



**USAID/Malawi**

**Triennial Review Report**

**Country Strategic Plan FY 2001-05**

**October 31, 2003**

**Lilongwe**

**Figure 1: USAID Malawi Country Strategic Plan FY 2001-2005  
Original and Current Results Framework**

<b>CSP 2001-2005 (Approved April 2000)</b>	<b>CURRENT (October 2003)</b>
<p><b>SO-6: Sustainable Increases in Rural Incomes</b>            IR6.1 Sustainable increases in agricultural productivity            IR6.2 Increased off-farm earning by rural households            IR6.3 Increased local participation in natural resource management</p>	<p><b>SO-6: Sustainable Increases in Rural Incomes</b>            IR6.1 Agricultural productivity increased (? notified FY 2003 AR)            IR6.2 Employment in agriculturally linked enterprises increased (? notified FY 2003 AR)            IR6.3 Increased household revenue from community based natural resource management activities (? notified FY 2003 AR)</p>
<p><b>SO-7: Increased Civic Involvement in the Rule of Law</b>            IR7.1 Increased mass awareness of legal and human rights and responsibilities            IR7.2 Improved access to justice            IR7.3 Accountability institutions more responsive to citizens.</p>	<p><b>SO-7: Increased Civic Involvement in the Rule of Law</b> (? in order of IRs and new IR2 notified FY 2003 AR)            IR7.1 Increased access to justice.            IR7.2 Increased advocacy in support of rule of law            IR7.3 Selected accountability institutions more responsive with citizen participation.</p>
<p><b>SO-8: Behaviors Adopted that Reduce Fertility and Risk of HIV/AIDS and Improve Child Health</b>            IR8.1 Social marketing, delivery of appropriate range of health products and methods expanded/consolidated            IR8.2 Knowledge of good health/nutrition practices and own HIV status improved            IR8.3 Community participation in health care, including orphans' care, increased in target communities            IR8.4 Range and quality of health services for mothers and children under five expanded in target districts.</p>	<p><b>SO-8: Health Behaviors and Services Improved</b> (intent to ? alerted in FY 2002 and FY 2003 AR; ? proposed as part of Triennial Review, to be confirmed in FY 2004 AR)            IR8.1 Behavior change enabled            IR8.2 Quality of services improved            IR8.3 Access to services improved            IR8.4 Health sector capacity strengthened</p>
<p><b>SO-9: Improved Quality and Efficiency of Basic Education</b>            IR9.1 Teachers' professional skills improved            IR9.2 More effective schools            IR9.3 Key policy reforms implemented</p>	<p><b>SO-9: Improved Quality and Efficiency of Basic Education</b>            IR9.1 Teachers' professional skills improved            IR9.2 More effective schools            IR9.3 Key policy reforms implemented            IR9.4 Impact of HIV/AIDS mitigated in education sector (new IR notified FY 2002 AR)</p>

## 1. DEVELOPMENT HYPOTHESIS

The Goal of USAID Malawi's FY 2001-2005 CSP is: *Poverty Reduction & Increased Food Security through Broad-Based, Market-Led Economic Growth*. The development hypothesis to achieve this goal is stated in the original CSP. In summary, **if** there is: sustainable creation of economic opportunities (both on and off the farm), and a continued supply of productive (healthy and educated) individuals to take advantage of these opportunities, and citizens freely exercising their rights and responsibilities, an active civil society, a strengthened rule of law, and institutions that are transparent and accountable to those whom they serve, **then** these conditions will create a synergy capable of bettering the lives of all Malawians.

Half-way into the planning period, the Mission reconfirms this hypothesis. Simply, the needs in Malawi are so great that a multi-sectoral and multi-dimensional approach is indicated to begin to reduce the pervasive poverty and foster food security. In fact, as discussed in the following sections, the needs today are greater than ever before.

## 2. CRITICAL ASSUMPTIONS

### 2.1 1999 and Today

The CSP was developed during 1999, when Malawi was completing the "honeymoon" of its first five years of democracy. The citizens had turned out in record numbers to vote -- over 93% of registered voters cast their ballots -- and President Muluzi was elected for a second term with 51% of votes cast. Although there were some irregularities, the elections were considered generally free and fair by international observers. The economy, which had begun to slip in the 1997-98 period, was considered back on track. Two joint IMF/World Bank teams reported positive movement, and there was an expectation that the GOM would hold to its budget targets. There had been poor rains in 1997, but no major droughts. HIV/AIDS seroprevalence was high and the GOM and donor community were beginning to mobilize, but the catastrophic and pervasive impact of the epidemic was only beginning to be understood.

This relatively positive assessment -- excepting, obviously, the AIDS data -- was the basis for several CSP assumptions, several of which did not turn out to be valid. The most important are presented in Figure 2 on the next page, and discussed below.

#### Fiscal and Economic Performance Has Been Poor

Economic performance has been poor over the recent past, with average real GDP growth at less than 1% and average inflation at 12% since 2001. Poor expansionary fiscal performance, with overall fiscal deficits (including grants) averaging above 5% of GDP, stalled Malawi's macroeconomic program with the IMF over the past two years, prompting bilateral donors to withhold donor support, which accounts for about 40% of Malawi's national budget.

#### Civil Society Participation in Democracy is Vibrant

In comparison with the economy, Malawi's democracy -- in particular the increasing levels of citizen participation and "demand" for accountability -- has progressed. As demonstrated by the national debate over a proposed amendment to enable the President to stand for a third term, civil society has become more engaged in politics. Opposition parties are gearing up for the 2004 Presidential and Parliamentary elections. The rule of law is returning: although the traditional courts that had been co-opted to serve Dr. Banda's regime remain closed, alternative dispute resolution (ADR) and rural legal services have expanded to the extent that they are now available in 11 of Malawi's 29 districts, and often a preferred option.

### HIV/AIDS Impact Increasingly Catastrophic

The progress of the HIV/AIDS epidemic had been as predicted, although the catastrophic and pervasive impact of the cumulative toll of death and illness is much more widely felt. A recent survey of 2030 households in six zones of the country found that one-third of all households and one-half of female-headed households host at least one orphan, and 30% of households care for at least one chronically ill person.<sup>1</sup> Both the public and private sector workforces are suffering: as one example, the current attrition rate of teachers is 11%, due partially to retirement, but largely to deaths. This translates into greatly decreased efficiency and productivity, with significant effect on GDP in the short- and medium-term.

### Food Insecurity Misunderstood

The assumption on “at least one annual drought, but no major crisis” was far from the mark. Malawi had sustained a severe drought in 1992 and a minor one in 1997, but it was widely believed that the rural economy was sufficiently strong to cope. However, when production was off by only 8% in the 2001-2002 season, an estimated 3.3 million people – one-third of the total population -- became destitute and dependent on international food aid. The key factors that led to this unforeseen decline in purchasing power and greatly increased vulnerability are, in very great summary: the financial burden created by HIV/AIDS (medicines for the sick, funerals, care for orphans, declining labor productivity); decreased opportunity for off-farm labor due to the dismal economic environment; and an increase in consumer cost of maize, the staple food.

**Figure 2: CSP Assumptions: 1999, 2003, Next 4-5 Years**

<b>ASSUMPTIONS</b>	<b>1999</b>	<b>2003</b>	<b>Next 4-5 Years</b>
<b>GDP growth rate</b>	4% - 5% p.a.	1.5% average 00-03	Slow movement back up to 4%-5% p.a. <sup>2</sup>
<b>Macroeconomic performance</b>	“On track”	Poor – 2 years of no IMF program; now hopeful.	Uncertain. New SAP will be launched in early 2004.
<b>GOM Policy Reform</b>	80% of critical reforms complete	Stalled	USAID can influence policy directly and indirectly
<b>Democracy</b>	Flawed, but trends positive & encouraging	Flawed, but vibrant with increasing citizen participation	Uneven, but increasingly robust. Transition to a new administration will not create undue disruption to USAID program.
<b>HIV/AIDS – Seroprevalence</b>	Estimated at 14%	15%	Stable and/or slight decrease
<b>HIV/AIDS – Impact</b>	Catastrophic, but not widely understood	Catastrophic, pervasive, felt in all aspects of life	Effective mobilization of increased resources by GOM to mitigate impact should begin to relieve some of the pressures
<b>Food availability</b>	One annual drought, but no major crises	2001-03 food emergency	High likelihood of at least one natural and/or man-made crisis within next 5 years

<sup>1</sup> C-SAFE Malawi Baseline Survey, TANGO International, Inc., September 2003, Executive Summary.

