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# USAID/MALAWI

## PROGRAM AND STAFFING REASSESSMENT

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## LIST OF ACRONYMS

ABS	ANNUAL BUDGET SUBMISSION
AF	BUREAU FOR AFRICA, STATE
AFORD	ALLIANCE FOR DEMOCRACY PARTY
AID/W	AGENCY FOR INTERNATIONAL DEVELOPMENT, WASHINGTON
AIDS	ACQUIRED IMMUNE DEFICIENCY SYNDROME
ASAP	AGRICULTURAL SECTOR ASSISTANCE PROGRAM
ATLAS	AFRICAN TRAINING FOR LEADERSHIP & SKILLS
CG	CONSULTATIVE GROUP
CP	CONGRESSIONAL PRESENTATION
CPSP	COUNTRY PROGRAM STRATEGIC PLAN
CY	CALENDAR YEAR
DECIDE	DEMOCRATIC AND CIVIC INSTITUTION DEVELOPMENT
D/G	DEMOCRATIZATION AND/OR GOVERNANCE
DFA	DEVELOPMENT FUN FOR AFRICA
EEC	EUROPEAN ECONOMIC COMMUNITY
FSN	FOREIGN SERVICE NATIONAL
FTE	FULL TIME EQUIVALENT
FY	FISCAL YEAR
GABLE	GIRLS' ATTAINMENT IN BASIC LITERACY AND EDUCATION
GOM	GOVERNMENT OF MALAWI
GDP	GROSS DOMESTIC PRODUCT
HRDA	HUMAN RESOURCES DEVELOPMENT ASSISTANCE
HRDO	HUMAN RESOURCES DEVELOPMENT OFFICER
HRID	HUMAN RESOURCES AND INSTITUTIONAL DEVELOPMENT
HYV	HIGH YIELDING VARIETIES
ICRC	INTERNATIONAL COMMITTEE OF THE RED CROSS
IDI	INTERNATIONAL DEVELOPMENT INTERN
IFES	INTERNATIONAL FOUNDATION FOR ELECTORAL SYSTEM
IG	INSTITUTIONAL GRANT
IMF	INTERNATIONAL MONETARY FUND
IQC	INDEFINITE QUANTITY CONTRACT
LOP	LIFE OF PROJECT
MCP	MALAWI CONGRESS PARTY
MED	MALAWI ENTERPRISE DEVELOPMENT PROGRAM
MOEC	MINISTRY OF EDUCATION AND CULTURE
NCC	NATIONAL CONSULTATIVE COUNCIL
NDI	NATIONAL DEMOCRATIC INSTITUTE
NEC	NATIONAL EXECUTIVE COUNCIL
NGO	NON-GOVERNMENTAL ORGANIZATION
NPA	NON-PROJECT ASSISTANCE
NPD	NEW PROJECT DESCRIPTION
OE	OPERATING EXPENSES
OYE	OPERATIONAL YEAR BUDGET
PA	PROJECT ASSISTANCE
PAAD	PROGRAM ASSISTANCE APPROVAL DOCUMENT
PAC	PUBLIC AFFAIRS COMMITTEE

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PACD PROJECT ASSISTANCE COMPLETION DATE  
PCD PRESIDENTIAL COMMITTEE ON DIALOGUE  
PHICS PROMOTING HEALTH INTERVENTION FOR CHILD SURVIVAL  
PIO/P PROJECT IMPLEMENTATION ORDER/PARTICIPANT TRAINING  
PP PROJECT PAPER  
PPD OFFICE OF PROGRAM AND PROJECT DEVELOPMENT  
PSC PERSONAL SERVICES CONTRACT/CONTRACTOR  
PVOS PRIVATE AND VOLUNTARY ORGANIZATIONS  
PD & S PROGRAM DEVELOPMENT AND SUPPORT  
PTA PARENT TEACHER ASSOCIATION  
REDSO/ESA REGIONAL ECONOMIC DEVELOPMENT SERVICES OFFICE/EASTERN &  
SOUTHERN AFRICA  
RCO REGIONAL CONTRACTING OFFICER  
SATUCC SOUTHERN AFRICAN TRADE UNION COORDINATION COUNCIL  
SHARED SUPPORT TO HEALTH, AGRICULTURE, AND RURAL ENTERPRISE  
DEVELOPMENT  
SME SMALL AND MICRO ENTERPRISE  
STAFH SUPPORT TO AIDS AND FAMILY HEALTH  
TCN THIRD COUNTRY NATIONAL  
TDY TEMPORARY DUTY  
TUCM THE TRADE UNION CONGRESS OF MALAWI  
UN UNITED NATIONS  
USDH U.S. DIRECT HIRE  
USAID U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT  
WID WOMEN IN DEVELOPMENT  
WOCU WORLD COUNCIL OF CREDIT UNIONS

**USAID/Malawi****Program and Staffing Reassessment****I. Introduction**

**A. Background.** As a result of the significant economic and political changes which occurred in Malawi since the existing program strategy was approved in 1989, USAID/Malawi in April 1993 submitted to AID/Washington a document entitled "Strategy Revision and Programming Options." While that revision was modest in scope, it intended to serve as an important bridge between the Mission's 1989 strategy and a new one to be developed during CY 1994. This bridge period coincides with the remarkable political and human rights sea change which continues in Malawi.

In addition to Mission's request to delete the Increasing Off-farm Employment Opportunities from its strategic objectives, the revision presented three interim program options, each based on different political scenarios covering the period leading up to the June 14, 1993, Referendum and after it. The first of these scenarios, Program Maintenance, posited a successful Referendum and no post-Referendum retreat from gains in human rights and democratization, and that many other changes would have yet to occur. While the pressure for additional progress by the donor community would be maintained under this scenario, it called for keeping the A.I.D. assistance level at \$15 million or possibly higher (\$18-\$20 million), as recognition of the important steps that had been taken and encouragement for continued reform.

The second alternative program scenario, Program Retrenchment, would be recommended if after the June 14, 1993, Referendum, the Government of Malawi (GOM) moved to reverse the progress on human rights and political liberalization made to that date. Under this scenario, the mission would propose cutting the annual OYB assistance level to \$10 or \$12 million, with activities becoming increasingly limited to the social sectors and support for non-governmental organizations (NGOs).

The third and final scenario, Program Recovery, called for a two-step approach for increased assistance levels for both FY 1994 and FY 1995 if the process leading up to the Referendum was judged by all to be free and fair, and if after the Referendum there continued a clear, irreversible, and fundamental change in GOM's commitment to a legal and political framework which safeguards human rights, basic freedoms, and political accountability.

During the April 1993 review, AID/W concurred with the general orientation of the strategy revision, and with the Mission's proposal to delete the "Increasing off-Farm Employment Opportunities" from its program strategy. However, AID/W did not concur with the moderate increase in assistance level proposed by the Mission under the Program Maintenance scenario, because AID/W believed that "increasing assistance level at this time (April 1993) would be counter-productive to the political reform process." The decision on further program cuts (Program Retrenchment) or resumption of earlier assistance levels (Program Recovery) was deferred until the results of, and GOM's reaction to the June 1993 Referendum were known. AID/W agreed to provide USAID/Malawi with an additional \$500,000 in FY 1993 OYB funds to finance a new start and target of opportunity in the area of democratization and governance, if such were warranted during the post-Referendum period. The Mission agreed to provide to AID/W in September/October 1993 its assessment of the progress since April and its conclusions as to the sustainability of the democratic process and human rights improvements in Malawi. Africa Bureau agreed to review and revise USAID/Malawi's FY 1994 OYB at that time.

Finally, the AID/W Bureau for Africa, State Bureau of African Affairs (AF), and State Bureau for Human Rights and Humanitarian Affairs (HA) agreed that the criteria outlined by the Mission in the strategy revision document were "reasonable for determining Mission actions relative to future funding decisions." According to the June 2, 1993 guidance cable (State 166198) on the review of the strategy revision, the agreed-upon criteria were stated as follows:

1. **Criteria for Maintaining Program Levels at \$15 million.** Funding at \$15 million would tolerate no retreat from the recent (April 1993) gains made in Malawi in the areas of human rights and democratization. For example, political pressure groups that have been established must be allowed to continue whatever the outcome of the Referendum; there can be no post-Referendum retaliation against members of the opposition pressure groups; there can be no clamp-down on the independence of the judiciary or the press; and finally, the Referendum process and vote must be seen to be free and fair.
2. **Criteria for Cutting Back Program Levels to an Annual Amount not to Exceed \$15 Million.** In a retrenchment mode, the key issue would be actual erosion of the recent (April 1993) gains in human rights. Indicators of this souring environment could include items such as loss of basic freedoms which would contravene the spirit of increasing political openness and the legal and political guarantee of political and human rights. Of particular interest would be Government's behavior with respect to opposition parties.

