

Speech by the Honourable Aleke K. Banda, M.P. President of the People's Progressive Movement (PPM) at the Foundation for Science and Technology, 21st March, 2007 on the question:

“Stark choices for development policy – what should the balance be between building institutions, direct aid or capacity building?”

The letter I received from the Foundation for Science and Technology invited me to come and give a twenty minute talk on the topic :“Stark choices for development policy – what should the balance be between building institutions, direct aid or capacity building?”. I would like to extend my thanks to the Foundation for their invitation to discuss this important topic. It is an honour to share the same platform with such distinguished speakers as Sir. Gordon Conway and Dr. Vikram Patel.

In the time available, I hope I can share with the distinguished guests information on the economic problems of Malawi, and what has been done, is being done or ought to be done to accelerate Malawi's development.

I hope that this evening's event will stimulate discussion and analysis of the inter-relationship between building institutions, direct aid and capacity building. I also hope that attempts will be made to look at how best to structure aid in order to promote development, reduce poverty and promote justice in international affairs. We should never lose sight of the main purpose of development aid – it is to allow all human beings to realize their rights, their human potential and to live lives of dignity.

The leaders of the international community and all nations signed up to the Millennium Development Goals in 1999. These are binding commitments to:

- Eradicate extreme poverty and hunger;
- Ensure that all boys and girls complete primary education;

- Eliminate gender disparities in primary and secondary education;
- Reduce by two thirds the mortality rate among children under five;
- Reduce by three quarters the number of women dying in childbirth;
- Halt and begin to reverse the spread of HIV/AIDS and the incidence of malaria and other major diseases;
- Ensure environmental sustainability; and
- Develop a global partnership for development.

These goals have been repeated so often that it is possible to lose sight of their importance or their significance to the lives of the poor. In Malawi we live with the reality of widespread, deep and pervasive poverty. 65 percent of the population live below the poverty line of \$US1 per day, while 53 percent of children are stunted due to chronic malnutrition. Only 34 percent of children complete primary school.

There has been some progress in reducing infant and child mortality. Infant mortality has declined from 104 per 1000 to 79 per 1000. Under-five mortality has declined from 189 per 1000 to 133 per 1000. However, this still implies that one in five children fail to reach their fifth birthday.

Maternal mortality rates in Malawi are among the highest in the world: 984 per 100,000 live births. AIDS, tuberculosis and malaria are devastating scourges. 14 percent of the adult population are HIV positive. There are 110,000 new infections every year and 80,000 deaths due to AIDS. Malawi has over one million orphaned or vulnerable children. There is serious environmental degradation due to the nexus of poverty, high population growth, land scarcity and lack of environmental education.

Regarding the new global compact for international development, Malawi has made significant progress in terms of improving macro-economic management. As a result, it qualified for complete debt cancellation in October of 2006.

After a period of stagnation and even decline, the economy has registered a growth of 8.5 percent during the past year. Inflation is down to 9 percent from the high levels of 20 percent and above and interest rates have declined from 35 percent to 20 percent. For two successive years Malawi has achieved significant food surpluses.

Given the depth of poverty and serious resource constraints, the issue of aid effectiveness becomes even more important. The international community undertook to increase aid to 0.7 percent of GDP in 2005. They also signed the Paris Declaration which is intended to make aid more effective. Among the core elements of the declaration are the need to scale up for more effective aid; to increase alignment with partner countries' priorities, systems and procedures and help them to strengthen capacity.

The Paris Declaration is a significant breakthrough that should ensure that aid is targeted to the poorest countries and should be aligned with the priorities of the recipient Governments, while strengthening accountability to the citizens of the country. In the past, donors set up their own projects run by parallel implementation agencies with separate financial management systems. This led to a significant fragmentation, duplication of effort and neglect of core priorities. It diluted national leadership and over-stretched limited management capacity as senior Government officials tried to keep track of hundreds of projects and deal with separate review missions led by donors.

The recent movement to Sector Wide Approaches (SWAP): where national and donor resources are pooled to support an agreed programme of work in line with national development priorities demonstrates how aid can be made more effective. Malawi has operated a Sector Wide Approach in the health sector for two years. The Sector Wide Approach supports the implementation of an Essential Health Care Package (EHP) which targets the principal causes of mortality and morbidity and is delivered free. The

EHP is delivered across the health sector in both Government facilities which account for around 60 percent of health services and through the Christian Health Association of Malawi (CHAM) which accounts for 40 percent of health services. Before the Sector Wide Approach, CHAM hospitals charged user fees for all services, which were beyond the reach of many poor people.