<sup>2</sup> GOM estimates/targets agreed under the IMF program. The Economic Intelligence Unit (EIU) forecast for 2004 is 2.6 percent. Thus, a more realistic estimate could be in the range of 2 to 3.5 percent.

## 2.2 The Future

Given the assessment above, USAID/Malawi has reformulated its critical assumptions for the next four years, as follow.

### Uncertain Economic Performance

Based on Malawi's broad satisfactory progress in establishing a record of performance during the first half of 2003, the IMF, World Bank, and several bilateral donors approved resumption of financial support to Malawi in October 2003 – after two years of stalled negotiations under the GOM's Poverty Reduction and Growth Facility (PRGF) program with the IMF. Real GDP growth is estimated to accelerate to 4.3% in 2004 and exceed 5% the following two years.<sup>3</sup>

USAID believes economic decisions made in the coming months have the potential to set the foundation for moderate growth. While multilateral donors believe growth may rebound by 4% this year following a major decline due to a severe drought last year, USAID believes that a more realistic estimate of economic growth in the next 4 years could be less than 4%.<sup>4</sup>

The GOM needs to improve fiscal performance under the IMF program, and fully implement the Malawi Poverty Reduction Strategy – whose four pillars resemble USAID's four Strategic Objectives. It also needs sustained political commitment to reverse the economic deterioration, ensure macroeconomic stability, improve public service delivery, and promote poverty reduction. Political commitment to the steadfast execution of government's strategy to control expenditure, reduce high real interest rates and ultimately revitalize the private sector remains a daunting change, especially in the run up to the general elections in May 2004.

### 2004 Elections are Key

Obviously, much will depend on the outcome of the May 2004 Presidential and Parliamentary elections. Civil society groups, representing citizens' interests, managed to head off the President's bid to amend the Constitution to allow him to stand for a third term. The bill has since been withdrawn by Attorney General. The Mission is fairly confident that the elections will again be substantially free and fair, with strong voter turnout and minimal conflict, and will be highly competitive with no one party likely to win an outright majority. What the outcome will be, and what effect it has on macroeconomic and other governance issues, cannot be predicted.

### HIV/AIDS Resource Mobilization Expected to Yield Results

In 2003 Malawi was informed that its proposal to the Global Fund for AIDS, Tuberculosis, and Malaria (GFATM) was approved at \$196 million – the largest award to date worldwide. The Mission assumes that the GFATM, as well as Malawian and other resources, will be available at planned levels and that their effective disbursement will begin to mitigate some of the extreme pressure that AIDS is placing on Malawi. Resources will address clinical prevention, treatment, care, and support of affected and infected individuals, as well as development and implementation of strategies in a multi-sectoral context.

### Chronic Food Insecurity Needs Increased Attention

The Mission also assumes that food insecurity in Malawi has become a chronic, rather than short-term, problem, and that there is a high likelihood of another natural and/or man-made crisis within the next five years. From December 2002 to March 2003, to meet the emergency needs of the vulnerable population, USAID provided 151,495 MT of food for Malawi valued at

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<sup>3</sup> See footnote 2 above.

<sup>4</sup> See footnote 2 above.

about \$90 million. Given the extreme vulnerability of the rural population that was exposed in the 2001-2003 crisis, it is clear that resilience to shock is minimal, and that planning for crisis must be integrated into future plans. The Mission assumes that incorporation of more attention to food security/crisis mitigation in future programming will limit the amount of emergency resources needed in the future.

### 3. PROGRESS TOWARD GOAL ACHIEVEMENT

#### 3.1 Goal Indicator Trends

With reference to Figure 3 below, given poor government performance and the major food emergency of 2001-2003, trends for most of the goal indicators presented in the CSP have been dismal. The three that have improved are: i) illiteracy, which is declining as the age cohorts benefiting from the launching of free primary education reach adulthood; ii) total fertility, which is declining as women have greater knowledge of and access to family planning methods; and iii) infant mortality, which is declining due to increasing coverage of vaccines and adoption of healthy behaviors.

**Figure 3: CSP Goal Indicators, Baseline and Current**

Goal Indicators (CSP p. 29)	Baseline	Current
Per capita income <sup>1</sup>	\$220	\$160
Gross capital formation as % of GDP <sup>1</sup>	13.5%	9.0%
Illiteracy, 15 yrs and above <sup>1</sup>	41.5% M 55.6% F	38.2% M 51.3% F
Total fertility among women of reproductive age <sup>2</sup>	6.7	6.3
Life expectancy <sup>1</sup>	43	37.5
HIV/AIDS seroprevalence, 15 yrs & above <sup>3</sup>	14%	15%
Infant mortality per 1,000 births <sup>4</sup>	134	104

**Sources:**

1. Data for are from the World Bank's Malawi Data Profile found at [www.worldbank.org](http://www.worldbank.org), with "baseline" for 1998 and "current" for 2002.
2. Total fertility data are from the 1992 and 2000 Malawi Demographic & Health Surveys (MDHS)
3. Data on HIV/AIDS seroprevalence are from the 1999 and 2001 Malawi Sentinel Surveillance Reports.
4. Data on infant mortality are from the 1992 and 2000 Malawi DHS for 2000.

#### 3.2 New and Continuing Challenges and Opportunities

The Mission's assumptions for the next four years, presented above, set the stage for future programming. There is a clear need to continue the multi-sectoral and multi-dimensional work of the current CSP. In addition to continuing to achieve results in its four SOs, however, the Mission will face the following key challenges and opportunities:

##### 2004 Presidential and Parliamentary Elections will Set the Stage

In the very near term, preparations for the 2004 elections, and the elections themselves, will take significant attention away from "normal" programming for both Mission and GOM counterparts. USAID plans to focus in the coming year on cross-sectoral efforts at civic education as well as political party strengthening activities which will include increasing voter awareness of issues and different party platforms. The outcome of the elections will be critical in setting the future direction of policy for the country. If the current ruling party remains in power (the UDF has had to form alliances to maintain a legislative majority for much of the past 10 years), there is likely to be little change in policy or governmental norms and practices. If

there is a change of government, however, there could be fairly significant shifts. Since no party is likely to win an outright majority, a significant challenge may be for the president and the parliament to work together, especially if the largest parliamentary party is different from the new president's party. In either event, encouraging increased GOM commitment to anti-corruption, transparency, and greater adherence to due process will be a key element of USAID's policy dialogue.

#### Macroeconomic Performance and Policy Reform Must Advance

There is great incentive for the government (current administration and follow-on) to improve macroeconomic performance. Continued release of financial support by the IMF under the GOM's PRGF is premised on improved fiscal performance. In addition, resumption of budgetary support by most bilateral donors is contingent on Malawi's successful macroeconomic program with the IMF. Finally, Malawi's floating completion point -- at which full debt relief of \$1 billion becomes irrevocable under the Highly Indebted Poor Countries (HIPC) -- is also predicated on re-established budgetary support to Malawi by the IMF and other donors.

Political commitment to the steadfast execution of government's strategy to control expenditure, reduce high real interest rates and ultimately revitalize the private sector remains a daunting change, especially in the run up to the general elections in May 2004. USAID can advance the policy reform process through provision of technical advice and assistance in both economic policy -- e.g. privatization, liberalizing fertilizer imports and markets, etc. -- and in combating corruption and fraud. USAID will continue to undertake objective economic or political analysis to advance the policy reform agenda in all operations. On a sector-specific basis, USAID can help promote improved performance by its active participation in development and implementation of the Sector Wide Approach Programs (SWAPs) in health and education.

#### Mitigating the Impact of HIV/AIDS Across Sectors is Paramount

The Health/Population/Nutrition (HPN) SO continues as USAID's strategic and tactical lead in addressing HIV/AIDS, and is pursuing a multisectoral approach, particularly through its mitigation and home-based care programs. USAID's Education SO includes a specific IR to address HIV/AIDS; it has provided valued technical assistance to the Ministry of Education in development of a draft National HIV/AIDS in Education Strategy and of a new Life Skills Curriculum. The SEG and DG SOs have made strong tactical advances. As highlighted in section 5 below, most SEG and DG implementing partners, for example, now provide information and outreach to both staff and clients on options for prevention, treatment, care, and support of HIV/AIDS. This has been a significant advance, particularly for some of the faith-based organizations (FBOs) and smaller civil society organizations (CSOs) that had previously considered the topic "taboo." USAID will continue to emphasize increased integration of appropriate HIV/AIDS interventions across all sectoral programs. The challenge is to assure that the activities of all concerned are well coordinated to achieve maximum impact.