For example, if there were retribution against opposition groups, if detention again became common, if freedoms of association or the press were again limited, or if judicial independence were compromised, assistance levels would be cut under a retrenchment.

3. **Criteria for Increasing Funding to Former Assistance Levels.** These criteria pertain to the period leading up to the Referendum, as well as post-Referendum Government actions. The Referendum process must be seen by all to be free and fair--there must be free and open discussion, debate, and participation, and all compromises on procedures must be acceptable to all sides. Beyond the Referendum, Malawi's political leadership must demonstrate its commitment to fundamental and irreversible change. Government's reaction to the outcome of the Referendum will be a key indicator for this commitment. If there is an outright majority or even some support for multi-party politics in Malawi, Government must respond constructively and decisively to this demand by, at a minimum, repealing Article IV of the Constitution (which established Malawi as a one-party state), and repealing the Preservation of Public Security Act. Following a Referendum with that kind of result, we would also expect to see, inter alia, movement towards general elections and continued improvements in human rights, for example, better prison conditions. In all, a firm and irreversible commitment to change must be demonstrated. And Government must be committed to a periodic testing of the popular will.

**B. Organization of the Report.** Section II of this paper presents a brief description of the existing program strategy. Section III presents our assessment of the events during the period leading up to the referendum, as well as the political change and positive human rights changes demonstrated since the Referendum. Section IV outlines Mission's request for increasing the FY 1994 assistance level to \$25 million, and possibly \$30 million, to be followed by another increase in FY 1995 if continued progress warrants. Section V presents our proposed staffing modification in light of the proposed increase in the assistance levels. Finally, the Annexes contain a brief description of the Mission's new Democracy and Civic Institution Development project, and new project descriptions (NPDs) of the major amendments proposed for two of the current projects: the Agricultural Sector Assistance Program (ASAP) and the Girls' Attainment in Basic Literacy and Education (GABLE). The NPDs satisfy a requirement stemming from the AID/W review of Mission's FY 1995 Annual Budget Submission (ABS).

## II. CURRENT PROGRAM STRATEGY

The existing USAID/Malawi program strategy was originally approved by the Bureau for Africa in December 1989. The program assists Malawi to implement major sectoral structural adjustments and a broad social program. As originally approved, the strategy consisted of a goal, two sub-goals, and five strategic objectives. However, due to Mission's decision to reduce assistance levels in 1992, the program's capability to achieve certain program objectives was compromised. In April 1993, the Mission proposed, and AID/W concurred with the deletion of one strategic objective, "to increase off-farm employment."

The existing "revised" program retained the original goal: "to enhance the economic well-being of the average Malawian household." The program will achieve the following four strategic objectives:

- A. Increase agricultural productivity and production.
- B. Reduce fertility.
- C. Reduce infant and child morbidity and mortality.
- D. Control the spread of AIDS.

To accomplish this program agenda, USAID/Malawi is implementing a set of activities which is concentrated in the agricultural and health and population sectors. Activities in female primary education, NGO development, human resources development, and democracy-building support the major sectoral activities. Table 1 at the end of this section presents a summary of current programs and projects, by sector.

The Mission's objective to increase agricultural productivity and production is advanced through the Agricultural Sector Assistance Program (ASAP) and other supporting activities. This program is designed to increase smallholder production and incomes by introducing policy and institutional reforms that allow smallholders to grow crops of their own choice and to market those crops freely. It levels the "playing field" for smallholders who have historically been marginalized. The Support to Health, Agriculture, and Rural Enterprise Development (SHARED) project, supports the development of local NGOs and the delivery of services in health, agriculture, and small business development directly to target populations. It supports all of the Mission's strategic objectives.

Mission health and population objectives in fertility reduction, child survival, and Acquired Immune Deficiency Syndrome (AIDS) control are being realized through a set of activities supporting government and private sector efforts. To improve maternal and

child survival through child spacing, the Mission is implementing a major effort, the Support to AIDS and Family Health (STAFH) project. To reduce infant and child mortality, the Mission program focuses on increasing clean water supply in rural areas and effective diagnosis and treatment of malaria through the Promoting Health Interventions for Child Survival (PHICS) project. The Mission's program in AIDS control supports Malawian's efforts to inform people about risks and transmission of the AIDS disease, to change behavior, particularly among the young so as to reduce the incidence of AIDS in the country. The principal project which supports AIDS control is the Support to AIDS and Family Health (STAFH) project. By integrating AIDS control and family planning activities in one comprehensive program, the STAFH project promotes important economies of scale through multiple service delivery channels.

Since research has demonstrated a strong link between investment in education and improvements in agricultural productivity, health and nutritional status, and reduction in fertility, USAID/Malawi's projects in the educational sector play a significant support role for the achievement of all of the Mission's strategic objectives. The principal activity in education is the Girls' Attainment in Basic Literacy and Education (GABLE) program, which seeks to increase enrollment of girls, efficiency within the primary educational sector, and investment in schools and teacher training facilities. The other, on-going projects in education and human resources are: the Human Resources Development Assistance (HRDA) project, the Human Resources and Institutional Development (HRID) project, and the African Training for Leadership and Advanced Skills (ATLAS) project, all of which provide training and institutional development opportunities in support of Mission strategic objectives and targets of opportunity.

Finally, the Mission implements a portfolio of ongoing regional transportation and drought rehabilitation activities. The former support other productive sectors by opening transport routes, increasing capacity, and increasing the efficiency of investments in other sectors. The latter seek to mitigate the effects of future droughts in Malawi by ensuring a minimum water infrastructure and development of drought resilient agricultural crops.

Until FY 1991, the A.I.D. program to Malawi was financially healthy. Over \$56 million were obligated that fiscal year for the program strategy approved in 1989. The sustainability of that program and its ability to reach the very poorest was, however, constrained by a repressive human rights and a closed political environment. In response to U.S. and other donor insistence that they would link assistance levels and human rights, the GOM instituted some improvements in the early part of 1991. These improvements, however, stalled and by Fall 1991, the

U.S. and other major donors formally advised the GOM that it must make further improvements prior to the scheduled May 1992 Consultative Group (CG) meeting. When no significant steps were taken by the GOM prior to the meeting, all bilateral donors announced a dramatic reduction in non-humanitarian assistance to Malawi until such time as "a more open and transparent political system was in operation and the deplorable human rights situation improves significantly."

As a result, A.I.D. assistance levels to Malawi in FY 1992 were cut to only \$24 million in development assistance dedicated to the humanitarian and social sectors. Furthermore, at the 1992 CG meeting A.I.D. announced the immediate deobligation of \$15 million in non-project assistance, which reduced Mission's involvement in the Small and Micro Enterprise (SME) sector. The Mission also recommended reduction in future obligations to be reviewed pending improvements in human rights. For FY 1993, the Mission's OYB was further reduced to \$15 million necessitating a further reduction in program scope <sup>1/</sup>. The reduction in the overall assistance level and the major deobligation of program funds were the primary reason for Mission's request to eliminate the program's strategic objective related to off-farm employment.

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<sup>1/</sup> The FY 1993 OYB was subsequently increased by \$500,000 (to a new total of \$15,500,000) to allow the Mission to obligate funds to its new DECIDE project, our principal activity under the new target of opportunity in the democratization and governance area (D/G).

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**TABLE 1: USAID/MALAWI'S FY 1994 BILATERAL PROJECT PORTFOLIO, BY SECTOR**

Sector/ Project Number	Project Title	Authorized LOP Funding:		
		Current Level	With FY 94 OYB OF \$25/\$30 Million	Current PACD
(\$000)				
<b>Agriculture</b>				
612-0235	ASAP/PA	15,000	15,000	09/98
612-0239	ASAP/NPA	<u>20,000</u>	<u>40,000</u>	09/94
	Sub-total	35,000	55,000	
<b>Health/Population</b>				
612-0231	PHICS	23,500	23,500	06/97
612-0238	STAFH	<u>45,000</u>	<u>45,000</u>	09/98
	Sub-total	68,500	68,500	
<b>Human Resources Development</b>				
612-0230	HRID	18,000	18,000	12/96
612-0237	GABLE/PA	6,000	12,000	09/97
612-0240	GABLE/NPA	14,000	28,000	09/96
612-HRDA	HRDA	640	1,500	09/95
612-ATLS	ATLAS	<u>1,000</u>	<u>2,000</u>	05/06
	Sub-total	39,640	61,500	
<b>Other</b>				
612-0232	SHARED	15,000	15,000	08/99
612-0233	MED	22,240	22,240	12/95
612-0234	PD & S	N/A	N/A	
612-0242	WOCCU	3,510	3,510	07/96
612-0243	DECIDE	<u>4,500</u>	<u>4,500</u>	09/98
	Sub-total	45,250	45,250	
<b>GRAND TOTAL</b>		188,390	230,250	

### III. ASSESSMENT OF THE POLITICAL AND HUMAN RIGHTS SITUATION SINCE APRIL 1993

#### A. Political Assessment.

The level of Malawian political commitment required for the A.I.D. program to recover to its previous levels was clearly defined and agreed upon by AID/W and the Mission. Since April 1993, progress in moving to a multi-party system and developing a process for the transition to political pluralism has been amazingly swift. Equally important are the significant changes made in recognizing the basic human rights and freedoms of the citizenry. There are few in Malawi today who believe the march toward democracy could be reversed. Although the process of political liberalization and improvement in human rights is still continuing there is throughout the society, a clear, firm and irreversible political commitment to make the necessary changes. This section of the paper assesses how progress has measured up in the two key areas defined by the Mission and accepted by AID/W: (1) the conduct of the Referendum and (2) the government's reaction to the outcome of the referendum.

