CLOSING THE DIVIDE IN MALAWI
How to reduce inequality and increase prosperity for all
Executive Summary
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Acknowledgements

This report was written by Chiara Mariotti, Jessica Hamer and Clare Coffey and edited by Claire Godfrey and Jane Garton.

Oxfam is grateful to the many other Oxfam colleagues and external partners who gave written inputs, valuable comments and support to the initial thinking and final drafts of this report. Special mention should be made to:

• John Makina, Lingalireni Mihowa, Lusungu Dzinkambani, Mathias Kafunda, Anthony Malunga.
• Rowan Harvey, Max Lawson, Oli Pearce, Anna Marriott, Deborah Hardoon, Hilary Jeune, Susana Ruiz Rodriguez.
• External Reviewers – Donald Makoka – Research Fellow (Lilongwe University of Agriculture and Natural Resources); Grain Malunga – Fellow (Institute of Materials, Minerals & Mining); Steve Sharra – Director of Research & Publications (Catholic University of Malawi); Priscilla Kandoole – Country Economist (World Bank Malawi Office); Patrick Kamwendo – Economic Specialist (UNDP Malawi); Winford Masanjala – Associate Professor (University of Malawi – Chancellor College).

In addition, Oxfam is grateful for the contributions emanating from interviews in November 2016 which initially informed the scope of the report, including with: Dr. Mary Shawa, Ministry of Gender, Children, Disability And Social Welfare, Principal secretary; Mambuto Bamusi, Office of the President and Cabinet, Advisor; Dr. Douglas Lungu, Medical Practitioner; Beyani Munthali, Employment Consultation Association of Malawi, Executive Director; Emily Mkamanga, Social Commentator on Political & Social Issues; George Harawa, Coordinator for Malawi Extractive Industry Transparency Initiative (MWEITI); and representatives of UNDP, DFID and the British High Commission in Malawi, Council for Higher Education, and Ministry of Finance.

Special thanks to Sarah Hall, Lusungu Dzinkambani, Mathias Kafunda for their support throughout the report development and finalization process, as well as coordination and production.

Design of the report was by Nigel Willmott.

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ENDORSEMENTS

Mr. Dalitso Kubalasa, Executive Director, Malawi Economic Justice Network (MEJN)
“Closing the divide in Malawi is about doing things differently by fully operationalizing policy recommendations to address the huge differences in the quality of life and standards of living, that separate the minority rich from the poor masses because of extreme inequality. The study is an in-depth analysis of the critical aspects of governance and socio-economic factors that are making it difficult for ordinary citizens to fruitfully take advantage of the available economic opportunities largely due to the way the political and economic power is exercised and monopolized by a narrow elite. From the different sectors, the study brings to the fore, the inherent dimensions of inequality, its causes and its consequences, as well as unpack the public policies and processes that are a part of the problem and ones that can be part of the solution. Most importantly, the study’s succinct insights stand out. I recommend this study to policy makers, development specialists, the donors and all those concerned about the yawning social, economic and political gaps in the modern Malawi society, all in the quest for progressively doing things differently.”

Hon Grain Malunga, Coordinator, Chamber of Mines; Former Minister of Energy
“Important and insightful paper……this is an important analysis and policy proposal not to be missed by government, donors, private sector and non-governmental organizations working to end poverty and inequality.”

Hon Agnes M. Nyalonje, Vice Chairperson, Public Accounts Committee of Parliament, and Member of the Parliamentary Committee on Education, Science and Technology
“This report is a welcome contribution to the inequality debate started by Oxfam’s 2015 report. With 70% of Malawians living below the international poverty line of $1.90 per day, with hoe-based rural agriculture having to compete globally with mechanized agriculture, and with poorly equipped schools and universities having to prepare students to compete in a knowledge-based global economy, the challenges facing Malawi are many. I would encourage the newly created National Planning Commission to focus on inequality reduction as a key indicator for future planning and for the Commission to review and generate evidence that can integrate inequality reduction within a strategic plan for national development.”
EXECUTIVE SUMMARY

Malawi is one of the poorest countries in the world, with 70% of the population living on less than $1.90 a day. A low level of economic development – alongside seemingly regular shocks – has left the nation’s finances perpetually constrained. The country is stuck in a deadlock of slow growth which is unequally distributed, where poverty and inequality are two faces of the same coin. Economic inequality is growing significantly: in just seven years between 2004 and 2011, the gap between the richest 10% of Malawians and the poorest 40% increased by almost a third. If inequality continues to rise as it has in recent years, by 2020 1.5 million more Malawians will be poor. Even rapid economic growth will fail to tackle poverty in the country.