#### Household Vulnerability to Food Crisis Must Remain On USAID's Screen

The 2001-2003 food emergency highlighted the severe decline in purchasing power and extreme vulnerability of an estimated 3.5 million Malawians, and the continued high proportion of children who are stunted (48.7% in 1992 and 49.0% in 2000 Malawi DHS) underscores the chronic nature of the problem. USAID and its partners need to find new ways to address household food insecurity in all its dimensions (e.g. access, availability, and utilization). The Mission strongly endorses submission of a P.L. 480 Title II Development Assistance Program (DAP) in 2004 for an FY 2005 start, and will continue to integrate a focus on food insecurity across the portfolio.

### USAID's Excellent Donor Relations and Leverage Will Continue

USAID has been a leader in donor coordination in several sectors. The Mission's active involvement during preparation of the Malawi Poverty Reduction Strategy Paper (MPRSP) resulted in the MPRSP with pillars similar to USAID's SOs. The Mission's efforts in civil society are so highly regarded that the UK Department of International Development (DFID) recently signed a Memorandum of Understanding (MOU) to provide USAID an estimated \$8 million in DFID funding over the FY 2003-2008 period for shared objectives related to USAID's SO-7. USAID co-founded and currently co-chairs the Donor Task Force on Parliament where Parliament, donors, and implementing organizations meet monthly to coordinate the various parliamentary programs. USAID's leadership is also recognized for mobilizing the coordinated donor-NGO response to the 2001-2003 food crisis, and USAID and DFID are at the forefront of the dialogue with the GOM on agriculture and food security reform.

## **4. MISSION ISSUES**

As shown in Figure 1 at the beginning of this paper, the Results Framework articulated in the original CSP has evolved over the first two years of the strategy as the development and humanitarian environment has changed. The Mission proposes the following three additional CSP revisions to assure that it is able to achieve the results desired.

### Extend CSP Two Years

The dynamic development environment is highlighted in sections 1-3 above. These changes necessitated shifting tactics to meet new challenges, which extended the time necessary to close "old" implementation instruments and launch new ones. In addition to the dynamic Malawi assistance environment, however, the dynamics of USAID's resource mix have also influenced the pace of implementation.

With reference to section 6.1 below, DA resources have totaled only 50% of Control Figures in the Management Agreement, thus requiring significant tactical shifts in activity planning for the SEG and DG SOs. Given the lower-than-anticipated resources, in 2001 Mission management made an explicit decision to continue the "old" SOs 1-5 through September 30, 2003, to be able to spend down all pipelines and thus maximize resources available to the Mission (ref. R4 written in 2001). This decision has meant that each SO team has continued to implement activities and report on "old" SOs 1-5 while trying to launch new activities, with the result that several of the instruments to implement the "new" SOs 6-9 were only signed in 2003. (Included among the annexes of this document are close-out reports for SOs 1-5.)

By contrast, CSD/CSH resources have come in at almost double expected levels, in addition to the planned significant GFATM funds addressing shared concerns. The HPN SO team has thus undertaken its transition from the "old SO3" to the "new" SO-8 in a measured fashion, to assure efficient use of resources and to avoid redundancy.

**ACTION:** With reference to ADS 201.3.11.3, the Mission hereby requests that one of the conclusions of the Triennial Review be that AA/AFR approves the proposed two-year extension and that AFR/DP work with the Mission to facilitate the formal record of this approval.

### Revise HPN SO to Reflect Program Results

The Mission believes it is important to update the HPN Results Framework SO-8 developed in 1999 for the USAID/Malawi Strategic Plan 2001-2005. To bring to closure what has been an extended dialogue between the Mission and USAID/W on the nature and scope of the proposed

SO changes, the Mission invited an AFR/GH team to Malawi in September 2003. A systematic review of the Mission's health sector program and strategy was conducted by the joint Washington/Mission team. The team re-confirmed the need to revise and improve the practicality of the SO-8 Results Framework and developed and discussed three optional configurations. The Mission chose the attached revised Results Framework (see Figure 1) for the following reasons: (a) it's far more concise than the currently-approved framework and as a result it's more effective in communicating our strategy to partners; (b) it's structured simply upon the four strategic results necessary to improve health behaviors and increase key services; and, (c) it sets Mission SO accountability at a realistic behavior change and service utilization level while highlighting prominently the preeminent goal of "Healthier Malawian Families" to which the Mission feels it can continue to make a significant contribution.

Following the guidance in ADS 201.3.11.4 and consultation with AFR and GH, the proposed clarifications are not considered "significant." Per the ADS, the clarified SO and IR statements as approved by USAID/Malawi will be presented in the 2004 Annual Report Cover Memo. **No additional senior management action is indicated.**

#### Manage PL 480 Title II Resources To Help Achieve Mission Results

The 2001-2003 food crisis highlighted the potential importance of P.L. 480 Title II food aid to Malawi for emergency purposes, and stimulated discussion and interest as to a longer-term role for food aid in the Mission strategy. The conclusion is that Title II food could usefully be applied to food security/crisis prevention activities in agricultural development, mother/child nutrition, nutrition of the chronically ill, and community empowerment to increase resilience to shocks. A corollary to this decision is that given the chronic nature of food insecurity in Malawi, maintaining crisis readiness, through the presence of staffed and experienced P.L. 480 Cooperating Sponsors in Malawi, would be useful.

DCHA is currently providing the residual Title II emergency commodities (i.e., the balance of the \$90 million) to Malawi through the Consortium for the Southern African Food Emergency (C-SAFE), which is expected to continue through FY 2004. The Office of Food For Peace (FFP) is also supporting a Catholic Relief Services (CRS) Title II DAP in southern Malawi, valued at about \$3.2 million in 2003 and \$3.8 million in 2004. Also in 2003-2004, the USDA-managed McGovern-Dole School Feeding program is providing 7,600 MT valued at about \$4.0 million to the World Food Programme (WFP). The challenge for USAID/Malawi is to collaborate with these partners to contribute to medium-term development needs.

To this end, in its Cover Memo to the 2003 Annual Report, the Mission requested Washington concurrence to create a Special Objective (SPO) to respond to and address immediate humanitarian needs during crisis situations, which would help focus management of implementation and food aid resources. As summarized above, USAID and other partners' analyses subsequent to the Annual Report, however, suggest that it is not just immediate needs, but the underlying chronic vulnerability that must be addressed. After much deliberation, the Mission concluded that its current CSP framework – for all SOs – provides for attention to vulnerable households already, and that no new SPO or SO is required.

An expanded group of NGOs is developing a new DAP for the FY 2005-2009 period and expects to submit the proposal in February 2004. The Mission strongly endorses the concept of mobilizing Title II resources for Malawi, and looks forward to continuing to work with FFP and the NGO partners to identify shared results across the Mission portfolio.

**ACTION:** The Mission hereby requests that AFR equally endorse a longer-term provision of Title II resources for Malawi to address the development needs of vulnerable households and to establish a “crisis readiness” for the future.

## **5. ACHIEVEMENTS & RESULTS OF CURRENT STRATEGY**

### **5.1 Sustainable Economic Growth (SEG) SO**

#### **5.1.1 Summary**

The SEG SO has been able to meet most program targets in spite of the demands of the 2002-2003 food emergency. Its primary clients for its development program are approximately 150,000 rural households in all districts of the country. The SEG program is helping them to diversify and increase the productivity of crops, livestock, and other farm products (IR6.1), increase non-farm employment (IR6.2), and increase revenues from community based natural resources management (CBNRM) activities (IR6.3). USAID also maintains an active policy dialogue with the GOM on matters of mutual concern, including fertilizer imports and pricing, and the pace of privatization, particularly of the national Agricultural Development & Marketing Corporation (ADMARC) and the National Food Reserve Agency (NFRA).

The first years of the SO-6 strategy was one of transition, as USAID completed all activities under the “old” SOs 1 and 2, managed the food emergency, and developed tactics to achieve the “new” SO-6. Non-emergency activities were clustered, for SO1, under the 12-year, two phase, Agriculture Sector Assistance Program (ASAP), and for SO2, under the 4-year Community Partnerships for Sustainable Resource Management (COMPASS-1) activity. ASAP was a multi-faceted program implemented from FY 1991 through FY 2003, which in the end had disbursed \$43 million in NPA and about \$46 million in PA funding through ten major implementing partners. COMPASS-1 was shorter-term, beginning in FY 1999 and totaling \$5.3 million. COMPASS-1 will be completed in January 2004; a new award for the five-year COMPASS-2 is expected shortly, to provide a smooth transition.

