medium term will be to ensure that the international airports conform to international standards through the provision of the relevant services and facilities. The goal in the long term is to reduce the cost of air transportation while ensuring international competitiveness.

(b) Rail Transport: Rail transport still remains the cheapest form of transport in Malawi. However, its usage is limited but has potential for growth especially for moving both domestic and international cargo. The long-term goal is to have an efficient, affordable and effective rail network that eases pressure from the road network and provides an alternative means of transport both to people and transportation of goods. It is expected that in the medium term, the rail sub-sector will be a well-managed, viable and sustainable system that promotes accessibility as well as affordable and reliable movement of goods and people.
Sub Theme Two:  Information, Communication and Technology (ICT)

Telecommunications: The long term goal is to have a well developed, affordable and efficient telecommunications system accessible to those who need it. The expected medium term outcomes will be an effective, affordable and efficient telecommunications system. Key strategies include: developing a system that is conducive to business operations; and enacting appropriate legislation that promotes interest of new entrants.

Information Technology: In the medium term, the country shall have developed ICT infrastructure and improved e-governance. Broadcasting by radio and television will be the main focus for disseminating information to the public.

Sub Theme Three: Research, Science and Technology
The goal is to attain sustainable socio-economic development through the development and application of science and technology in order to improve industrial productivity and quality of goods and services.

Theme Five: Improving Governance

Good governance requires action on seven fronts as follows:

- Achieving and sustaining macroeconomic growth,
- Strengthening public policy formulation and implementation in a transparent and responsive manner,
- Improving service delivery and accountability at the local level through decentralization,
- Developing a strong justice system and rule of law,
- Ensuring personal security,
- Establishing an institutional setting for good corporate governance, and
- Promotion of human rights.

Sub Theme One: Macroeconomic Growth
The goal is to sustain economic growth, reduce dependency on foreign aid and generate investor confidence. In the medium term it is expected that Malawi shall achieve a stable environment with low inflation, lower interest rates, stable and non-volatile exchange rates, sustainable domestic and external debt.

Sub Theme Two: Public Policy Formulation, Fiscal Management, Public Sector Management, and Corruption:
In Malawi, the public sector has in the past been characterised by poor management that has generated inefficiencies in the delivery of public goods and services. Government and its development partners are already addressing some of the challenges with interventions such as wage policy reforms, civil service reforms, capacity constraints and eradicating corruption.
Malawi Growth and Development Strategy

Sub Theme Three: Decentralization:
In the medium term it is expected that local assemblies will be in full control of community planning at district level, ensure effective accountability and good governance, vibrant monitoring and evaluation system, clear and strengthened linkages of various policy reforms, and reduced conflicts of roles among various stakeholders at the district level.

Sub Theme Four: Developing a strong justice system and rule of law:
It is expected that Malawi shall have a more responsive and effective judicial authority with sustained administration of justice, increased public confidence in the judicial system and improved ability of private sector to obtain equitable and fair settlement of disputes in reasonable time and at reasonable cost.

Sub Theme Five: Security:
In the medium term, emphasis is to prevent and reduce crime levels. Key strategies include: improving the responsiveness of police to communities security needs by reducing the police-population ratio through recruitment and training of more officers; promoting effective prosecution and punishment; effective crime detection, investigation and prevention through the provision of adequate technical and financial support to the police; strengthening partnership for risk management between private sector and the police for protection of business property; and enhancing community integration and participation in crime prevention, and detection through civic education.

Sub Theme Six: Corporate Governance:
The implementation of the code of best practices on corporate governance in the medium term is expected to enhance private sector performance through reduced corruption and fraud and improve investor perceptions of Malawi as an attractive investment destination. This is expected to translate into increased levels of domestic and foreign direct investment. Key strategies include: popularising the need and role of the Institute of Directors to play a leading role in facilitating the adoption of good corporate governance code of best practices; mobilization of private sector support for this initiative which will facilitate the sustainable operations of the new institution and its operations.

Sub Theme Seven: Human Rights
Human rights are an integral part of the overall national development agenda. However, awareness of human rights is a concern among many people in Malawi. MGDS recognizes that empowering the most vulnerable groups that form the larger part of the population can effectively contribute to social, economic and political development of the country. In this regard the MGDS will therefore also focus on public awareness of human rights and acknowledgement of human rights responsibilities.

MGDS Implementation, Monitoring and Evaluation
The MGDS implementation will involve all stakeholders including; the Executive, Parliament, Judiciary, civil society organisations, private sector and the general public. It is expected that donors and co-operating partners will align their support and activities to the MGDS. The main tool for implementing the MGDS will be the annual national budget through medium term expenditure framework. The Public Sector Investment Programme (PSIP) will be aligned towards the medium term outcomes
and strategies in the MGDS. Budget submissions that either include activities outside the MGDS or exclude activities inside MGDS will be rejected. The monitoring of MGDS will be in accordance with the monitoring and evaluation master plan developed by Government in collaboration with the donor community. The stakeholders will align indicators in accordance with the MGDS themes and sub themes. The Government will also strengthen monitoring and evaluation capacity at the Districts and Town Assemblies level and enforce regular maintenance of infrastructure.