A 2015 Oxfam report, A Dangerous Divide – the State of Inequality in Malawi, shone a spotlight on the growing problem of inequality. This new paper presents a vision, roadmap and policy recommendations for a more inclusive, equitable and prosperous Malawi. It recognizes that inequality is not inevitable but the result of policy choices made by those with power. The paper shows that to leave no one behind and get on track to achieve the Sustainable Development Goals (SDGs), the government must commit to policies which prevent the country’s elites from appropriating the benefits of economic growth and instead ensure that benefits are redistributed to all. Breaking out of slow and unequal growth requires government, decision makers, development partners and institutions to work for citizens, especially for those living at the margins, rather than serving powerful vested interests within and outside of Malawi. The success of the roadmap hinges on five pillars:

1. Transparent and accountable government and institutions, and tackling corruption, replacing the political capture of policy making by a powerful minority with inclusive political and economic institutions.

2. A real focus on women’s economic empowerment and gender equality, with an emphasis on the social and cultural norms that act as a brake on progress.

3. Policy and investment to improve livelihoods of the poorest women and men, delivering equitable growth, especially in agriculture.

4. Raising public revenues more progressively, notably from wealthy individuals, domestic and foreign businesses, to reduce inequality and redistribute income; and ensuring sufficient and quality international aid for the short and medium term.

5. Investing in universal, quality, free public services, such as healthcare and education, that benefit everyone in society, offer social protection for the poorest and dramatically reduce inequality.
In pursuing this roadmap, two major realities need to be confronted: institutional and policy failures that have in effect prevented the rural poor in particular from escaping poverty; and major governance shocks, including recession and the ‘Cashgate’ corruption scandal, that have undermined growth and left a considerable dent in public finances.

Figure 1 A roadmap to tackle inequality in Malawi
MALAWI’S INEQUALITY CRISIS IN CONTEXT

Inequality between the richest and the rest in Malawi has continued to rise markedly, with poverty remaining extreme and endemic.\(^6\) Climate change is compounding the challenges, with recent droughts and floods likely to have worsened poverty, resulting in one in three Malawians relying on humanitarian assistance in 2016.\(^7\)

There has been important progress in some aspects of human development, notably the under-five mortality rate falling by 50% (2004 to 2015).\(^8\) However, increasing economic inequality is undermining hard-fought progress. At the bottom end of the scale, poverty increased between 1997 and 2010.\(^9\) About half of the Malawian population was living below the national poverty line in 2010-11, and more than 70% below the $1.90 international poverty line.\(^10\) The most recent household survey points to worsening food insecurity - with 73% of the population not having enough food in the 12 months running up to the survey, and a decline since 2010 across other indicators of poverty such as access to adequate housing.\(^11\)
Economic inequality also compounds inequalities between men and women. Malawi is one of the world’s worst countries for the position of women and girls, slipping 20 places in the latest Global Gender Gap rankings. Gender inequality and discrimination is estimated to cost Malawi $100m in lost agricultural productivity alone.

Malawi has experienced on average positive growth rates over the last decade, but growth per capita has been negligible, and income growth neither pro-poor nor inclusive – in fact growth was regressive over the 2004-5 to 2010-11 period, with real incomes of the richest increasing and those of the poorest decreasing.

A CLEAR PLAN TO REDUCE THE GAP BETWEEN RICH AND POOR

Malawi needs a clear National Inequality Reduction Plan to reduce the gap between the richest and the rest of Malawians. Malawi has signed up to SDG 10, to reduce inequality in the country. Clear targets need to be set to reverse the increase in inequality levels and close the gap between rich and poor.

This should be complemented by a robust data collection system to support policy development, target setting and monitoring of progress.