On June 14, 1993, Malawians voted to choose the political system which would govern them. They voted overwhelmingly (63%) for a multi-party democracy. The Referendum itself was declared by all national and international observers and monitors to have been an accurate reflection of the will of the Malawian people. Compromises on a series of mechanical aspects of the Referendum campaign were worked out to the general satisfaction of both the Government and the Opposition. A free press sprang up during the referendum campaign, and has vigorously continued throughout the post-Referendum period. While there were complaints about individual instances of intimidation by both sides prior to the Referendum, these were generally discarded after the results became known and were formally announced, accepted and acted upon by Government.

The Government reacted quickly to the outcome of the Referendum. The vote count was announced by the Referendum Commission within 48 hours of poll closing. The President then announced that the next step was to move to general elections. On June 23, 1993, an amnesty was declared allowing political refugees to return to Malawi and freeing remaining political prisoners. By June 29, 1993, Parliament had met and repealed Article IV of the Constitution and passed legislation recognizing the right of political parties to operate in Malawi. Provisions were published for the registration of political parties. Today Malawi has six registered political parties.

But the Malawians have taken the building of democracy much farther than the short list of post-Referendum actions envisioned by the Mission in April 1993. By the end of July, the Opposition had prepared a proposal for power sharing during the transition period and presented it to Government. At the end of July, Government, represented by the Presidential Committee on Dialogue (PCD), and the Opposition, represented by the Public Affairs Committee (PAC) met to establish the agenda for actions to be taken during the transition period. By mid-August after a series of meetings, PAC and PCD agreed on the establishment and modus operandi for two bodies. The first, the National Consultative Council (NCC), is leading the development of the legislative and electoral processes required for the transition. The second, the National Executive Committee (NEC), monitors the actions of the NCC, the Parliament and the GOM during the transition period. Both bodies benefit from equal participation of each registered political party. The effective admission of the opposition parties into the governing apparatus of the nation is a dramatic demonstration that the political commitment to change is real.

Since August, the NCC has been meeting regularly. Its subcommittees have been working on drafting legislative and constitutional changes necessary for (1) multi-party elections to take place, (2) basic human rights to be recognized and protected, and (3) the actions of the NCC and NEC to be codified. This process has resulted in the October 14th NCC announcement that general elections will be held May 17, 1994. Presidential and parliamentary elections will be separate, but they will be held simultaneously. The President will be popularly elected. The results of the elections will be announced on May 19, 1994, and the President will be sworn in on May 21, 1994.

Both NCC and GOM representatives have reported that constitutional and other legal changes will be enacted before the end of November 1993. These include repeal or modification of some of Malawi's most heinous anti-human rights statutes (e.g., the Preservation of Public Security Act), constitutional changes required to recognize an elected Presidency, an Electoral Law and establishment of an electoral commission, and a bill of rights.

On October 3, 1993, the ruling Malawi Congress Party held its annual convention in Lilongwe. In a speech delivered by a senior MCP official on his behalf, President Banda reconfirmed the ruling party's acceptance of the results the June 1993 Referendum, and formally acknowledged MCP's readiness to work with all other political parties to ensure non-violent and orderly transition to a multiparty system of government. At this convention, it was most reassuring to hear first hand from the MCP and its leadership that the "will of the people" as expressed by the results of the Referendum must dictate a change in the system of government. The MCP issued a Manifesto in preparation for the party's convention. In the Manifesto, the MCP promised

to help ensure that Malawi continues to be a state founded on the rule of the law, in which there is separation of powers, freedom of expression and freedom of the press. The document went further to state that the MCP proposes the establishment of a commission on human rights as an effective mechanism to protect citizens against abuse of powers and guarantee the protection of individual rights and freedom.

Other parties expect to hold their conventions between October 1993 and January 1994.

In short, the political outlook for the transition to multipartyism in Malawi looks bright. All of the political parties, except the Alliance for Democracy (AFORD), have published their manifestos (an unfortunate choice of words for what is essentially a party platform). Each, in its own way, recognizes and ensures that it will protect the rule of law, the basic human rights of the individual, and a free enterprise economy.

### **B. Human Rights Assessment.**

The sea change in Malawian politics has been mirrored by a sea change in the human rights outlook for Malawi. Given the donor community's particular concern for the human rights situation, it is worth noting some of the remarkable changes that have occurred over the past year in some detail.

In general, the human rights climate has improved significantly in just the past few months since the Referendum. For example, participants in political rallies and other public positive fora claim they feel little fear of association, assembly or expression. Police in Malawi grant rally permits readily and during a recent rash of labor strikes around the country, strikers were not arrested for failing to obtain permits. Respect for human rights and the rights of the individual have improved dramatically as a result of recent court decisions. For example, the judiciary, acting with increasing independence, has recognized the rights of victims to compensation for past abuses. In two recent, widely celebrated cases, Government has paid relatively large sums in monetary compensation for defamation of character and false imprisonment. Arbitrary detention of the Government political opponents has been eliminated since the June 1993 referendum, while prison reform has progressed well under the auspices of the International Committee of the Red Cross (ICRC).

1. **Respect for the Person.** The climate of respect for the individual has improved. Most, if not all, remaining political prisoners were freed in July 1993. There were no reported killings or cases of political disappearance in 1993. Allegations of arbitrary arrest and detention decreased

dramatically in the post-Referendum period. Long term prisoner Vera Chirwa was released in January, 1993. She and her husband, who died in prison in 1992, were serving life sentences on charges, widely considered spurious in the international community, of plotting to overthrow the government and assassinate the Life President. Multiparty advocate, Chakufwa Chihana, arrested in April 1992 on sedition charges, was released on June 12, 1993 -- just two days before the Referendum. Following the Referendum, President Banda declared a general amnesty for all exiles, and many people have returned to Malawi without incident. Almost all remaining political prisoners were also released, including Gwanda Chakuwamba Phiri, held for 13 years after having been convicted of illegal possession of weapons and seditious literature. In October 1993, President Banda named Mr. Chakuwamba to the long-vacant position of Secretary General of the Malawi Congress Party, the most powerful political position in the country today.

It is expected that the Preservation of Public Security Act, which targets anyone considered a threat to the political order, will be repealed or modified by the Parliament before the end of November. In addition, the sedition laws and some of the worst sections of the penal code will be modified or deleted. The National Consultative Council also expects passage of a bill of rights during this Parliamentary session.

Malawi has both traditional and modern court systems. In 1993, the Modern Courts became increasingly bold in their decisions against the government and the MCP. Malawi's political liberalization has inhibited, but not completely diminished the ability of the police to enter houses of suspects at will, tap telephone, and open domestic mail without formal accountability. It is widely expected that the role and jurisdiction of the traditional courts will be greatly and formally diminished during the transition period, and, in fact, the traditional courts have been suspended. An important result is the right of the individual to legal representation for all types of crimes will greatly increase.

2. **Respect for Civil Liberties.** In 1993, some 20 independent newspapers have come into circulation and MBC (Malawi Broadcasting Corporation), while continuing to exercise caution in terms of messages that might offend the Banda Government, has moved to cancel all pro-Banda/MCP programming. Today Malawi has six registered political parties, and political leaders confirm that the registration process is easy and that they personally feel little fear of association, assembly or expression. Rally permits are granted relatively easily.

The requirement for religious groups to "register" with Government still exists. This probably serves to inhibit some legitimate groups from establishing a presence in Malawi.

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However, the Government no longer bans any religious organizations or societies as it did in the past. All religious organizations and societies present do operate and worship freely and openly.

Freedom of movement both within and outside the country improved in 1993. In June, President Banda declared a General Amnesty for all exiles, and many have since freely returned. Denial of passports on political grounds is no longer common.