#### **5.1.2 Progress Toward Achieving Results**

The current SO-6 combines the agriculture, private sector, and environment portfolios and continues work begun under SOs 1 and 2 of the previous strategy. As of the end of FY 2003, the total amount of additional household income that can be directly attributed to USAID activities increased almost 27% in one year, to \$1.2 million in FY 2003, up from \$958,192 in FY 2002. This impressive gain has been achieved as follows:

##### National Association of Smallholder Farmers of Malawi (NASFAM) Linking Malawian Men and Women Farmers with World Markets

NASFAM was formed by 14 smallholder associations in 1997 (year of incorporation), as an outgrowth of the USAID-supported Smallholder Agribusiness Development Project begun in 1993 under ASAP. It has grown and flourished, and in 2001 reorganized into three separate companies with separate profit-loss centers.

The NASFAM group of companies is linking its member-farmers with world markets for high-value products such as chilies, groundnuts, paprika, cotton, and rice. The value of agricultural products marketed by the NASFAM group increased to \$650,000 in constant dollars in 2002. This increase was facilitated due to a significant increase in membership, from 18,759 farmers in 1996/1997 when NASFAM was incorporated, to 100,000 at the end of FY 2003. As of 2002, women constituted 38% of all members and 58% of chairpersons of associations.

In 2003, USAID closed out a 10-year funding instrument with the US NGO that had helped build NASFAM, and initiated a direct funding instrument with NASFAM. While the new instrument includes provision for technical assistance, the Mission believes that NASFAM is on its way to becoming institutionally self-sufficient and sustainable, and considers its development to date a significant success.

#### Dairy Industry Being Rebuilt

Malawi's once-robust dairy industry was decimated during the unsettled times of the transition to democracy in 1992-1993. In 1999, in consultation with Malawian public and private sector partners, USAID set out to help rebuild the industry. As of June 2003, the activity was on track. Development of efficient milk producer associations has been quite successful, with the number of viable agribusinesses and cooperatives engaged in dairy increased to 39 (from a base of zero in 1999, and compared to a target of 24), and milk produced by members of the associations has increased to 1.6 million liters/year. Also, although milk yield from both local and improved cows is still below targets (primarily due to poor on-farm management practices), they are improving and should reach full potential soon. In 2001, through the advocacy work of USAID and its implementing partners, a 20% surtax on dairy products was removed.

One of the activities with promise in dairy development is a pilot program targeted at orphans and other vulnerable youth, particularly those affected by HIV/AIDS. Activity funding is being provided to the Malawi Social Action Fund to help form up to 25 groups and to provide initial seed money for initial purchase and support of improved cows. USAID will monitor this experience closely to see if it bears wider replication.

#### Household Revenues From CBNRM Activities Increased

The value of cash revenue households received from participation in CBNRM activities increased to \$9,000 in 2002 and \$10,000, from a base of zero in 1999. These data are misleading, however, because they disguise the significant increase in assets that households have not cashed out. The economic benefits accruing to COMPASS households were \$156,930 for FY 2003, and – as woodlots mature and products are harvested -- are expected to increase to a total of \$511,130 by the end of FY 2004.

The number of communities adopting NRM practices increased to 457 from a base of 0 in 1999 and 171 in 2000. Numerous successes have been recorded, ranging from successful beekeeping, mushroom production, and tree nurseries to broader area-based reforestation and/or rehabilitation efforts.

In 2002, in response to the impact of HIV/AIDS on COMPASS staff and the communities in which it works, the project undertook a study on the "Impact of HIV/AIDS on Natural Resource Management in Malawi," and in 2003 began to combine funding for CBNRM activities with community-based HIV/AIDS mitigation activities. This cross-sectoral approach will be continued as the new COMPASS-2 project gets underway.

#### Sustainable Financing for the Environment Underway

The Malawi Environmental Endowment Trust (MEET) was established in June 1998, from \$1.4 million equivalent generated by NPA under the earlier strategy. USAID provided early technical assistance for organization and capacity building. The Trust's public launch was in December 2001. In the first 18 months of operation it awarded 23 grants totaling \$197,000 for afforestation, rehabilitation of natural areas, and other CBNRM-type activities.

MEET's original governing statutes assumed that donors would continue to cover its operating expenses, which is not the case. Both USAID and Danish aid (DANIDA) have provided some operating costs, which will run out at the end of FY 2004. USAID is financing an evaluation in early FY 2004 to develop options to help MEET determine how to restructure to cover its costs, and how to accelerate its grant-making function.

### **5.1.3 Prognosis for Future**

Much of the SEG team's time in FY 2002 and early FY 2003 was devoted to responding to the food crisis. As the worst of the food emergency abated, the SEG team was able to return to normal activities and complete the close-out of the old SOs 1 and 2, and start-up of two new major initiatives under the new SO-6. The SO is expected to meet or exceed most targets for the balance of the plan.

#### **Increase Impact of New Fertilizer Activities**

A grant to the International Fertilizer Development Center (IFDC) provided in late FY 2002 is expected to pick up momentum and result in solid increases in both the number of private sector outlets selling fertilizer, as well as the volume and value of fertilizer sold in Malawi. Of critical importance will be the Mission's sustained policy dialogue with the government on the role of ADMARC in the food and fertilizer markets and the development of appropriate regulatory systems for agricultural inputs.

#### **Launch Increased Off-Farm Private Sector Employment Efforts**

USAID has a long history of working in small-scale enterprise development in Malawi, but availability of credit remains a critical constraint. During FY 2003 the Mission awarded a cooperative agreement to establish a new microfinance institution (MFI) in Malawi, Opportunity International (OI), to provide services to the under-served poor in peri-urban and rural areas. In very short order, OI obtained a commercial banking license and permission from the GOM to collect savings, both of which are essential to the long-term sustainability of the program. In the first six months alone, using modern technologies of Smart Cards and fingerprint recognition systems, OI attracted about 3,000 savers depositing an average of \$10 each, and disbursed the equivalent of about \$70,000 in loans to 103 women and 23 men for microenterprise development. This activity has the potential to provide important forward and backward linkages to both the NASFAM and COMPASS activities as well as to new Title II agricultural groups that may emerge, with particular benefits to women.

### **5.1.4 Proposed Changes/Amendments to the SO**

#### **Add IR Addressing Most Vulnerable Households**

The Mission is exploring the possibility of adding one IR to the SEG SO to capture results expected to accrue when the new DAP gears up beginning in FY 2005. Preliminary wording is "Reduced vulnerability of rural households to food-price shocks," with three sub-IRs related to: i) adoption of vulnerability-reducing agricultural technologies; ii) improving child nutritional status; and iii) increasing civic empowerment. The three sub-IRs track with the three key objectives of the DAP Concept Paper. The SEG team will collaborate closely with the NGO consortium developing the DAP in order to maximize the potential for shared objectives and complementary activities.

## **5.2 Democratic Governance (DG) SO**

### **5.2.1 Summary**

USAID has been engaged in the DG sector since the start of the transition process during the last years of Dr. Banda's regime, and provided important assistance to Malawi's democratic transition in 1993-1994 and the early years of the new government. Since about 1999, USAID's emphasis has shifted away from the transition – which is considered complete – and to the consolidation of democratic gains made by governmental institutions such as Parliament, as well as CSOs and local communities. The development hypothesis is that the foundation of democracy is an informed citizenry; democracy will not flourish without the understanding, consent and participation of the governed. Democratic institutions alone do not form the framework of democracy. With citizen input, they promote, protect and enforce it. Under SO-7, USAID is addressing both the foundation and framework of democracy, with attention to increasing citizens' access to justice (IR7.1), increasing advocacy in support of the rule of law (IR7.2), and making selected accountability institutions more responsive with citizen participation (IR7.3).

## **5.2.2 Progress Toward Achieving Results**

### Strong Voter Turnout Anticipated

Although some political conflicts occurred with religious (Christian versus Muslim) overtones, Malawi's 1999 elections were generally considered free and fair by international observers, with almost 94% of registered voters casting ballots for the presidential race, and about 92% for the Parliament. With USAID support, the 2000 Local Government elections were better organized, although voter turnout was poor (14 %). Most observers point to the electorate's lack of understanding of the differences between national and local elections and the role of local government in their new democracy as reasons for the low turnout. USAID has continued to foster dialogue between the Electoral Commission and civil society in subsequent years, and expects the 2004 Presidential elections to experience strong voter turn-out in comparison with other countries in the region, with minimal conflict or disruptions. Civil society organizations will play an important role in mobilizing voters to counteract voter apathy, especially discontent with their elected Members of Parliament.