Figure 2 Annual average consumption growth by decile 2004-2010

Source: Own calculations based on Povcal data
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TACKLING THE DRIVERS OF INEQUALITY

In order to meet the targets set out in a National Inequality Reduction Plan, and to fulfill Malawi’s commitments under SDG 10, there is a critical need to tackle the drivers of inequality in Malawi. Inequality is not only a question of income and wealth distribution, but also concerns inequality of opportunity, such as unequal access to health and education services. One key driver of economic inequality is power: who makes decisions, and who holds and controls capital and finance. Oxfam’s analysis identifies two foremost structural drivers of inequality in Malawi: the political capture of government and public institutions by the country’s minority elite; and the pervasive social norms that underpin extreme gender disparities in all aspects of life.

Political capture and corruption – making governance work for citizens

Malawi is no different to other countries in having elites use their influence on political decision making to further increase their power or make financial gain.14 Oxfam regards improvement in the governance of public and political institutions in Malawi as the most critical foundation for reducing inequality and poverty in the country.

Malawi’s government has conceded that corruption, which is perceived to be worsening, continues to hamper Malawi’s development prospects.15 Efforts have been made16 to clamp down on corruption, following the Cashgate scandal where a large amount of public money was stolen, although more needs to be done. Given the connections between corruption in Malawi and the global financial system – for example, where unexplained funds are housed in bank accounts outside Malawi17 – international actors must work to improve transparency and accountability of this architecture, as well as support asset recovery efforts. The party funding mechanism has been a chief reason for a small wealthy elite gaining so much influence over the political process. The new Political Parties Act is a welcome step towards reform, but it must now be meaningfully implemented. In addition, a deeper reflection on why a culture of corruption persists – by both government and donors – is required.

Public interest and tackling inequalities and poverty in Malawi should be guiding principles of all national policies and strategies, and donor support. Malawians are demanding accountability;18 they must be equipped to hold government and other powerful actors to account.

Oxfam proposes a number of actions, in addition to addressing political party funding, to ensure reforms in the areas of corrupt practices, access to information, assets declaration and political representation of women, as well as government oversight by parliamentary committees. The government and all political parties must commit to a genuine zero-tolerance approach to corruption, with all partners working together in a co-created and cross-party compact.

Donors have a critical role to play in providing financial, technical and research support to the government in institution-building, and to civil society organizations (CSOs), with a particular emphasis on CSOs working on women’s rights. Donors must also reflect on their own responsibilities in the fight against corruption, including ensuring development assistance adheres to aid effectiveness principles.19
Putting gender equality and women’s economic empowerment front and centre

Tackling Malawi’s deep-seated and worsening gender divide must be a priority for the government and international institutions. The percentage of women who have ever experienced physical violence has increased from 28% in 2010 to 34% in 2015-16. Almost half of all girls can expect to be married before they are 18, and 93% of women’s labour is unpaid.

There has been some progress on paper, including constitutional reforms outlawing marriage below the age of 18. Malawi has also shown rapid progress is possible, by achieving gender parity in primary education. However, far more action is needed to close Malawi’s gender divide in access to public services, in the quality of women’s participation in productive sectors (like agriculture and mining), and in their access to decent and equally paid work. Fiscal systems need to be sensitive to gender to ensure fairness, with public resource mobilization and spending policies responding to women’s needs, and creating incentives and revenues to further reduce and redistribute the heavy unpaid care load shouldered by women and girls.

Critically, Malawi must address the social norms that are still undermining the more progressive gender and women’s rights policies, preventing progress and even contributing to rising cases of violence against women and girls.

A national plan should set out how Malawi will achieve SDG 5 on gender equality and women’s empowerment. Structural drivers that could be transformative if tackled effectively include:

- Increasing women’s voice, representation and independence.
- Closing the gender gap in ownership and control over assets, including ensuring that recent land reforms work for poorer women.
- Fully implementing measures to tackle violence against women and girls.
- Investing further in care services, infrastructure and time and labour saving devices to address the levels of unpaid care work falling on women and girls.

MAKE THE ECONOMY WORK FOR EVERYONE

Malawi must start managing its economy to deliver growth which is transformative for all people. To achieve this, it is essential that the government delivers on the priority areas identified in the forthcoming Malawi Growth and Development Strategy III (MGDS III), striking the right balance between the essential role of the state and the need to expand the private sector. For this, the rapid liberalisation of agriculture of the past – and removal of state involvement, which pushed many into poverty, must be avoided.