3. **Respect for Political Rights.** The demand for political rights, the right to freely choose the system and the individuals which will govern, is the cornerstone of Malawian democracy-building. With general elections for a President and a separate Parliament scheduled for May 17, 1994, and with a successful Referendum behind them, most Malawians are hopeful that within a year the system of government will be representative of, and responsive to the citizenry.

In April 1993, the MCP and the President dominated political life in Malawi. By June, with the results of the Referendum and Government acceptance of those results, Malawi entered a new political era. With the registration of political parties, active campaigning, and the creation and successful functioning of the NCC, Malawians today have a greater voice in their political destiny than ever before.

With the platform speeches and the publishing of its party manifesto in October 1993, the Malawi Congress Party's acceptance of its new role as one of several parties is complete. It has formally recognized the need to fairly compete for popular acceptance, an important step in the evolution of that political party.

Based on the success of the Referendum, Malawians have reason to expect that its general elections will be free, fair and representative of the will of the people. Suffrage in the general elections will be universal among adult citizens without regard to gender, indigenous, or regional differences. The status of Malawian citizens of non-African origin, who were never fully enfranchised in the past, is still at issue.

4. **Governmental Attitude Regarding International and Nongovernmental Investigations of Alleged Violations of Human Rights.** In contrast to the past when the Government was strongly reluctant to accept investigations of its alleged human rights abuses, some internal groups have just begun to establish themselves and a few local NGO's are monitoring the human rights situation. The Government, while formally going on record as wanting to meet the universal standards of human rights, had mostly ignored calls for improvements or investigations.

However, some progress has recently been made. The British Law Society is now active in Malawi. The Government has announced its plan to request assistance from the UN to establish a fully independent human rights commission or ombudsman. It is generally accepted that several local groups will actively monitor the human rights situation. Public announcements by several such groups of their assumption of this role have been greeted with enthusiasm.

5. **Discrimination.** There is no formal or systematic discrimination against Malawians of African heritage. While most are members of indigenous tribes, no tribal discrimination is evident or practiced by Government. There is a belief that those from the Northern region are less likely to find employment outside that region than others. Strict rules dictate where Asians may reside, own property and practice business.

Women and men are equal under the law. The Government officially recognizes the need to include more professional women in its ranks, as do all of the political parties. Still, few female faces are seen in the ranks of leadership outside of the Government.

The Government has developed a formal policy and plan of action for the full integration of women. This is widely heralded as a model step. A recent set of workshops to discuss the implications of the plan's adoption included all of the Principal Secretaries of the Government ministries. Discussion and debate was so lively and so substantive that the workshop was held over to a second session in which the same, high level Government leaders again participated.

All political parties, including the MCP, have announced that the Decency in Dress Act, a law which makes it illegal for women to wear skirts above the knee or pants and for men to wear hair below their shoulders or bell-bottom trousers, has "served its purpose" and will be repealed with the next session of Parliament. While the law is viewed more as an annoyance than the deprivation of a basic right, it does inhibit the freedom of expression of a significant, and increasingly vocal segment of Malawian society.

6. **Workers Rights.** In 1993, Malawi experienced unprecedented labor unrest. In the pre-Referendum period, there were periodic work stoppages at various companies, mostly in Blantyre. Since August 1993, there have been wildcat strikes throughout the country, starting in Blantyre and spreading to most of the rest of the country. While the strikes have been mostly non-violent, there was one fatal shooting and an attack on a tobacco estate health clinic. The government generally did not intervene in the strikes, which were mostly resolved through

negotiation.

Malawian workers have the legal right to form and join trade unions. The unions played practically no role in leading or resolving the recent strikes. However, the Joint Consultative Committees (worker/management councils) provided effective fora for negotiations and often successfully diffused tensions.

The Trade Union Congress of Malawi (TUCM) is the umbrella organization for Malawian trade unions. Its relationship to Government has varied over time, although it is ostensibly independent. TUCM is a member of the Southern African Trade Union Coordination Council (SATUCC), which in September 1993 was approved to reopen its offices in Malawi.

### C. Outstanding Issues.

The political and human rights agenda for the next year in Malawi is full. Progress in accomplishing that agenda will form the basis for the Mission's assessment for FY 1995.

In early October 1993, what had been largely a straight-forward march toward legal change and institution of a new political system was challenged by the unexpected and serious illness of President Banda. While widely regarded as "the problem" by the international community and the domestic opposition, President Banda's charismatic hold on Malawians and the respect that the average citizen to this day holds for him, has served as a calming influence on this radical political transformation. His statements to the MCP that it must stand for election and "compete for popular support" are accepted by the body politic. His call for a non-violent political transition is heeded by the police as well as the populace. Even the new Secretary General of the MCP derives his position from his association with President Banda. His illness and absence from Malawi during this critical time will influence many of the next political and legislative steps.

It is expected that over the next year, Malawi will, first, establish firmly its new democracy. Its political, judicial, and legislative institutions will experience the changes necessary to become democratic. These include: the establishment of an electoral law; the establishment of an effective Election Commission; the registration of voters; successful, multi-party campaigning, and, finally, successful general elections for a President who will form a new government and a legislature.

At the same time, Malawians will undertake the comprehensive constitutional and legal reforms necessary to institutionalize democratic values and respect for human rights. This will

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include, at a minimum, the disarmament of the paramilitary arm of the MCP, the Malawi Young Pioneers; significant progress in Constitutional reform; establishment of a bill of rights with the force of law; and, repeal of the most repressive of existing legislation. It may also include the elimination of the traditional courts system, currently in a state of suspension by Government, and the full embrace by Malawi of all international human rights conventions.

Finally, after the general elections next year and the institution of a democratically elected Government, Malawi will enter into a period of democratic consolidation. Private sector institutions supportive of democratic values, promotion of pluralism and civic involvement, and human rights monitoring will begin to institutionalize their roles in the new democratic order. The public sector will also consolidate its operating processes to become more open, transparent and responsive to public opinion and will, a process which even now is beginning.

#### IV. THE CASE FOR A GRADUAL INCREASE IN ASSISTANCE: A CAUTIOUS APPROACH

##### A. Justification.

"If Malawi does take positive measures to ensure protection of basic freedoms [i.e., abolishing preventive detention legislation, introducing full habeas corpus legislation, and securing freedom of the press, freedom of expression and freedom of association], we are confident that it will again become a major recipient of USAID resources, that we will be able to return to higher assistance levels and reinstitute commitments for and disbursements of balance of payments assistance."

U.S. Representative  
CG Meeting  
May 1992

Both the strategy revision paper and AID/W guidance cable following the April 1993 review outlined the criteria for determining future funding levels under the three interim program scenarios presented by the Mission. Events prior to and since the June 1993 referendum have led the Mission and Embassy to conclude that Malawi is now firmly within the "Program Recovery" scenario as envisioned and approved in the 1993 strategy revision. Section III of this report demonstrated that Malawi's political and human rights progress measures favorably against the criteria agreed upon in April 1993 by AID/W, State AF, and State HA.

The Malawian economic situation deteriorated significantly in 1992, due largely to the 1992/93 severe drought, the perception by the private sector of a potentially risky political transition, a substantial wage increase in both the public and private sectors following labor unrest, in addition to the reduction in no-humanitarian donor assistance following the May 1992 CG meeting. The economy also suffered a series of external shocks due to the continuing deterioration in the terms of trade, escalating transportation costs, and decline in world prices of Malawi's major exports: tobacco, tea and sugar. As a result, foreign exchange reserves declined precipitously to less than one month's import requirement during most of the period since the end of 1992. With falling foreign exchange reserves and escalating demand to satisfy food and other imports, the Reserve Bank of Malawi had to devalue the kwacha twice during 1992, which put further upward pressure on domestic prices. As a result, Malawi's per capita Gross Domestic Product (GDP) remained among the lowest in the world, and the economy contracted by nearly 8 percent following several years of positive per capita real

growth. Although the GOM introduced fiscal and monetary measures in response to the economic setbacks, these were insufficient to contain the increased expenditure resulting from the devaluations, and the increase in wages, commodity imports and debt repayment. As a result, the fiscal deficit increased sharply to almost 16% of GDP, and the inflation rate escalated to over 22 percent in 1992.

The economy began to recover in 1993 following a bumper harvest, but the low domestic and international prices for tobacco and other exports, and persisting foreign exchange problems, continue to impede gains from this successful agricultural season. Due to the limited foreign exchange earnings and limited balance of payment support, Malawi is now facing a significant external financing gap, low foreign exchange reserves, and the risk of marked increase in inflation. With recent, albeit small, increases in balance of payment support, it is expected that foreign exchange reserves can be maintained at one month's import needs until March 1994. After March, additional assistance must be identified. During a recent economic briefing on the state of the Malawian economy, the World Bank concluded that "further belt-tightening through macroeconomic policy measures in addition to what has already been agreed under the existing program is not possible, because it would imply undue hardship and would be counterproductive to poverty alleviation."