### Participation in Civic Life Remains High

It is encouraging that civil society has become increasingly active and engaged. A majority of Malawians perceive that Malawi's government is either completely democratic or democratic with minor exceptions. The majority of Malawians are either very or fairly satisfied with the way democracy is working in Malawi. In this, Malawi stands out in a region where new democracies are struggling against declining popular support. The 2002-2003 national debate over a proposed constitutional amendment to allow the current president to stand for a third-term was widespread and lively, suggesting that the satisfaction with Malawian's democracy may have decreased but activism may have increased as a by-product. USAID's support to numerous NGOs, FBOs, and CSOs will continue to promote such participation in coming years. Results of the 2003 Afrobarometer survey in Malawi, funded by USAID/RCSA, should be reported in late 2003 and will demonstrate important trends.

### Legal Services Rebuilt

Malawi's judiciary was virtually powerless under Dr. Banda's regime. Traditional courts, which were presided over by traditional authorities without any legal training, dealt with cases as serious as murder. They were closed as part of the transition to democracy, effectively leaving a huge void in civil and family law. To help fill this void, USAID has supported the Center for

Advice, Education, and Research on Rights (CARER) since its inception in 1995 in the development of ADR and extension of legal services to the poor. By 2002, the number of cases resolved through ADR in USAID's targeted districts increased to 800, with the 2003 target of 1200 expected to be met. CARER continues to provide legal services – including ADR -- in all three regions of the country, and has trained paralegals, community based volunteers and traditional authorities on rights and responsibilities, with services now available in 11 districts, as compared with 3 rural districts in 2000.

CARER resolves many cases that involve women's rights. Their inferior status in society is evident in the common problem of "property grabbing." When a husband dies, this culturally-sanctioned practice gives property rights to extended family members – often to the exclusion of the surviving wife and children. Where more than 500,000 people, mostly adults, have died of HIV/AIDS, this practice can be devastating. CARER teaches people that the Malawi constitution prohibits the practice, and mediates disputes.

#### Mass Knowledge of Laws, Rights, and Responsibilities Remains Low but Improving

Several of USAID's local NGO, FBO, and CSO partners are providing inputs to improve this situation, including translation and distribution of civic education materials, nation-wide training of volunteer community trainers, weekly national radio broadcasts and development of listener clubs in selected areas. In early 2003, USAID provided for training of these partners by the Afrobarometer team in monitoring and evaluation, including survey design, sampling, and data collection for activity-level and IR-level indicators. Data collection was undertaken in August-September 2003 and the results will be presented in the December 2003 Triennial Review DG sector presentation and the FY 2003 Annual Report.

#### Consultation between Parliamentary Committees & CSOs Increased

Civil society organizations met regularly with the Budget and Finance Committee as well as the Agriculture, Health, and Education Committees to make presentations on the budget, on policy issues, as well as budget monitoring and budget implementation. Their recommendations were incorporated into the Budget and Finance Committee's budget report, which resulted in significant changes in the budget such as reductions in the amount for the Office of the President and Cabinet, and State Residences. Civil society organizations meet regularly through civil society networks as well as with individual organizations.

#### Freedom House Ranking is Slipping

Although Malawi remains an "electoral democracy," Freedom House scores demonstrate a worrisome, deteriorating trend. From Malawi's remarkable transition in 1994 until 1999, Malawi was categorized as "Free," with political rights scores of "2" and civil liberties scores of "3." After the 1999 elections, Malawi was deemed "Partly Free," due to a downgraded political liberties score of "3" while the civil liberties score remained the same. This year, in 2003, Malawi's scores again deteriorated to "4" for political rights and "4" to civil liberties. The political violence during several by-elections is the primary reason for the change in political rights scores. The change in the civil liberties score is due to continued attacks on the press and opposition politicians by the Young Democrats, the UDF's youth wing, and the president's attempt to ban demonstrations (which was later overturned by the court). The entrenchment of the multi-party system has significantly raised political stakes.

### **5.2.3 Prognosis for Future**

#### Only 50% of DA Control Figure Received

The DG SO-7 was developed based on a requested level of approximately \$2.5 million/year, or \$12.5 million total. The Management Agreement cable instructed the Mission to use \$1.725 million/year – or \$8.625 million for the five-year planning period -- as a control figure.

Unfortunately, actual DG funding allocations have been significantly lower than even the control levels, with current five-year planned levels at only \$4.451 million in DA funds, or barely 51% of the control. The SO has been able to attract an additional \$900,000 in ESF funding, but this is earmarked specifically for the FY 2004 elections and cannot be applied to other needs.

#### \$8 Million of DFID Funds Leveraged

Because of strong donor coordination and the strength of USAID's program, DFID has signed a Memorandum of Understanding (MOU) under which USAID will provide technical oversight and management for DFID funds in support of the SO. The current parliamentary strengthening program is jointly funded by USAID and DFID. With \$500,000 of DA funds, USAID/Malawi is able to report on the results of a \$3 million program. In addition to the \$2 million provided by DFID in 2004 for elections activities, DFID plans to provide an additional estimated \$8 million from FY 2005-2008 for: strengthening a free and independent media; enhancing access to ADR; strengthening the ability of CSOs to monitor human rights; and capacity building for CSOs in the DG sector.

#### Management Efficiencies Planned

USAID plans to complete by February 2004 its DA support to most of the NGO and faith based partners and to encourage continuation of support to them through an umbrella management arrangement executed using DFID funding. Subsequent USAID DA funds will be used to fund core costs and targets of opportunity.

### **5.2.4 Proposed Changes/Amendments to the SO**

#### One-Year "SpIR" for Elections

Given planned significant management attention to elections during the first three-quarters of FY 2004, USAID proposes to add a "Special IR," or SpIR, to its results framework: IR7.4, "National elections free and fair." The SpIR would be time-limited, for one year only. Indicators would be: i) Elections declared free and fair by international and local observers; and ii) at least 70% percent of registered voters cast their ballots. The SpIR would be reported on in the 2005 Annual Report.

#### Drop IR7.3 as of End of FY 2004

Due to severe funding constraints, the original intent to support several accountability institutions, under the current CSP was not realized. Consequently, the main activity under IR7.3 is the USAID/DFID parliamentary strengthening program, which will end in September 2004. Given the fact that the bulk of SO-7 resources for the foreseeable future will be from DFID, and that the planned DFID-funded program primarily focuses on IRs 7.1 and 7.2, the Mission proposes to declare IR7.3 complete at the end of FY 2004.

#### Extend CSP Two Years

The proposed extension of the CSP through FY 2008 (proposed new CSP and SO End Date) would be congruent with the DFID funding period, and thus would enable the SO to achieve common USAID and DFID results for IRs 7.1 and 7.2.

## **5.3 Health/Population/Nutrition/HIV/AIDS (HPN) SO**

### **5.3.1 Summary**

USAID has addressed improvements in child survival (CS) in Malawi since the 1970s; family planning and reproductive health (FP/RH) since 1992; and has been a key player in addressing HIV/AIDS since the mid-1980s. There have been significant results in all three areas: infant and child mortality rates have consistently decreased an average of 2-3% per year; the contraceptive prevalence rate for modern methods has more than tripled in the past decade (from 7% in 1992 to 26% in 2000), and Malawi's Five Year National Strategic Framework for HIV/AIDS and Agenda for Action, developed with USAID technical assistance and support, has proved an effective tool for the GOM to coordinate health and multi-sectoral efforts to combat the epidemic. The current CSP builds on past experience and reflects the new priorities of Malawi's health system, with greatly increased attention to HIV/AIDS prevention and impact mitigation, and continued but more focused efforts in maternal and child health, infectious diseases, and FP/RH issues such as continued and expanded post-abortion care, and a cervical cancer.

The first years of SO-8 implementation were ones of transition. The Support to AIDS and Family Health (STAFH) project begun in 1992 was closed out at the end of FY 2002, having served as an effective vehicle for USAID support to FP/RH and HIV/AIDS for a decade. Similarly, the Community Health Partnerships (CHAPS) project, begun in 1998, was completed in September 2002, having established the model of NGO collaboration in integrated health services delivery with District Health Management Teams in 5 of Malawi's 28 districts. Building on the experience and successes of STAFH and CHAPS, during FY 2003 the Mission launched three new "lead" implementing instruments which are expected to i) reduce child morbidity and strengthen health care systems; ii) increase the availability and improve the quality of HIV/AIDS-related support services; and iii) reduce the risk of contracting HIV through behavior change and communications. In addition, the Mission continues to rely on key Global Health partners for social marketing (AIDSMARK), logistics management (DELIVER), health policy reform (POLICY), development of HIV/AIDS care models (FHI/IMPACT), and training (JHPIEGO, ENGENDER HEALTH).