At the same time, efforts should go into achieving greater government and public institution accountability; regulating business to work in the interests of producers and workers; building resilience and environmental sustainability; promoting the empowerment of women; and working towards more progressive domestic resource mobilization to invest in good quality public services for all. It is vital that these policies are specifically designed and implemented to make the MGDS III work for all Malawians.
There needs to be greater effort in regulating business to work in the interests of producers and workers. Photo: Watipaso Kaliwo/Oxfam in Malawi

Achieving robust agricultural growth that benefits all

As the backbone of Malawi’s economy, agriculture sector performance is uniquely significant for the country’s economic growth and reduction of social and economic inequalities and poverty – especially in rural areas.

Most rural Malawians are engaged in farming and especially subsistence farming. These farmers, and especially women farmers, are highly susceptible to extreme weather, as well as having limited options in terms of accessing additional land, buying fertilizers, seeds or tools and getting technical advice. This sector operates alongside a large farming estates sector, almost entirely export-focused, which has long been the main recipient of state support without creating prosperity for the majority of the rural population.

There is a clear case for a massive, government-led investment, supported by donors, in smallholder farming and supporting infrastructure that works for women and men in a context of volatile weather patterns. Closing the gap in productivity between men and women farmers alone is estimated by the World Bank and others to be worth an additional $100m per year or 7.3% of annual crop output in Malawi. Investment is needed in subsidising inputs, ensuring supply of maize and smoothing prices, extension services, infrastructure and technologies that reach the most deprived communities and groups, and the most remote areas of the country, and that are demonstrably improving climate resilience. State support to small and marginal farmers must not be replaced, but rather improved and complemented, by social protection interventions. These initiatives would also support the expansion of the rural non-farm sector, and with it economic diversification and job creation.
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The 2016 Malawi National Agricultural Policy and draft MGDS III, while acknowledging these issues, need stronger and clearer provisions aimed at overcoming the disparities that exist between smallholder farmers and large estates, concentrating on rebalancing the policy environment in favour of small-scale actors. Additional steps that are needed include:

- Putting greater emphasis on the realities and needs of small and marginal farmers, so that realistic pathways to employment opportunities can be identified.
- Increasing public investment, including in infrastructure and interventions to secure real improvements in land tenure.
- Investing in the employment of new government extension agents, of whom the majority should be women, to help improve farming techniques, reduce vulnerability and increase yields.
- Creating an enabling environment for and encouraging private sector investment in smallholder farming, processing and the non-farm economy.
- Improving the Agricultural Development and Marketing Corporation (ADMARC) and Farm Input Subsidy Programme (FISP), with a specific focus on smallholder farmers and particularly women farmers in very remote areas.
- Securing transparent and open competition around agricultural contracts and state-owned operations.

Work and wages – creating decent jobs and more pay

The most effective and durable way to achieve inclusive and equitable growth is through the creation of safe and remunerable employment opportunities for all. This is paramount for Malawi, where access to decent paid work is not inclusive and is not a driver of poverty reduction. Instead, the greatest majority of the population is employed in the informal sector, with about 60% in precarious employment.27

A third of all workers in rural areas are in paid employment, usually as agricultural workers on large estates, often complementing their own farm earnings. Their wages, even if complying with the national minimum wage, are often below the poverty line.28

Within the formal sector, there is evidence of a steep remuneration scale, leaving Malawi with the largest wage gap between the lowest- and highest-paid jobs among Southern African countries in 2010: executives were earning 107 times more per month than the lowest-paid workers.29

Women are highly economically active, but are over-represented in the most unstable, lowest-paid and lowest-skilled agricultural and non-agricultural rural work,30 as well as in unpaid care work. Overall, women face greater difficulty translating their labour into paid work.

MGDS III’s goal of achieving a productive, competitive and resilient nation will require a clear focus on creating more and better employment for all and ensuring that no one is left behind, with particular attention paid to women, young women and men, and people with disabilities. Integrating the informal sector and making it central to the strategy’s delivery should be paramount. Notably, this includes:

MALAWI NEEDS STRONGER AND CLEARER PROVISIONS AIMED AT OVERCOMING THE DISPARITIES THAT EXIST BETWEEN SMALLHOLDER FARMERS AND LARGE ESTATES

THE WAGES OF AGRICULTURAL WORKERS, EVEN IF COMPLYING WITH THE NATIONAL MINIMUM WAGE, ARE OFTEN BELOW THE POVERTY LINE.
• The provision of special services to workers in the informal economy, that are responsive to the specific needs of and responsibilities falling on women and girls; and steps towards the recognition of informal jobs and the inclusion of informal workers in legal frameworks regulating work conditions, with a focus on the most precarious work, on women, and on small and medium enterprises.
• Ensuring that the minimum wage matches the living wage, and that the minimum wage is enforced in both the formal and informal sectors. Also, establishing in all sectors of employment – including special economic zones – social protection floors, minimum working conditions, childcare provisions, living wage levels, macroeconomic policies geared towards full employment, and re-regulation of the informal sector.