If bilateral donors fail to increase support to Malawi, both the World Bank and the International Monetary Fund (IMF) are unlikely to maintain disbursements of balance of payment funds to help close the financing gap, and the present downward slide of the economy will continue unabated. The country will be more likely to fall off the structural adjustment track, which would lead to rationing of foreign exchange, rising inflation, inadequate funding of social programs, rising unemployment, idle capacity in the manufacturing sector, trade and international financing difficulties, and may ultimately lead to economic depression. We fear that a newly-elected, democratic government could inherit a bankrupt country, at best. A worst case scenario might see the democratic process itself thwarted by economic disruption.

### **B. Proposed Strategy.**

Since August 1993, major donors have indicated that they will gradually resume balance of payments support and increase assistance levels to Malawi (which was suspended following the May 1992 CG meeting) in recognition of the significant improvement in human rights and political liberalization. To date, the British, Japanese, and the European Economic Community (EEC) have resumed balance of payment support, but in keeping with their cautious approach, they indicated that restoration of development aid is conditional on Malawi's adherence to the

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structural adjustment program and to continuing progress in the transition to a multi-party democracy and improved human rights.

USAID/Malawi recommends that the steps outlined in the Program Recovery scenario approved by AID/W in April 1993 be implemented. Specifically, A.I.D. should implement the cautious two-step increase in our assistance levels: Step 1, an incentive increase in FY 1994, and Step 2 a second increase in FY 1995, after review and consultation on the sustainability of progress in the political and human rights environments. This will bring U.S. policy in regard to assistance to Malawi in conformity with that adopted by the other major donors.

While USAID/Malawi firmly believes that progress on, and the sustainability of, a democratic political system and human rights improvements in Malawi are precursors to sustainable development in this country, we equally believe that failure to achieve broad based economic growth and development and higher standard of living can seriously undermine any gains in democracy. Therefore, the Mission believes that we must respond in a significant manner to acknowledge the important and positive changes to date and to encourage further change, but to realize that additional steps and concrete actions on the political and human rights fronts remain. Our immediate strategy should be to allow the structural adjustment program to remain on track, and to ensure continuity of the economic reforms. That is, our aim should be to provide some additional assistance in order to keep the Malawian economy in low gear to prevent it from collapse not to fully restore our pre-May 1992 assistance level, which must await the conclusion of the key outstanding actions discussed in Section III of this report.

The United States and Germany are the only remaining major donor among those attending the Paris Consultative Group meeting that have not made any public announcement regarding the resumption of aid to Malawi. The Mission believes that it is extremely important that the United States join other donors to increase the assistance level to Malawi effective FY 1994. Therefore, we are proposing that at the upcoming Consultative Group meeting scheduled for December 1993, A.I.D. and the other donors should review with the GOM the achievements to date and outline what is expected in the coming months to ensure full restoration of prior aid levels. At such a meeting, A.I.D. should make a public announcement describing the two-step approach to increased assistance levels in both FY 1994 and 1995, but without a specific funding-level commitment for FY 1995.

### C. Proposed Increase in the Assistance Levels.

USAID/Malawi is formally requesting that AID/W approve the immediate increase of the level of assistance to Malawi for FY

1994 to \$25 million and to consider, subject to availability of funds, an increase to \$30 million. This request is based on Mission's and Embassy's conclusion that progress to date constitutes a giant step in implementing fundamental and irreversible change. In accordance with the approved strategy revision, this would be the first step in a two-part approach leading to a further increase in the assistance level in FY 1995, pending further improvements in human rights and political openness.

**1. Priority uses of Additional FY 1994 Resources.**

With the additional \$10-\$15 million requested, our top priority in FY 1994 will be to amend two of our most successful programs/projects to increase their authorized funding levels and to broaden the policy and institutional reform agenda of each: the Agricultural Sector Assistance Program (ASAP), and the Girls' Attainment of Basic Literacy and Education (GABLE). The increase will also enable the Mission to finance the post-election activities envisioned under the Democratic and Civic Institution Development (DECIDE) project.

- a. First, ASAP would be amended to increase the total authorized LOP funding for the non-project assistance (NPA) component by \$20 million (to a new LOP of \$40 million) which will bring total Life of Project (LOP) of the combined project/program to \$55 million. The additional funding would be used to broaden the existing policy reforms in the agricultural sector which will include continued expansion in the national production quota for lucrative cash crops allocated to smallholders; elimination of policy and regulatory impediments to profitable crop diversification and creation of a "level playing field" for producers and traders; and liberalization of agricultural input and output markets to increase private sector participation through removal of restrictive licensing and other regulatory measures (see Annex A).
- b. Second, both the NPA and project assistance (PA) components of the highly successful GABLE program will be amended to add \$14 million to the LOP funding of the NPA component, and \$6 million to the PA component. Additional funds would maintain current program and project momentum in GOM financing of the primary school system with increasing domestic resources, increasing the enrollment of and retention of girls in primary school, and improving efficiency of the school system. Also, with additional funding the Mission would significantly expand the GABLE program into curriculum reform emphasizing democratic institutions, respect for human rights, expanded civics and social studies, and tolerance for differences. Another potential area is to build parental involvement in, and

commitment to the primary schools from the grassroots by developing village-level parent-teachers' associations (PTAs). Furthermore, under a fully-funded GABLE amendment, the GOM would adopt policy and organizational reforms leading to the decentralization of decision-making by devolving the management of village-level lower primary schools to village PTAs or school committees, supported by selected educational NGOs (see Annex B). At this time in Malawi's history, these activities are crucial to consolidating the democratic process. The program, as currently designed, supports global Agency objectives in the fertility reduction policy area. The Mission's proposed amendment would expand the program more explicitly into the Agency's global focus on democracy area.

- c. Third, our new project in democracy building would be adequately funded in FY 1994. Without the additional resources, the Democratic and Civic Institution Development project (DECIDE), currently planned as a \$4.5 million effort in the Mission portfolio, would be funded at a lower level and would finance general election efforts only. A higher FY 1994 OYB would allow the Mission to provide broader support to the development of non-governmental institutions seeking to establish an effective rule of law (legal reform, judicial reform) and to develop a capacity for on-going civic education (see Annex C for a brief description of DECIDE).

## 2. Other Potential Uses of Additional Resources.

With additional FY 1994 resources, the Mission would also be able to:

- a. maintain and possibly expand its commitment to the health and population area. That is, strategic objectives related to fertility reduction, infant and child morbidity and mortality reduction, and AIDS control will be maintained at the planned levels. Continuing to work closely with other donors in these important areas would also allow the Mission to maintain sufficient momentum on this set of strategic objectives.
- b. increase funding of two on going regional projects in the human resources development area: Human Resources Development Assistance (HRDA), and the African Training for Leadership and Advanced Skills (ATLAS).

Table 2 presents a summary of Mission's proposed FY 1994 obligations, by project under two alternative OYB levels. Table 3 presents the same information, but by sector. Although the Mission is not asking for a decision on the FY 1995 assistance level, Table 2 presents illustrative project obligations for FY

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1995, assuming that our OYB would be increased to \$35 million. It should be pointed out that the beginning of FY 1995 will coincide with the initiation of the Mission's new Country Program Strategic Plan (CPSP). Table 2 indicates a preliminary funding of a new program in FY 1995, which would be contemplated by the Mission as part of the new strategy.

**TABLE 2: PROPOSED FY 1994 OBLIGATIONS, BY PROJECT UNDER ALTERNATIVE OYB LEVELS**

Project	FY 93	FY 1994 Obligations if OYB is:			Illustrative FY 1995 2/ Obligations
		\$15 1/ Million	\$25 Million	\$30 Million	
(\$000)					
ASAP/PA	5,332	0	0	0	1,500
ASAP/NPA	0	3,000	7,500	10,000	7,000
SHARED	5,028	0	0	0	3,000
PHICS	0	1,500	1,500	1,500	1,500
STAFH	4,000	4,500	4,500	4,500	4,500
GABLE/PA	0	1,000	1,000	1,000	3,000
GABLE/NPA	0	3,500	6,000	8,400	8,000 3/
HRDA	0	0	400	400	400
ATLAS	300	300	500	500	500
DECIDE	500	750	3,000	3,000	1,000
NEW PROGRAM	0	0	0	0	3,000
PD&S	340	450	600	700	600
<b>Total</b>	<b>15,500</b>	<b>15,000</b>	<b>25,000</b>	<b>30,000</b>	<b>35,000</b>

1/ This is the FY 1995 ABS (i.e., 100% of FY 94 CP Base) level.