### **5.3.2 Progress Toward Achieving Results**

The excellent data provided by the 1992 and 2000 Malawi DHS and the increasingly sophisticated monitoring and evaluation for HIV/AIDS and other HPN programs permit useful trend analysis in the sector. Figure 4 below summarizes significant trends between the 1992 and 2000 MDHS, and over the last 5-7 years. USAID will support the conduct of the third Malawi DHS, and first Behavioral Surveillance Survey, in 2004 that should provide increased data for trend analysis. Discussions are underway to include blood screening for HIV and malaria in a sub-sample of the DHS population, which would greatly increase data validity and reliability.

**Figure 4: HPN Trends 1992-2002**

Indicators	1992 <sup>1</sup>	1996 <sup>2</sup>	1997 <sup>3</sup>	2000 <sup>4</sup>	2002 <sup>5</sup>
Infant Mortality Rate	134	-	-	104	
Under-Five Mortality Rate	234	-	-	189	
Under-Five Stunting	48.7			49	
Insecticide Treated Bednets sold	0	-	0	132,000	202,000
Contraceptive Prevalence Rate – Modern Methods, Married Women	7	14.4	-	26.1	
Contraceptive Prevalence Rate – All Methods, Married Women	13.0	21.9	-	30.6	
Couple Years of Protection	65,250 <sup>6</sup>		190,306	398,000	620,000
Condoms socially marketed	140,000 <sup>6</sup>	5.8 m	5.8 m	5.7 m	7.2 m
Clients at USAID-supported HIV/AIDS Voluntary Counseling and Testing centers	0	0	0	4,431F 17,517M	13,091F 36,051M
Orphans and Vulnerable Children receiving USAID assistance	0	0	0	505	6,677
Home Based Care Clients receiving USAID assistance	0	0	0	0	4,700

Sources:

1. 1992 Malawi DHS
2. 1996 Malawi Knowledge, Attitudes and Practices in Health Survey
3. FY 2003 Malawi Results Review and Resource Request (R4) submitted March 2001
4. 2000 Malawi DHS for infant and under-five mortality and contraceptive prevalent rate; FY 2002 Malawi Annual Report and SO-8 Performance Management Plan (PMP) for all other data.
5. FY 2003 Malawi Annual Report, and SO-8 full PMP
6. FY 1995 USAID Results Review (R2) – Data on couple years of protection are for a baseline of 1993, with no data available for 1992. Condom sales data are indeed for 1992.

### Child Health Improving

Although both infant and child mortality have decreased steadily in Malawi over the last decade, rates are still unacceptably high. Malaria is a key contributor to these high rates, as well as a threat to all Malawians who suffer malnutrition due to either poverty or disease (e.g. HIV/AIDS). USAID became a member of the Roll Back Malaria initiative in the late 1990s and began supporting socially marketed sales of insecticide-treated bednets (ITNs) as a key prevention measure. In the initial years, sales were limited to commercial outlets, generally small retail “general stores” in selected locations around the country. In 2001, the strategy was expanded nationwide, and in 2002, USAID and the Ministry of Health launched ITN sales at public sector antenatal clinics throughout the country, complemented by increased advertising targeting pregnant women. The expansion and more strategic marketing resulted in an increase of almost 56% in a two year period. Projections are that sales should increase to about 245,000 per year by 2003 and then level off.

USAID provided key assistance in development and roll-out of the national Integrated Management of Childhood Illness (IMCI) protocols in 2001, and continues to support training and supervision in its target districts. There is a new community IMCI approach comprising 17 key practices, including nutrition, that is being piloted in select districts, including USAID target districts. Although the program is quite new, it is possible that the 2004 DHS may pick up some impact, e.g. decrease in acute respiratory infections, malaria, etc.

As shown in Figure 4, however, there has been virtually no change in nutritional status of Malawi’s children in a decade. In addition to the community IMCI approach, in consultation with

AFR, USAID is exploring work using local nutritional supplement – “Plumpy Nut” -- for community therapeutic care for infants at home. USAID is also collaborating with the P.L. 480 Title II partners as they develop their DAP to assure that nutritional “best practices” are part of their nutrition interventions.

#### Adoption of Modern Family Planning Methods Increased

Malawians are increasingly changing their attitudes toward family planning. A report prepared for a World Bank Family Health Project in 1986 estimated contraceptive prevalence rate (CPR) at about 1%, and recommended that USAID commit some funds to “child spacing.”<sup>5</sup> When USAID entered the field through the STAFH project in 1992, CPR was 7% for modern methods and 13% for all methods. By 2000, in no small part due to USAID support, modern methods had more than tripled, to 26.1%, and use of all methods had more than doubled, to 30.6%. These levels are outstanding in comparison to other countries in Africa with similar GDP per capita, and because USAID is a lead donor in FP/RH, it can share much of the credit for these results.

Under the newest strategy, couple years of protection have continued to increase sharply, from 398,000 in 2000 to 620,000 in 2002 – a more than 55% increase in only two years. This increase does not represent any sharp change in use of methods of contraception over time – injectables are still the preferred option by far – but rather an overall increase in contraceptive use. USAID is continuing to provide training to health care providers throughout Malawi in provision of a full menu of contraception options. In addition to this training, USAID is supporting activities aimed at increasing demand for these methods by dispelling cultural myths and biases.

#### Socially Marketed Condom Sales Taking Off

USAID began supporting condom social marketing in 1992, with only about 140,000 condoms sold the first year. By the mid-decade, sales had increased dramatically to about 5.8 million per year, but then leveled off. In 2001-2002 USAID and its implementing partner undertook a major brand repositioning exercise, including repackaging and targeting messages to unmarried, sexually active adults. The strategy worked, with an over 25% increase in sales in a two year period. Sales are projected to continue to rise about 10% per year for the remainder of the strategy period.

#### Voluntary Counseling and Testing (VCT) Expanded

USAID initiated support to VCT in Malawi in the mid-1990s. Since 2000, the number of clients seen has more than doubled for men and more than tripled for women. These increases correspond to the 2000 DHS data that indicate that almost 73% of Malawian women wanted to be tested.

USAID is working with its partners to try to meet that demand, supporting 12 VCT sites as of late 2003, with an eventual expansion to 20 sites planned. USAID’s support to three urban sites in Lilongwe, Blantyre, and Mzuzu are estimated to account for about 60% of all VCT clients in the country.

The U.S. Centers for Disease Control (CDC) is providing TA and training to assure that the USAID-supported VCT sites maintain uniform and high quality. USAID is also collaborating with the GOM and other interested partners in development of guidelines and protocols for various

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<sup>5</sup> Lucy Gilson, Review of Family Health Activities and Child Spacing Programme Plan of Action 1987-1989, Republic of Malawi, December 1986, p. 31 and p. 37.

aspects of VCT. Although progress is being made, there needs to be increased attention to facilitating counseling by non-medical personnel if the targets for expansion of treatment foreseen under the Global Fund program are to be met. USAID will maintain an active dialogue and collaboration with the GOM and partners as scale-up takes place.

### **5.3.3 Prognosis for Future**

The SO has met or exceeded expectations for the first two years of the strategy and anticipates the same level of achievement for the balance of the strategy. The HPN SO-8 team has increased its attention to obtaining management efficiencies, and in the past two years has decreased the number of instruments it manages from 27 to 8. This greatly decreases the time spent processing paper and increases the team's ability to engage in technical oversight and dialogue. Given the new focus, the prognosis for future success is excellent.

### **5.3.4 Proposed Changes/Amendments to the SO**

The Mission's action with regard to clarifying the Results Framework is discussed in section 4 above. The clarified Results Framework is reflected in Figure 1. A description of the clarified Results Framework and the Performance Management Plan corresponding to the clarified Framework is available on the Triennial website. It will also be presented in the 2004 Annual Report Cover Memo.

## **5.4 Basic Education (ED) SO**

### **5.4.1 Summary**

USAID began support to basic education in Malawi in 1991 through the Girl's Attainment in Basic Literature and Education (GABLE, 612-0240) project. With the institution of free primary education in 1994, primary school enrollments (Standards 1-8) increased from about 1.9 million to 3.2 million. This put enormous stress on the system: pupil:teacher ratios exceeded 200:1 in some districts, and the paucity of classrooms, textbooks, and materials resulted in poor quality learning. To address these needs, USAID expanded and continued the GABLE project through its FY 1995-2000 strategy and into the current strategy, until 2002. Total GABLE resources eventually totaled \$10.5 million in project assistance and \$35 million in NPA. These contributions provided USAID a prominent "place at the table" to assist in development of the GOM's Policy & Investment Framework (PIF) for education, and established important partnerships with school administrations and committees in all Malawi's districts.