FISCAL JUSTICE: THE FAIR APPROACH TO REDUCING INEQUALITY

A well-designed tax system that redistributes wealth and enables spending on public services is one of the most effective ways for a government to reduce inequality and poverty, while sustaining growth. Malawi is constrained by its poor capacity and flexibility in raising additional public income from taxation, as well as by the structure of its economy, which results in a narrow tax base. The fiscal position has been improving in the last year, but remains unable to match expenditure demands.

Public finance

Domestic resource mobilization alone will not be sufficient to tackle poverty and inequality in Malawi. Malawi’s tax system is already relatively progressive. According to Oxfam’s ‘Commitment to Reducing Inequality Index’, Malawi is ranked number one among low-income countries in terms of progressive structure and incidence of tax. Nevertheless, more can be done to increase equity and collect more revenue from taxation, through:

• Avoiding a rapid increase in revenue from regressive forms of taxation, as this shifts the burden of taxation on to the poorest, increasing inequality rather than reducing it. The VAT system can be made more progressive by exempting essential items and putting a higher rate on luxury items and real estate.
• Adjusting direct taxes, with potential to better use personal income tax to redistribute income by raising the bottom income tax threshold towards the recommended rate of 1% of GDP per capita, and adding a new higher tax bracket for the highest 10% earners. More can also be done to raise more tax revenue from Malawi’s wealthiest residents, including by introducing capital gains tax.
• Taxing corporations: There is also potential to increase tax revenues by reducing large tax exemptions and deductions afforded to corporations and individuals. Overall, tax expenditure (the sum of exemptions and deductions) in Malawi amounts to 2.2% of GDP, which is nearly equal to what is spent on the health sector (2.45% of GDP in 2015). More revenue could be raised from foreign companies operating in Malawi by introducing more balanced bilateral tax treaties, as current treaties limit Malawi’s ability to tax foreign companies. Important corporate tax revenues are also highly likely being lost through profit shifting out of Malawi by foreign corporations. While it is difficult to know exactly how much is being lost this way because these flows are difficult to capture, current best estimates stand at $90m for 2013, or 2% of GDP. Repatriating these revenues depends largely on the adoption of policies by the Government of Malawi, as well as bilateral negotiations with some foreign governments to ensure that companies publish financial reports of their operations in Malawi, alongside coordinated global action on tax dodging.
Extractives
The extractives sector is a potential and very progressive source for increased revenue mobilization, but anticipated revenue is frequently not realised and the benefits are most often not palpable for mining communities, and especially for women. Pursuing mining as a revenue source can fuel inequality if it is poorly regulated and the resulting revenues are captured by a few and not fairly shared with communities.

In Malawi, the share of non-tax revenues to the national budget in 2015/16 was only 2% of GDP, one of the lowest rates among Southern African countries and falling short of the government’s expectations. While the potential offered by revenues from extractives could be pursued, experience from mines like Songwe Hill shows that such revenues are unlikely to be ‘game changing’, and the government should not compromise other development objectives for the sake of mining.

In committing to attract investors in the minerals sector and to retain a substantial amount of revenue in Malawi, the government needs to ensure that companies pay what they owe, backed by legislation and monitored through routine audits. It needs to put in place mechanisms which ensure that when incentives are created to attract foreign investment in mining, revenues are raised from the profits made by these companies and redistributed to all, especially the mining communities.
International aid
Malawi relies heavily on international aid as a source of public finance. Even though Malawi should ultimately transition away from dependence on donor finance, the country will continue to need substantial aid in the medium term – more than it is currently receiving – to maintain public expenditure. It will also continue to need aid to help explore and develop future alternative revenue streams, as well as to support climate change adaptation and mitigation.