2/ Although this assumes FY 1995 OYB level is \$35 million, Mission is not requesting determination for this level at this time.

3/ This assumes that only \$6 million is obligated in FY 1994. However, under the \$30 million OYB in FY 1994 scenario, \$8.4 million would be obligated in FY 1994 to GABLE's NPA, and the illustrative FY 1995 obligation amount would be \$5.6 million, leaving \$2.4 million for other uses. The Mission would use these released funds to increase the FY 1995 ASAP/NPA's \$7 million obligation by \$2 million, and the \$3 million new program's obligation by \$400,000.

**TABLE 3: PROPOSED FY 1994 PROJECT OBLIGATIONS, BY STRATEGIC OBJECTIVE/TARGET OF OPPORTUNITY UNDER TWO PROPOSED ALTERNATIVE OYB LEVELS**

Sector	Project	Obligation if Mission's OYB is:	
		\$25 Million	\$30 Million
(\$000)			
<b>AGRICULTURE</b>			
	ASAP/NPA	7,500	10,000
	ASAP/PA		
	Sub-total	<u>7,500</u>	<u>10,000</u>
	% of Mission's OYB	30%	33%
<b>HEALTH AND POPULATION</b>			
	STAFH	4,500	4,500
	PHICS	<u>1,500</u>	<u>1,500</u>
	Sub-total	<u>6,000</u>	<u>6,000</u>
	% of Mission's OYB	24%	20%
<b>HUMAN RESOURCES DEVELOPMENT</b>			
	GABLE/NPA 1/	6,000	8,400
	GABLE/PA 1/	1,000	1,000
	ATLAS	500	500
	HRDA	<u>400</u>	<u>400</u>
	Sub-total	<u>7,900</u>	<u>10,300</u>
	% of Mission's OYB	32%	34%
<b>DEMOCRACY/GOVERNANCE</b>			
	DECIDE	<u>3,000</u>	<u>3,000</u>
	Sub-total	<u>3,000</u>	<u>3,000</u>
	% of Mission's OYB	12%	10%
<b>OTHER</b>			
	PD & S	600	700
	% of Mission's OYB	2%	3%
<b>TOTAL</b>		<b>25,000</b>	<b>30,000</b>
	% of Mission's OYB	100%	100%

1/ Contributes to our "Reduce Fertility" strategic objective.

## V. Proposed Staffing Modification

USAID/Malawi has a staff of 14 U.S. direct hires (USDH), eight U.S. personal services contractors (USPSC), and almost 70 Foreign Services National (FSN) employees. The USDH staff is distributed among the various Mission offices as follows:

<u>Office</u>	<u>No. of USDH</u>
Director	3
Management Support (MS)	1
Financial Management (FM)	1
Agriculture & Food Security (AFS)	2
Health, Population & Nutrition (HPN)	2
Human Resources Development (HRD)	1
Program and Project Development (PPD)	4
<b>Total USDHs</b>	<b>14</b>

In addition to USDH staff, Mission hires both program and OE-funded personal services contractors to assist in the design, management and implementation of our approved bilateral program. Also, the Mission provides administrative, management, and other services to regional project and emergency relief activities being managed and implemented in Malawi. 1/

With the proposed increase in the level of assistance in FY 1994 and the expected increase in FY 1995, Mission's ability to perform the critical management and implementation functions with the existing 14 USDH Full Time Equivalent (FTEs) will be eroded. Therefore, the Mission is requesting consideration of an increase in its USDH staff ceiling from 14 to 16 FTEs.

In order to ensure the effective implementation of the program, Mission plans to continue to realign office and position responsibilities. For example, the Mission intends to shift most of the remaining project management responsibilities out of the newly established office of Program and Project Development (PPD), which consolidated the functions of the former project and program offices. If our request for increased FTEs is approved, additional technical staff will be recruited to absorb the implementation of the workload. This will enable the PPD staff to more easily absorb additional responsibilities related to project design (two major program amendments in FY 1994), strategy analysis and design (a new CPSP due 1994), and expanded project implementation support in the health sector.

1/ The Mission is currently implementing over \$40 million of regional project activities. This consumes approximately 1.5 FTEs of USDH staff time, thus reducing staff time devoted to higher priority actions that directly assist in meeting our strategic objectives.

Given the Mission's existing staffing pattern, and current and expected workload for each of the offices, our first priority will be to add a USDH contracting officer position, and second, a human resources development officer. Justification for adding these two positions is presented below.

**A. Contracting Officer.** The Mission presently manages 62 active contract instruments with an aggregate value of nearly \$50 million; this does not include four OE- or IG-funded contracts totalling over \$450,000, some 60 FSNs amounting to nearly \$150,000 per fiscal year, and over 350 small purchases (program- or OE-funded) per fiscal year. It also does not include assistance instruments to PVOs/NGOs which would benefit from contracting officer input. The quantity of instruments will easily double over the next 18-24 months and the value of instruments is expected to increase dramatically with a return to higher program levels.

Over the past twenty months, USAID/Malawi received unacceptably minimal support from REDSO/ESA/RCO. Between January 1992 and March 1993, REDSO provided less than 10 workdays of on-site contracting officer assistance, supplemented by 4 days of contract negotiator assistance, in the form of an individual who did not have the authority to execute agreements or modifications. Although we are unsure of whether this is due to AID's worldwide shortage of experienced contracting officers or a result of REDSO/ESA's workload, the situation remains unsatisfactory. During FY 1993, USAID/Malawi resorted to sending a USDH International Development Intern (IDI) to Nairobi for 5 weeks to work exclusively on our outstanding contracting actions. That temporary duty (TDY) assignment was of such assistance to the Mission that the USDH will be returning again this fiscal year. This, however, is a very expensive proposition. What is needed instead is a contracting officer having the experience and warrant authority commensurate with the complexity and dollar amounts of these instruments assigned to Lilongwe, so that the Mission's program implementation schedules will not suffer inordinate delays in an expanded program.

Although the Mission is prepared to assist with AID's contracting officer shortage by requesting ad hoc contract and grant authorities if it must, this would have to be a last resort, since the Mission does not have the staff required to initiate or adequately manage such instruments, nor is the GOM certified to negotiate and administer country contracts. The grants officer is the Mission Director acting under the authorities derived from the position, and the Executive Officer currently spends about fifty-percent of his time on project and OE-funded procurement issues. Since it is reasonable to assume that the aggregate number and value of program-funded awards will increase at the same rate as

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our program level in this scenario, we are profoundly concerned that these two officers will be unable to adequately perform their normal duties while simultaneously grappling with the complex regulations, procedures, and policies governing federal acquisition instruments of the size requiring ad hoc authority. Based on the above, it is imperative that an expansion of the Malawi program be accompanied by the addition of a contracting officer to Mission staff.

**B. Human Resources Development Officer.** The request for a second USDH in the office of Human Resources Development (HRD) is not only based on anticipated higher obligation and spending levels in the human resources development area, but also on the complexity and breadth of the supervisory tasks in this particular division. Between FY 1991 and FY 1993 this Division grew from one full time FSN position and one part time U.S. PSC, to one USDH, three FSNs (the participant training specialist, the education specialist, the division administrative assistant) and one Third Country National (TCN) PSC for the GABLE project. In addition to supervising the work of these four positions in FY 1993, the HRDO supervised the work of two part-time PSCs shared with other divisions in the Mission. All of the work of this staff has to be reviewed by the HRDO; major judgement calls cannot be delegated.

Participant training, a mission-wide activity, falls under the HRD Division. Although the participant training specialist is a highly capable manager, every Project Implementation Order for participant training (PIO/P--83 in FY 1993) needs to be reviewed substantively by the HRDO, no matter what division is sponsoring it. When participant training problems arise in any of the Mission's divisions, the HRDO is called in to contribute to the solution. The participant training specialist also organizes annually two award ceremonies for participants from all divisions and two or more sectoral seminars for Thomas Jefferson Fellows; the HRDO is required to review preparations and evaluations of these activities.

The HRDO also supervises the Coordinator of the HRID project and full-time contractors (16 in FY 1993) working for it. Major decisions about their activities, administrative approvals, semi-annual reports and meetings with each of them have been time consuming. In addition, division projects have utilized six short-term contractors (for periods from 5 weeks to four months.) While the GABLE PSC has been very actively assisting and monitoring the work of five of these consultants, the ultimate supervisory decisions, approvals, report editing, etc. have fallen to the HRDO. The start of GABLE's Social Mobilization Campaign in FY 1994 will escalate the voucher review, administrative approvals, and travel/implementation requirements of the HRDO.

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In addition, the HRDO and other staff members work on project implementation issues that are quite wide-spread. They work regularly with the Department of Personnel Management and Training and three ministries: the Ministry of Education and Culture, the Ministry for Women's and Children's Affairs and Community Services, and the Ministry of Local Government. Issues for each of these institutions will continue to be addressed in FY 1994 through project implementation committee meetings. The project committees meet between 12 and 14 times a year in each Ministry.