The Essential Health Care Package as a shared vision for the sector, is an explicit prioritization tool that focuses on the health needs of the poor. It consists of the following services delivered at various levels of the health service: control and management of vaccine preventable illnesses; reproductive health services, including family planning; and safe motherhood and the prevention of mother to child transmission of HIV. It also targets the major diseases, including malaria, tuberculosis, acute respiratory infections, acute diarrhea diseases like cholera, sexually transmitted infections and HIV/AIDS. The EHP also deals with the prevention and management of malnutrition, nutritional deficiencies and related complications and with the treatment of common injuries. The Sector Wide Approach in support of the EHP has been extremely successful.

The successful implementation of the Sector Wide Approach in Malawi's health sector demonstrates that it is not necessary to choose between "building institutions, direct aid or capacity building". In line with the Paris Declaration, the SWAP has a governance structure (comprising technical working groups and an overarching health sector review group) which promotes accountability and transparency and engagement of all partners in the health sector, including civil society. It is important for donors to work with governments to develop clear priorities for the health sector and then to identify the critical policies and programmes to meet the ultimate objective – improving the quality of health services or education.

The example of Malawi's health sector SWAP also shows the importance of partnership – crucial to its success was the

willingness to work with all partners working in the health sector, both the Government and the faith communities. This is a very important lesson for development policy. Often donors fail to recognize, work with and strengthen existing capacity.

The Africa Commission Report recognized the importance of the faith communities within Africa. In Malawi, faith based institutions account for over 40 percent of health care; they also provide almost 70 percent of community-based care for people living with HIV/AIDS. They are also extremely important in the area of education. There is great scope to increase the quality of essential services through much closer cooperation with faith-based communities. However, the majority of donor agencies are reluctant to channel resources through the faith communities although they have established structures operating at the grass-roots and significant potential to increase the quality of services in a cost-effective manner.

The challenge is to channel aid in line with national priorities and to strengthen accountability. It is important for the donor community to recognize the capacity which exists throughout Government, civil society and the faith communities.

Another challenge is to create greater opportunities for Africa's young people. A new generation is emerging in Africa anxious for change and concerned to alter the present rather than re-living the glories of past liberation wars. There is need to exploit this energy and to create opportunities for the brightest youths who may have been deprived of formal education in their earlier years to move upward through the post-secondary education system. There is clearly the need to expand opportunities for tertiary level and vocational training for young people.

Development is partnership – it involves dialogue and also the need to recognize the considerable untapped potential that exists outside the formal sector. This is where we have to

start “re-thinking” capacity development programmes. The capacity exists but we need to find more innovative ways of developing capacity and realizing its potential to accelerate the fight against poverty. This is the challenge. It needs additional resources, creative thinking and dedication in order to realize the goal of poverty reduction and human development.

Against this background, one would ask the question: “Why is Malawi so poor?” Why is its economy not growing fast enough to improve the living standards of its people? Malawi is by no means short of natural resources. It has rich soils on which to grow a variety of crops, among them maize, the staple food; tobacco, the main export crop; tea, cotton, sugar cane and many others in less magnitude.

Malawi has plenty of water in its rivers and lakes. Its hills, highlands and valleys have given it poetic beauty. During colonial days, those who visited our country used to say “Nyasaland is Scotland in a tropical setting” or “Switzerland without snow”. Malawi is a land with tourism potential, and yet its tourism industry has made no strides compared with those of our neighbours like Zambia and Tanzania.

In the year 1924, a commission of inquiry was instituted on African education in Eastern and Southern Africa. It was called the Phelps Stokes Commission. Its members were Americans and British. One of them was an African called Dr. James Kwegwyr Aggrey from Ghana. In reference to the Malawian people, the Commission noted and I quote “the types of native are equal to the best in any part of Africa”.

Noting that Nyasaland’s exports were less in value than the exports of smaller countries like Zanzibar and the Gambia, the Commission went on “of them (the Malawian or Nyasas) it may be said other colonies they are serving, but their own people they cannot serve”.

During its forty-three years of independence, Malawi has never been engulfed in major political or social disorders

such as civil wars or coup d'états. Endowed with fairly abundant natural resources, with a population by no means naturally inferior to others as well as political stability, why has Malawi remained one of the poorest countries throughout the twentieth century and onwards to the twenty-first? One single answer might not suffice.