Given the scale of need and the historic and continued high level of aid, donors are both very powerful – and highly responsible – for tackling poverty and inequality in Malawi. Aid must be channelled effectively to ensure government systems are not undermined, and invested in sectors that support equitable and sustainable growth. Sadly in the last five years the quality of donor aid has fallen (figure 3). In addition, the suspension of direct donor aid has contributed to government adoption of regressive policies that have driven up inequality and hurt the poor. This includes the removal of exemptions for VAT on basic goods and food used by the poor and the imposition of types of user fees in hospitals which have had a negative impact on the health of the poorest.

Figure 3 Overseas development aid (ODA) performance against key measures of aid effectiveness
Oxfam sees three priority approaches for aid spending in Malawi:

- Aid needs to be targeted at strengthening governance of public institutions so they are accountable to all citizens.
- Aid needs to support civil society and citizens’ efforts – particularly those of women’s and marginalized communities’ groups – to actively engage in public (including budgetary) decision making and to monitor government performance, holding it to account.
- Aid needs to support the government to ensure good quality, free universal public healthcare and education, and provide social protection.

In response to the Cashgate scandal, donors have suspended most budget support grants since 2013. Side by side with support to government in improving its public finance management systems and their application, restoring budget support is the most urgently needed action donors should take to enhance aid quality and ensure funding of critical government interventions and services.

Donors must also urgently increase aid levels to Malawi for the medium term, particularly in light of its debt servicing obligations. Indeed, by 2016, Malawi’s external debt payments were around $200m, using up over 18% of government revenue and consuming significantly more funds than in the entire health budget. Malawi needs grants from donors, not the added burden of servicing loans to banks and government lenders.

**Public spending**

Progressive and effective public spending is the other side of the fiscal justice coin. Spending on free, public services benefits everyone, but provides greater benefits to the poorest. Oxfam proposes three top priorities for increased public expenditure in Malawi: healthcare, education and social protection.

**Healthcare**

Malawi has made a welcome commitment to achieving UHC – where all people access the healthcare they need without facing financial hardship – as part of the SDGs. However, this is currently a major challenge and requires ambitious action. The health sector is steeped in a funding crisis and being starved of urgently needed public finance. A quarter of health facilities in Malawi have neither a functioning client latrine or ambulance, and a similar proportion of medical equipment is out of service. Almost half of Malawi’s health-worker positions are vacant. While there is much to be done to achieve UHC, quality public health services that are free at the point of use are a powerful way to reduce income and gender inequalities and tackle poverty.

Oxfam urges the following actions to put Malawi on the path to achieving UHC.

**Abolish regressive user fees:** The health sector has been conducting a dangerous experiment with user fees in healthcare in recent years. User fees for treatment, care and services have proven to be the most regressive and damaging way to generate funds for health system costs. User fees rarely contribute more than 5% to health budgets. The Government of Malawi must urgently abolish user fees across its facilities, with immediate suspension of hospital bypass fees and existing fee-paying wards. Combining this with increased investment in comprehensive quality primary healthcare will be a more cost-effective and fairer route for Malawi to achieve its ultimate ambition of UHC and ensure it leaves no one behind. Donors must also strongly challenge this dangerous and harmful policy and should restore adequate levels of funding to government health systems.
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Beyond state-run facilities, the government must also implement the recently planned expansion of Christian Health Association of Malawi (CHAM) service-level agreements, to ensure an essential health package can be provided for free by CHAM facilities when there is no nearby government clinic.46

Restore effective public financing: The government must urgently increase public spending on health and meet the Abuja commitment to invest 15% of total government spending on health. Public finance generated by domestic revenue mobilization is the best way to fund the health system in the long term.47 But even with increases in collection of domestic resources, Malawi doesn’t have enough resources to achieve healthcare for all.48 There can be no escaping that international aid to the health sector must also be increased and sector budget support restored, or an alternative on-budget aid model implemented at a minimum. Without an increase of on-budget aid to finance the health sector, it is the poorest who will suffer most with likely further increases in punishing out-of-pocket payments for health, and further fragmentation and deteriorating quality across the health system.