All of the HRD projects involve regular and frequent travel. When the HRDO is away from the Mission for work or for leave, the supervisory role falls to the PPD office where USDHs have generously increased their workload to help with supervision. With PPD's current project implementation load and program responsibilities, this has become an impossible burden to continue.

Two smaller HRD activities, ATLAS and HRDA, involve less travel but both are management intensive. The HRDO is a member of the selection committee for each project. The one for ATLAS meets twice a year and the one for HRDA meets, on average, four times annually. Each committee meeting is prefaced by lengthy review of applicants' dossier. In ATLAS, about 95 applicants were evaluated for Masters of Science degrees, and in HRDA 243 were considered for short-term training during FY 1993.

Aside from these heavy supervisory tasks and the continually expanding need for travel and implementation reviews, the work of the HRDO will probably increase in FY 1994. A planned mid-term evaluation for GABLE, and a design activity for a GABLE amendment will require substantive involvement and leadership by the HRDO. The amendment, if approved, will involve a large project component that will further increase the demands on supervisory time.

Finally, the Mission is seriously considering elevating its activities in the education sector to a strategic objective in its forthcoming Country Program Strategic Plan (CPSP), as well as moving the responsibility for the democratization project and Women in Development (WID) activities into HRD. This office is already working up to its full-capacity with several members regularly working overtime on weekends. With the heightened attention to primary education, human resource development, democracy and their interrelationship within the Mission, it is doubtful that interim help from PPD can sufficiently backstop HRD; and expanding our USDH staff will be necessary.

VI. ANNEXES

DESCRIPTIONS OF ASAP AND GABLE AMENDMENTS  
AND THE NEW DECIDE PROJECT

## ANNEX A

USAID/MALAWI  
ASAP PROGRAM AMENDMENT DESCRIPTION

- A. Program Title: Agricultural Sector Assistance Program (ASAP)
- Program Numbers: 612-0235 (PA) and 612-0239 (NPA))
- Total Program Funding Level: U.S. \$55 million Grant

B. Background to Amendment:

ASAP was originally designed with an anticipated LOP funding of U.S. \$50 million, \$40 million for NPA and \$10 million for PA. However, the PA component was amended in August 1993 to increase its LOP by \$5 million, to a new LOP of \$15 million. To date, U.S. \$20 million has been authorized for the NPA component and U.S. \$15 million has been authorized for the project component. This amendment will add an additional \$20 million to the NPA component, bringing the total authorized funding to a new level of U.S. \$55 million.

C. Major Development Problem Addressed:

Growth in smallholder agricultural productivity, employment, and incomes has not kept pace with household food requirements, soil fertility depletion, and shrinking per capita land availability. Official policies and regulations have largely impeded local trade, private sector distribution of inputs, and access to international market prices for smallholders, and have given preferential treatment to estates and parastatal entities. As a result, most households deplete their staple food supplies months before the annual maize harvest and low opportunity costs on their labor (often the only resource that the poor have) force them into uneconomic labor arrangements.

Malawi imports 100% of its fertilizer. Only 25% of the 1.8 million rural households have access to credit to purchase fertilizer. Only 25% of the maize area is planted to high yielding varieties (HYV) due to limited access to cash or credit for fertilizer purchases. Expanding access to international market prices for cash crops will enable more smallholders to use fertilizer and HYVs which will free up limited land for more cash cropping. Currently only 11% of

total smallholder land is devoted to cash crops, since low yielding maize varieties occupy a disproportionate amount (three quarters) of cropped land.

D. Program Purpose:

The purpose of ASAP is to increase smallholder access to agricultural inputs, output markets, cash crop alternatives and labor market information.

By broadening and equalizing access to agricultural resources and markets, ASAP promotes growth in agricultural productivity, employment and incomes. This program is the Mission's principal vehicle for achieving the Country Program Strategic Plan's (CPSP) objective of increased agricultural production and productivity. The establishment of a competitive pricing systems and multi-market channels will allow smallholders to achieve greater pass-through prices and will permit private sector to increase their participation in factor and product marketing. Historically, prices received by smallholders from state marketing boards were as low as 20% of final price received in Malawi.

Increased household food supplies will also support the CPSP objective of decreased infant and child morbidity and mortality. As household disposable income and purchasing power expand from greater access to production and marketing rights to lucrative crops, basic food requirements can more easily be met. Full grain silos at the national level are deceptive and actually mask massive household food insecurity in the rural area due to inadequate purchasing power.

E. Program Description:

Through a combination of policy reforms and project activities, ASAP is opening up new opportunities for smallholder production and marketing of high value cash crops. The incomes realized from the sale proceeds are available for purchase of hybrid maize seed and fertilizer. The 1992-93 maize crop size is testimony to the dramatic increase in land planted to hybrid maize. From a low base of 4% HYV maize usage (in terms of hectarage) in 1987, farmer adoption of hybrids jumped to 12% in 1990 (the first year that burley production entitlement were given to smallholders), to 14% in 1991, and to 25% this past season. The contribution of hybrid varieties to overall production levels was only 19% four years ago; today it stands at nearly half (49%). This improvement in national food production is partially due to some of the policy changes supported under ASAP.

ASAP also addresses broad liberalization of the agricultural input and output markets to release smallholders from formerly imposed monopsony arrangements. The main economic policy reforms promoted under the first phase of the program included the following:

1. Removal of discriminating practices which prevented smallholders from growing lucrative cash crops and marketing these crops in a way that guaranteed fair market value for their produce,
2. Creation of multiple marketing channels for smallholders; and,
3. Allocation of a larger share of national production quota for lucrative cash crops to smallholders.

Under the proposed second phase of the program, the main agricultural sector policy reforms would include the following:

1. Continued expansion in the national production quota for lucrative cash crops allocated to smallholders;
2. Elimination of policy and regulatory impediments to profitable crop diversification and creation of a "level playing field" for producers and traders; and
3. Liberalization of agricultural input and output markets to increase private sector participation through removal of restrictive licensing and other regulatory measures.

Phase II of ASAP will contribute an additional \$20 million of support to Malawi against an agreed-upon list of policy actions associated with up to three tranches, to be disbursed over a three-year period.

ASAP policies are closely aligned with the Government of Malawi's policies as identified in their various Policy Framework Papers. ASAP builds on the World Bank's U.S. \$70 million Agricultural Sector Adjustment Credit program, and is consistent with the Bank's \$50 million Agricultural Services Project (ASP). ASAP activities are closely coordinated with the European Community's fertilizer investments and policy agenda.

GOM's contribution to ASAP includes significant recurrent costs associated with implementation of the program. These include the agro-forestry activities, the food security monitoring, the Early Warning System program, Famine Early Warning field activities, policy analysis undertaken by the Economic Planning and Development Department of the Office of the President and Cabinet

and by the Bunda College of Agriculture, environmental monitoring activities, and the provision of credit and extension services to smallholders.

F. Amendment Schedule/Assistance Required:

It is anticipated that the ASAP PAAD/PP Amendment will be finalized by the end of the second quarter FY94. Although Mission will be the primary designers, some assistance from outside will be contracted.

G. Revised Financial Requirements:

Based on the proposed FY 1994 and expected future OYB levels, the planned obligation schedule for the additional U.S. \$20 million to be authorized under this amendment is:

	If FY 1994 OYB = \$25 Million	If FY 1994 OYB = \$30 Million
FY 1994	\$7.5 million	\$10,000.0 million
FY 1995	\$8.5 million	\$ 8,000.0 million
FY 1996	\$4.0 million	\$ 2,000.0 million

H. Delegation of Authority:

The Mission was delegated authority to approve the original PP and PAAD. Mission expects that there will be not policy issues following from a Phase II Amendment requiring AID/W resolution, and therefore requests delegation of PP/PAAD Amendment approval authority.

## ANNEX B

USAID/MALAWI  
GABLE PROGRAM/PROJECT AMENDMENT DESCRIPTION

- A. Program Title: Girls' Attainment in Basic Literacy and Education (GABLE)
- Program Numbers: 612-0237 (PA) and 612-0240 NPA)
- Total Program Funding Level: U.S. \$40 million Grant

B: Background to Amendment:

When GABLE was first conceptualized, Mission envisioned a total funding of U.S. \$10 million program/project combination. However, during the design stage and when the very poor state of the education sector became apparent, the Mission considered a higher funding level; and the total LOP funding level was set at U.S. \$20 million, divided between a U.S. \$14 million NPA component and a U.S. \$6 million PA component. To date, two NPA tranches of funding have been released in response to successful Ministry of Education and Culture (MOEC) policy changes. This amendment will add an additional U.S. \$20 million to the total LOP funding level, of which \$14 million will be added to the NPA component and \$6 million to the PA component.