From time to time, Malawians suffer from famine due to droughts. Apart from maize, the policy of the Government is to encourage and introduce drought resistant food crops and, at the same time, to intensify irrigation schemes. Its cash crops: tobacco, tea and cotton have been grown for, at least, a century. They have not taken us out of the list of least developed countries. The answer lies in processing these raw materials and exporting them with added value.

A poor country like Malawi requires types of solutions that encourage and involve the use of free natural resources such as solar and wind energies. There is a great deal of potential, in Malawi, for developing large-scale irrigation schemes. Malawi has two distinct seasons; dry and rainy seasons. There is abundant wind in rainy seasons and plenty of sunlight in dry season. These two forms of renewable energy can be developed to provide vast amount of water for irrigation and adequate electricity to meet basic requirements for electrical power both in urban and rural areas of the country. Hence, the requirement for building institutions that can provide appropriate capacity and technical skills. Malawi may also need adequate direct aid to fund these tasks and to establish knowledge transfer partnerships with developed countries. These measures will assist Malawi to start to acquire progressive development that is sustainable.

Tobacco, our most important export commodity, is losing markets mostly because of the anti-smoking lobby. Finding an alternative export to replace tobacco is one of the objectives of our development policy. No substitute has yet been found. If scientists could discover how to make cigarettes and other forms of smoking which do not injure

health, they would save the livelihood of millions of people the world over, but especially Malawi where the tobacco industry occupies a vital position.

Diversification must also take the form of industrialization. When we read accounts of countries like those of the Tigers of the Far East, we notice that they attained real progress only when they started secondary and tertiary industries. If we continue with merely producing and exporting raw materials, Malawi will remain the Cinderella of the global economy. But how do we proceed? Here, again, we are talking about the need for the institutions of science and technology and the associated skills.

In a country at the level of development like Malawi, having to fix a balance between building institutions, direct aid and capacity building is not an easy task. However, though all these are absolutely necessary, I would put capacity building as priority number one.

Malawi's natural and human resources must first be transformed into engines of growth. The natural intelligence of Malawians must, through training, be transformed to capabilities, their potentials to achievements. Knowledge has always been acknowledged as a source of power. In the age of globalisation we notice that countries that have made a breakthrough in development, have ample facilities for general and technical education. We need the kind of scientific and technological breakthrough that can breed the James Watts, the Richard Arkwrights, the Josiah Wedgwoods and other innovators as well as inventors who laid the foundation of the British industrial revolution.

The Malawi government is in the process of building a University of Science and Technology in Lilongwe, the Capital City. It will need all the direct aid it can get in equipping the university with the facilities that would justify the name. All too often in some developing countries, technical schools have been called colleges or universities. We need direct aid in staffing the University of Science and

Technology. We must be in touch with up to-date intellectual refinements.

Besides technicians and engineers, Malawi needs entrepreneurs. Since the advent of privatization of state industries in Malawi, we have been faced with the problem of finding indigenous buyers. There is as yet no sizeable body of entrepreneurs. What we have are petty shop keepers, mini-bus operators, smallholder farmers, but no business people capable of holding their own in global markets.

Since the year 1993, Malawi has become a more democratic country. A number of political parties compete during General Elections. The Press is free to write on any subject and we have adopted a free market economic system in which private ownership of property is guaranteed by law. Equally important is the requirement for Malawi to maximize the available opportunities for all members of the community to contribute to the development of science and technology that is critical for the continued success of the Malawi economy in this 21st century. Without the help and co-operation of the developed countries, these objectives cannot be met.

One of the constant criticisms made about developing countries is the prevalence of corruption in bureaucracies and political circles. In Malawi, we have established an institution to combat corruption. It is called the Anti-Corruption Bureau. The Bureau has not yet made a big impact on our society, but we have established the machinery to deal with the problems if and when they occur.

Here is a question I would like to pose. If a firm from a developed country is caught bribing a Minister or official in a developing country is it prosecuted? Would it not be advisable that that firm should also be disciplined in the country of its origin? Bribes which some African officials are accused of receiving are actually dangled in their faces by

foreign firms seeking to make a business deal with the government.

Once more, My Lords, Ladies and Gentlemen, I thank you for giving me this rare opportunity to appear before a renowned society such as yours and share with you some thoughts on the development efforts of my country.