Rule out the introduction of a National Health Insurance Scheme (NHIS): Introducing an NHIS would exacerbate inequality and leave the poorest behind in accessing healthcare in Malawi. Challenges with enrolment and prohibitive costs are commonplace in insurance schemes in other countries such as Ghana, where schemes exclude a large proportion of the population.49 Evidence from other countries has shown that a NHIS scheme is unlikely to raise significant additional revenues for health, especially outside of the formal sector.50

Investing for equity, efficiency and quality: Beyond increased financing, interventions are needed that improve equity, efficiency and quality in the health system, clamping down on drug pilferage, and making healthcare responsive to the needs of Malawi’s women in particular.

Education
Malawi has made enormous progress since the 1990s in increasing access to public education, especially at the primary level. It was one of the first countries to abolish user fees for primary education in Africa, a move which saw one million new students go to school.
for the first time. In the early 1990s, the richest children were almost twice as likely to go to primary school as the poorest. Just a few years after the removal of fees, this gap was virtually eliminated. Today, the gap between urban and rural areas is also minimal. Even more impressively, Malawi has now achieved gender parity in primary school attendance. Yet despite these huge gains, there are still serious concerns around the quality of both primary and secondary education, and access for the majority of poor Malawians beyond primary level. More well-off families send their children to fee-paying private schools, where the quality of teaching is often better, leading to a dynamic that entrenches the inequality divide. Oxfam stresses that action should be taken in the following areas to address inequalities in education.

**Spending on education should rise from its current 17-18% of the national budget to at least 20%, in line with international targets.** Targets must be met, not only committed to, with no diversion of funds to other government departments.

**Expanded aid for education is vital, and must be provided as sector budget support.** Donors should pool their funds behind government plans, and should contribute to recurrent costs, to ensure adequate numbers of teachers who are paid a living wage.

**Teachers are the backbone of improved education and investment in teachers is also vital to tackle Malawi’s education quality crisis.** More must be done to address the frequent late payment of teachers’ salaries, to train more teachers, and make improvements in infrastructure and teaching resources.
The government must invest more in secondary and tertiary education: Removal of user fees in secondary schools must be a priority policy. Secondary education must also be made compulsory. Investments in teachers and infrastructure will need to be dramatically increased to keep pace with expanded demand. Additional financing of tertiary education, where enrolment is reported as among the lowest in the world, will also be required. This should include continued high subsidies for students from poorer communities or marginalized groups, especially women, and funding to increase university places.

Social protection
Malawi’s social protection policy framework has been strengthened in recent years, but despite some improvements, Malawi’s poverty reduction and social protection system falls short of current and future needs. Overall, the programmes are not providing sufficient resources to those people they reach, and are not reaching many of the poorest and most vulnerable people at all. In 2015, the Social Cash Transfer Programme reached just half of the 10% target. Lack of resources is a major issue: public expenditure on social protection programmes in Malawi is low by international standards, and lower than average for low income countries in Africa.

Malawi needs a more ambitious, large-scale, integrated social protection system, learning from other successful models in Africa. This will require time and capacity building. The social protection provisions included in MGDS III – such as the integration of social protection with agriculture interventions – go in the right direction, but need to be accompanied by the political will and the financial resources to implement them.

CONCLUSION
Malawi is an extremely poor country with a systemic inequality and exclusion problem, which means most women and men are being left behind. The country faces challenges in radically altering its development path and reducing inequality, including: a large burden of debt, a narrow tax base that hampers increased domestic resource mobilization, a history of corrupt governance of public institutions, and distrusting international development partners who spend their aid outside the government system. These challenges are compounded by a growing population and one that is exposed to the full force of climate change, especially in rural areas.

This paper sets out policy solutions that the government can adopt, supported by donors, civil society and others, to change the course of Malawi’s future. At the forefront of change must be efforts to tackle the structural drivers of inequality, in Malawi’s case weak governance, capture of policy making by an elite and widespread corruption, as well as pervasive gender disparities. Making the economy work for everyone must be at the heart of all policy, underpinned by free and universal healthcare and education, as well as a scaled-up social protection system. Development partners and international institutions must finance and support these priority policies, as opposed to pushing problematic models or undermining government systems through a piecemeal approach to aid.

None of these solutions will work if implemented alone or in a vacuum; they are all dependent on each other, and they all demand close involvement of the people they are meant to reach. The vision we present for a more equal Malawi – where no one is left behind – requires the active participation of women and men from all social groups to shape and drive forward action across the range of interconnected issues.

But it is achievable.