C. Major Development Problems Addressed:

The education of girls, GABLE's principal objective, has been connected with such positive development trajectories as the reduction of fertility and infant mortality. In Malawi, where infant mortality is extremely high and a 3.2 percent population growth rate is undermining potential gains in the agricultural sector, the education of girls should remain a priority.

D. Program Purpose:

The purpose of GABLE is to increase girls' attainment in basic education. As noted above, female education -- beginning at the primary level-- has a sanguine effect on many development concerns. It specifically furthers Mission strategic objectives to reduce fertility and infant and

child mortality and morbidity. Since schools now include AIDS education in the curriculum, GABLE also supports the Mission's strategic objective to reduce the spread of AIDS. Primary schools also provide agricultural instruction; since the majority of farmers are women, GABLE also supports the Mission strategic objective to increase agricultural productivity and production by making information on technology available to school girls.

While the beneficiaries are primarily primary school girls, GABLE-supported gains in school quality and efficiency will benefit all school children regardless of gender.

E. Program Description:

Through a combination of policy reforms and technical assistance, GABLE has encouraged girls to enter primary school and stay there. In accordance with the conditions set forth under GABLE, the Ministry of Education and Culture (MOEC) has offered school fee waivers to all non-repeating girls in standards 2-8. A gender sensitive perspective is influencing revisions in primary curriculum, and improving teaching methods. To encourage more girls to enter and complete primary school, a social mobilization campaign has begun. Since primary school in its present state is difficult to "sell," the GABLE program also supports general improvements in primary school quality: more classrooms, teachers and educational materials. The rationale for this is that poor quality in the lower primary standards is particularly harmful to girls because only half as many girls as boys progress beyond this level. To improve school quality under GABLE, the Government of Malawi has contributed greater resources to the education sector, and the MOEC in turn has increased the percentage of that allocation going to the primary sub-sector.

Under the proposed second phase of GABLE, the Mission intends to address key constraints to girls' education that were beyond its original scope, including: distance from schools (which according to empirical evidence from other countries in Africa deters more girls than boys from attending) and the opportunity cost of girls' labor. These obstacles will be addressed by policies that increase the number of village-level junior primary schools and that permit village committees to successfully manage these schools. Committees or parents teachers associations (PTAs) will be responsible for building simple classrooms, determining (within minimum guidelines) the school calendar, and supervising the attendance of teachers and pupils. Qualified non-governmental organizations (NGOs) under contract to the MOEC will supervise the selection and

intensive training of teachers for these school and provide support to the village committees. With the minimization of the distance factor, and the adjustment of school hours and holidays to accommodate some of the need for girls' labor (e.g., child care, wood collection, and water handling), these schools should attract and retain more girls.

With the assistance of NGOs and village PTAs, the Ministry of Education and Culture will be in a better position to reduce the terrible dearth of teachers and classrooms in Malawi. At the present rate of enrollment expansion, the system will require an additional 30,000 classrooms and 45,000 teachers by the year 2000. The MOEC does not have sufficient capacity or financial resources to approach this target without the assistance of the groups mentioned.

Under the proposed second phase of GABLE, the main policy would include the following:

1. Decentralization of decision-making by devolving the management of village-level lower primary schools to village PTAs or school committees, supported by selected educational NGOs working under contract to the MOEC. This should be coupled with MOEC's support of village-level construction of schools to increase their number more rapidly.
2. Incorporation in the Government of Malawi budget of the necessary resources needed to support the concept of decentralization of the decision-making process, including the addition of line items to support the functions of the NGOs.
3. Gradual shifting from a donor-financed development budget in the education sector, to Government-financed development budget, to ensure Government's commitment to development activities and its sustainability.
4. Expansion of GABLE's curriculum development activities at the Malawi Institute for Education (MIE), by building on recent development of a gender neutral curriculum and gender appropriate teaching methods to include the revision of the primary school civics curriculum program to suit a multi-party system, giving particular attention to democracy and gender.

**F. Amendment Schedule and Assistance Required:**

A draft GABLE PAAD/PP Amendment will be completed in FY 1994. Although Mission staff will be the primary drafters of the amendment, local and external assistance will be required for preliminary research, and the design of the

amendment. To this end, important preliminary research to assess the feasibility of NGOs and village committees to assist with school expansion will be completed before the end of CY 1993. Furthermore, the planned mid-term evaluation of the GABLE project will be done in February 1994 and will serve as basis for the amendment design activity. A design team will be needed to work on the amendment in March-April, 1994. Mission anticipates that the Phase II amendment will be authorized in July 1994.

G. Revised Financial Requirements:

Based on the proposed FY 1994 and expected future OYB levels, the planned obligation schedule for the addition U.S. \$20 million to be authorized under this amendment is:

	NPA		PA
	FY 1994 OYB = \$25 Million	FY 1994 OYB = \$30 Million	
FY 94:	\$6 million	\$8.4 million	\$1 million
FY 95:	\$8 million	\$5.6 million	\$3 million
FY 96:			\$2 million

H. Delegation of Authority:

The Mission was delegated authority to approve the original PP/PAAD, and since there will be no major policy issues requiring AID/W resolution for the GABLE Phase II Amendment, Mission requests delegation of PP/PAAD Amendment approval authority.

## ANNEX C

## USAID/MALAWI

## DECIDE PROJECT DESCRIPTION

A. Project Title: Democratic and Civic Institution Development (DECIDE)

Project Number: (612-0243)

Total Project Funding : US \$4.5 million Grant

B. Project Goal and Purpose:

The goal to which the Democratic and Civic Institution Development Project objectives is to promote sustained economic development. The purpose is to establish and consolidate democratic and civic institutions.

C. Project Description:

The project purpose will be achieved through successful implementation of three components: election support, judicial and legal reform, and civic and institution development. Other donor activities will also contribute and reinforce project success.

1. **Election Support.** The project will support free and fair elections in 1994 through grants to the International Foundation for Electoral Systems (IFES), National Democratic Institute (NDI), and the United Nations (UN). The IFES grant will provide expertise to the Malawi election commission in developing rules and procedures consistent with the new election laws and other logistical and technical support. IFES will provide a consultant to the commission to design and implement voter registration and identification systems, and train registration personnel. The commission will also be assisted by IFES with the establishment of a public information system for election purposes.

Under a second grant, NDI will work on a nonpartisan basis with all political parties in areas of voter education, grassroots organizations, message development, use of the media, voter mobilization, election monitoring, and a code of conduct. NDI will also strengthen the ability of local NGOs to participate in

the election process through monitoring and civic education efforts.

DECIDE will also fund, through grants, a small number of election observers for six to eight weeks. The mission also plans to provide a grant to the UN Electoral Assistance Office in Lilongwe to defray part of the logistics costs of election assistance.

**2. Judicial/Legal Reform.** DECIDE will support the processes of reforming the constitution, and civil and criminal codes and will encourage development of existing and new legal aid societies and human rights groups which seek to empower Malawians to assert and realize their new legal freedoms and opportunities. Legal technical assistance will be provided through A.I.D.'s indefinite quantity contract (IQC) with Checchi and Company and Howard University to the National Consultative Council, the Malawi judiciary and other bodies constituted to implement legal reforms. It will also provide consultants to work with organizations that will be active in conducting civil education activities related to the changed legal environment in Malawi. Through grants to a nascent human rights/legal aid society, the Mission will work with Malawians to institutionalize legal aid services and a human rights monitoring capacity.

**3. Civic Institutional Development.** DECIDE will support a broad program of civic education in Malawi by nurturing civic organizations committed to democratic values. Civic Organizations supported under the project must establish that they (1) are themselves organized democratically and managed efficiently and honestly; (2) undertake to acculturate their constituents to democratic ways; (3) collectively hold the government accountable for adherence to a democratic constitution; and (4) represent their constituents interests. By linking advocacy of citizens' interests with support for democracy, ordinary Malawians are more likely to see that democracy does indeed make a difference in their lives. If democratic culture takes root in this fashion, it is more likely that constitutional and legal reforms to effect democracy will be sustained. USAID/Malawi will implement this component through direct grants to local NGOs/PVOs/civic organizations committed to civic activities.

Project Funds will be used as follows:

Election Support	\$1,900,000
Judicial/Legal Reform	\$ 950,000
Civic Institution Development	\$1,000,000
Project Management/Evaluation	\$ 600,000
<b>Total</b>	<b>\$4,500,000</b>

USAID / MALAWI : PROGRAM AND STAFFING

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REASSESSMENT

1 OF 1 (24X)

MALAWI

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COUNTRY DEV. STRATEGY STATEMENT (CDSS)