The Education SO 612-009 in the FY 2001-2005 CSP builds on USAID's GABLE experience in school effectiveness and policy reform, but shifts the emphasis from access to one of quality of basic education. The development hypothesis is that in order to improve quality and efficiency of basic education, there is a need to continue emphasis on building effective schools and fostering policy reform, but on addressing two additional bottlenecks: teachers' professional skills, and the impact of HIV/AIDS on the education sector.

### **5.4.2 Progress Toward Achieving Results**

#### **Access and Attendance Remain High**

In terms of educational access, school enrollment and school attendance rates in Malawi have remained high in the planning period. Primary enrollment (Standard 1-8) from 1993/94 to 2000 increased from 1.89 million to 3.02 million, with the percent of girls remaining about steady at 48%. Data generated under the nascent Education Management Information System (EMIS) do not yet permit calculation of gross and net enrollment rates (GER and NER).

Data from the Malawi DHS Ed Data Survey 2002 (MDES) found that 81% of primary-school-age children attend primary school. There is no difference in the net attendance ratio by sex, but urban-rural and regional differences remain: 90% of children in urban areas and 80% in rural areas attend primary school. A follow-on MDES will be undertaken along with the FY 2005 DHS to provide additional trend analysis on attendance.

### Quality Remains Uneven

From CY 1999 through 2003, the USAID-funded Quality Education through Supporting Teaching (QUEST) project aimed to enhance pupil learning, decrease pupil repetition, and decrease drop-out rates in 480 schools comprising 336,111 students in Standards 1-8 (or about 11.2% of the national total) in three target districts in the southern region. The project established school cluster networks and a mentor teacher program as points of entry for in-service teacher professional development, mobilization and empowerment of School Committees, facilitation of dialogue among School Committees, District, Divisional, and Central authorities.

#### **QUEST Results: 1999/00-2000/01**

##### Pupil Learning:

- Math: ? ave. 17% all Standards
- English ?ave. 20% Standard 3
- Chichewa ?ave, 20% Standard 3

##### Drop-Out:

- Decreased from 13-15% down to 3-7% average

Comparison of results of performance on standard tests among children who were enrolled in participating QUEST schools for at least two years versus children in non-QUEST schools indicates significant differences. For Math, pupils in QUEST schools consistently performed, on average, 17.4% higher than pupils in non-QUEST schools, and for Chichewa and English, Standard 3 pupils performed at least 20% points higher, although the difference was less impressive in Standard 4 and above.

USAID has recently initiated a follow-on activity through a Leader Associate grant that will build on QUEST successes, but will be working in four new districts. Baseline data will be collected during the CY 2004 school year, with the first results to be reported in the 2005 Annual Report.

### Teacher Training Accelerated

USAID has supported teacher training at three levels. Through the QUEST project, 4,280 primary teachers in the targeted districts received in-service training in pedagogical skills, including continuous assessment, child-centered learning and use of an integrated curriculum. Longitudinal research on a small sample of these teachers completed in 2003 found that their pupils had a dramatic increase in learning during the school year. The teachers are now serving as "mentors" to other teachers in use of continuous assessment.

USAID has entered into partnerships with the University of Massachusetts and Virginia Polytechnic and State University to train a total of 52 educators and teachers in primary methods through 2006. Of the 52, 8 have graduated and have re-assumed position in the Ministry of Education, and the balance are continuing toward post-graduate degrees. Also, since 1999, USAID has provided modest seed money (\$150,000) per year to a GDA activity between Lakeland College in Wisconsin and USAID/Malawi to train teachers at undergraduate level. Five Malawian students per year have been sent for teaching degrees since 1999, with a total of ten graduates as of September 2003. These have since returned and are assigned to Primary Teacher Training Colleges. In this alliance, USAID funds of \$307,504 and State funds of \$2000 leveraged Lakeland College funding of \$350,000 in FY 2003.

### Community Ownership Greatly Strengthened

In 1994, Malawi had no functional School Committees, and parent or community involvement in school management and quality was non-existent. As of 2002, the MDES found that 96.1% of primary schools had functioning School Committees, and this number is expected to increase to almost 100% by mid-2004. USAID has played a large role in this success through support to a local NGO to mobilize communities to identify problems and to develop action plans to resolve them. The School Committees have been instrumental in improving physical infrastructure, fostering a two-way communication system between the community and the school, and monitoring management at school level. Indeed, School Committee successes in getting children to return to school are being used as the basis for a new ILO program to eliminate child labor on tobacco estates.

### GOM Financial Commitment Down, but Education Policy Reform Progressing Well

The Policy & Investment Framework (PIF) for 2000-2012 is education's response to the GOM's poverty alleviation strategy and is intended to link to the Mid-Term Expenditure Framework, should negotiations with the IMF be concluded. Under the GABLE program, USAID provided significant NPA to foster GOM policy reform and promote the PIF dialogue and development. One of the key conditionalities was that the GOM ensure that

not less than 27.5% of its budget is allocated to the education sector, and this conditionality was met. The final tranche of NPA, totaling \$7 million, was released in July, 2000. Since that time, given the general economic decline in Malawi and, perhaps, lack of donor leverage, education's share of the budget has decreased.

**Education Recurrent Budget as Share of Total GOM Budget, 1993/94-2002/03**

<u>Year</u>	<u>Percent Share</u>
1993/94	22.0%
1995/96	27.0%
2000/01	27.0%
2001/02	17.8%
2002/03	16.8%

USAID has recently awarded a second Leader Associate grant that will directly address the policy reform process, with three initial agenda items: i) completion and implementation of the Draft National Strategy on Teacher Education & Development; ii) finalization and dissemination of the draft National HIV/AIDS & Education Strategy, and training in use of the new Life Skills Curriculum syllabi, texts, and materials; and iii) transformation of the Education Management Information System (EMIS) into a real-time, useful tool for diagnostics and planning.

### Attention to HIV/AIDS in Education Sector Increasing

With USAID assistance, the Ministry of Education completed the draft National HIV/AIDS and Education strategy and implementation plan, which are awaiting government approval. Through the Leader Associate grant mentioned above, USAID will support a full-time HIV/AIDS Advisor to be based in the Ministry, whose primary role will be to oversee implementation of the strategic plan. USAID is also supporting the development of a pre-service teacher training curriculum which will allow teachers to implement the new Life Skills curriculum, including HIV/AIDS, in the primary schools as well as give teachers the skills they need to protect themselves from infection with HIV.

### **5.4.3 Prognosis for Future**

The SO is expected to at least meet, if not exceed, all targets. New implementing instruments have recently been awarded and mobilization has been rapid. The \$5.46 million provided under the President's African Education Initiative will both provide increased pre-service and in-service teacher training and attention to other PIF priorities, e.g. administration and management of Teacher Training Colleges. At the end of the current planning period (2006), however, these efforts will have just begun to yield a "critical mass" of appropriately trained educators, and the

EMIS will only begin to yield data on which to make better plans. It would be useful for USAID to extend the CSP for two years to enable the ED SO to help the newly trained educators translate the new data into action.

#### **5.4.4 Proposed Changes/Amendments to the SO**

There are no proposed changes to the SO beyond the two-year extension proposed for the overall CSP.

### **5.5 Food Emergency 2001-2003**

The USG provided 151,495 MT of food commodities to Malawi in the FY 2001-2003 period, along with \$4.641 million FY 2002 and \$2 million in FY 2003 in non-food assistance from USAID/OFDA. The total dollar value is equivalent to about \$90 million over two years. The food is being distributed to approximately 3.5 million vulnerable Malawians through the C-SAFE consortium of NGOs through FY 2004. The “Malawi Model” of NGO collaboration fostered by USAID has been heralded by the USAID Administrator as a model for other countries to follow.

The NGO C-SAFE team has recently issued a baseline of the beneficiary population covering 2030 households in 6 zones of the country. The survey found that over 80% of households were considered “asset poor” or “very poor.” The asset poor spent a staggering 75% of household income on food, which leaves little to spend on other items such as health care, school fees, etc. As mentioned earlier, the survey also found high presence of orphans and chronically ill, resulting in a mean dependency ratio of 1.746. This is about 20% higher than the classical dependency ratios, and much higher when compared to international norms.

The ability of this large vulnerable population – estimated about one-third of all Malawians – to engage in the agriculture, health, education, and DG activities that are yielding the results summarized above is highly constrained by poverty, dependency, and vulnerability. As stated in section 4 above, the Mission strongly endorses the current discussions to begin a DAP in 2005 that would address this deterioration in asset base that makes populations so vulnerable to crisis.

## IMPLEMENTATION EFFECTIVENESS

### 6.1 Program Budget

DA Funding for SEG and DG Less than 50% of Management Agreement

Table 1 below compares actual and planned obligations with those of the Management Agreement for the FY 2001-2005 period.

**Table 1: CSP Control vs. Actual and Planned Obligations FY 2001-2005  
(\$1,000)**

Column	A.	B	C	D	E	F	G
Account	CP Control (FY 2001) <sup>1</sup>	CP Control FY 01-05 <sup>1</sup>	Actuals FY 01-03	Planned 2004	Planned 2005	TOTAL FY 01-05	Balance/ Deficit
EG	900	4,500	2,146	650	850	3,646	-854
AGR	6,003	30,015	11,997	3,340	4,200	19,537	-10,478
ENV	6,239	31,195	5,835	3,202	3,502	12,539	-18,656
D/G	1,725	8,625	2,888	755	808	4,451	-4,174
POP	2,800	14,000	2,280	0	0	2,280	-11,720
<b>Total DA</b>	<b>17,667</b>	<b>88,335</b>	<b>25,146</b>	<b>7,947</b>	<b>9,360</b>	<b>42,453</b>	<b>-45,882</b>
CS	1,589	7,945	4,341	2,439	2,439	9,219	1,274
POP	0	0	4,560	2,280	2,280	9,120	9,120
HIV/AIDS	6,000	30,000	25,939	14,500	14,500	54,939	24,939
ID	1,000	5,000	7,934	3,000	3,000	13,934	8,934
VC/DCOF	0	0	1,247	0	0	1,247	1,247
BE	2,875	14,375	10,912	2,608	4,000	17,520	3,145
Pres. Init - Ed	0	0	1,350	600	600	2,550	2,550
<b>Total CSD/CSH</b>	<b>11,464</b>	<b>57,320</b>	<b>56,283</b>	<b>25,427</b>	<b>26,819</b>	<b>108,529</b>	<b>51,209</b>
ESF	0	0	900	0	0	900	900
<b>TOTAL</b>	<b>29,131</b>	<b>145,655</b>	<b>82,329</b>	<b>33,374</b>	<b>36,179</b>	<b>151,882</b>	<b>6,227</b>

**NOTES:**

CP = Congressional Presentation

1. CSP approval cable 00-STATE 070057 dtd. 12 April 2000, para 5, provides the CP Control figures for FY 2001 listed in Column A above, Column B, the CP Control for FY 01-05, is the Column A figures multiplied by 5 (per the Management Agreement cable).

The table shows clearly that while CSD/CSH funding has increased – significantly in the case of HIV/AIDS monies -- DA funding is 50% less than Controls. This has had a major impact on the SEG and DG SOs, constraining their ability to meet the original results and requiring significant re-thinking and redesign of tactics. The Mission has sought relief for the SEG deficit through a proposal to the African Hunger Initiative, and through planned increased integration of the proposed Title II DAP beginning in FY 2005. Similarly, the Mission has creatively leveraged \$8 million from DFID to help achieve DG objectives. Both actions – while maintaining the total resource envelope at closer to the original requirements – have taken a substantial amount of management time to develop and will continue to require the time of both senior management and technical offices as these new partnerships get underway.

#### Pipeline Decreasing Significantly

The Mission has made significant progress in decreasing its pipeline during FY 2003 down to \$55.5 million (from a high of \$90.5 million at the beginning of FY 2000!). With the release of the

final tranche of NPA in FY 2003 and de-commitments related to closing out SOs 1-5, the pipeline for all SOs except SO-6 and SO 9 will be within Agency guidelines at the end of FY 2004.

The SEG SO-6 disbursements to date have been quite low, as the Mission has emphasized drawing down remaining pipeline under its predecessor SOs 1 and 2. With the close-out of SOs 1 and 2 at the end of FY 2003, the SO-6 burn rate will increase substantially, as new implementing partners “hit their stride.” SO-6 pipeline is thus projected to be within forward funding guidelines by the end of FY 2005.

The Education SO-9 has similarly experienced low disbursement rates as it drew down its predecessor SO pipeline. Using a similar set of projections, it too will be within Agency forward funding guidelines by the end of FY 2005.

#### Effective Donor Coordination Leverage Increased Resources

Donor collaboration in Malawi is generally excellent. USAID has taken and/or shared the lead in several sectors – notably in the 2001-2003 Food Emergency – to mobilize and channel resources in a coordinated manner to achieve results. USAID’s partnership with DFID and Canadian aid (CIDA) in the DG sector has been particularly effective and should prove more so as the new jointly-funded MOU gets underway. USAID is a key player in the GOM-donor dialogue in Health and Education leading up to the SWAPs, and is expected to maintain a key place at the table as implementation gets underway.

#### New Global Development Alliances Promising

The Mission is increasingly turning to the private sector as a partner in development throughout the portfolio. In the health sector, for example, USAID-funded Save the Children Foundation/U.S. and Family Health International formed a partnership with the 100% privately owned Bowler Beverages Company Limited under which Umoyo provides technical expertise in peer education, research, and analysis, and Bowler provides in-kind resources for training sales agents, truck drivers, and distributors on issues of life style changes and healthy living. In the education sector, most recently USAID, Lakeland College of Wisconsin, and the Teacher Training Colleges in Malawi are providing primary teacher training. In economic growth, USAID has partnered with the Malawian private sector on the Rivi Rivi Bridge Reconstruction and Gel Fuel marketing. In FY 2003 alone, USAID funds of \$507,504 leveraged private sector funding of \$2,139,799 for the three alliances.

The Mission continues to seek private sector alliances to foster increased sustainability of its programs.

## **6.2 Program Management**

#### Number of Management Units Halved

As part of the transition from the old to the new strategy, the Mission undertook an aggressive approach to decreasing the number of management units. For example, the HPN team has decreased the number of implementing instruments (bilateral and Field Support) from 27 to 8, and the SEG team from about 20 to 8. About one-half of the new instruments are pre-competes (Field Support, Leader-Associate Grants, IQCs, etc.). Mission management will continue to stress use of fewer units, and pre-competes instruments when such make sense, as the final round of implementing instruments are developed.

### Greater Horizontal Integration Expect to Increase Impact

The Mission has also begun to emphasize horizontal integration as a means of increasing the effectiveness of its resource allocation, with a focus on three key cross-cutting themes: HIV/AIDS, Civic Education, and Food Security/Crisis Mitigation. Early experience is mixed: while there is general agreement that such integration is desirable, Malawi's relatively small staff is so overburdened with day-to-day tasks of their own SOs that coordinative activities often slip. Despite these constraints, the Mission takes pride in the cross-sectoral linkages and collaborative relations that develop through the Mission hosted monthly partner synergy meetings. Partners have described these meetings as being, "the best use of two hours of my time each month."

### Aggressive Staff Training Decreasing Management Vulnerabilities

Given its small number of USDH employees, a similar small number of long-time FSNs, and a preponderance of Malawian and international PSCs with less than 5 years USAID experience, the Mission has undertaken an aggressive program of staff training. During FY 2002 and FY 2003 the Mission sponsored both CTO and PAL courses in Malawi for all eligible staff. While not all CTOs are yet certified, performance is improving. These basic courses have been supplemented with more specialized training outside of Malawi for key individuals. The Mission will continue its aggressive approach to staff development, complementing formal training courses with on-the-job coaching and mentoring from specialized short-term TA in specific skill areas – e.g. participant training management, program development processes – as needs evolve.

## **6.3 Operating Expenses**

### Short-Term Investments Yield Long-Term Savings

The Mission is addressing the challenge of decreasing OE with "out-of-the-box" thinking. For example, in FYs 2002-2003 the long-overdue renovation of its USAID-owned residences was almost complete, although several must still be re-roofed. Installation and operation of a Mission videoconference facility is planned for 2004. While these activities require investment in the short-term, they will significantly decrease OE maintenance and travel costs over time.

### Macroeconomic Environment outside of USAID's Control

Given the macroeconomic situation in Malawi, however, we do not foresee being able to sustain further cuts. In 2002, the GOM began enacting a 17.5% surtax on all economic activity. In September 2003, in response to a UNDP survey on comparative remuneration packages, the U.S. Mission increased FSN salaries by 60%. The GOM has announced a 25% increase in electricity rates beginning in October 2003, and other basic costs are expected to increase when subsidies are decreased as part of the forthcoming IMF agreement.

### Trust Fund May Last through Planning Period

USAID disbursed a final tranche of NPA at the end of FY 2003 that generated an additional \$720,000 for the Trust Fund. This will supplement OE funds through the revised end of implementation of the strategy in 2008.