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Economy, an introduction

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Until the 70s, there was plenty of food in Malawi such as corn, rice, beans and cassava. Surplusses were exported to neighboring countries. Since the 80s Malawi has been a food importing country because of the number of inhabitants, food crops partly stagnate since. Partly as a result of an unbalanced balance of payments, development aid was first cut back in the 90s and then stopped in 2000. Malawi is a very poor country. In fact, over the years that followed, foreign aid increased to almost 40% of the budget. Malawi's economy grew by 6% in 2007. Despite that support, economic growth did not period and poverty increased. Malawi's economy grew by 6% in 2007. Despite that support, economic growth did not period and poverty increased. Malawi has introduced a poverty reduction strategy, the Growth and Development Strategy. The question remains whether this is effective enough. Malawi's economy is very dependent on agriculture. Agriculture is not well organized and lack of proper development funds have recently part of the government budget.

Situation

Malawi is ranked among the least economically developed countries worldwide (based on the Human Development Index (HDI). The HDI is used to address the lack of reliable data on GDP and GNP as the indicator of progress. In the HDI ranking, economic development is measured in terms of human development and that is the case with the HDI system. Human development includes health care, education and employment, among others.

Malawi's HDI value is 2014 value is 0.485. The country's global position was from 174 of the 187 ranked countries in the year 2014. Life expectancy in Malawi is 63.9 years (compared to 1996: 53.22), the country remained in the same position in the ranking since 1996. Life expectancy mainly the result of the low reduction in poverty and minimal improvement in the basic standard of living.

Source: Bertelsmann

In the core of gross domestic product (GDP), the country had a national debt of 37% in 2011, which has been steady to 37% until 2015 without a debt coverage. As a result, the foreign exchange reserves dwindled. Malawi is, as a result, a higher interest rate had taken and the Kwacha, the national currency, has been considerably devalued. The weak, non-exchangeable currency therefore affects the livelihood.

Malawi is among the big recipients of development aid from the sub-Saharan areas in Africa. Malawi's economic growth has been considerably hampered by the lack of foreign currency. Since the 1 billion amounts aid that is increasingly being paid directly into the government projects after Congress. Due to the direct lack of Kwacha, Malawi has a high financial dependency which, especially compared to other African developing countries.

Malawi regularly deals with natural disasters, such as hurricanes, floods and droughts that always ensure that the country's economic development is hampered. Malawi's economy is very vulnerable, especially in rural areas, where 85% of households live below the poverty line. Malawi's economic growth was 6% in 2007, but the population growth was 2.4%. The average income per person was $330 per year. The planned 6% country is 1.700 plans among the 180 ordered countries. Due to the lack of foreign currency, Malawi is dependent on foreign investments and development aid. Malawi is very hard and the fluctuating, sometimes economic high food prices on the other hand, this is constantly declining entrepreneurial and consumer confidence. Due to the lack of inclusive economic growth, the income inequality in Malawi is very high. The availability of food, however, has been quite. The population grows at 2.6%.

Food security	Housing	Healthcare
Sahlq: sufficient adequate	insufficient adequate	insufficient adequate
N % 0.1 0.7	52.1 47.9	51.2 48.7

In terms of service financial distribution, the transport and social sectors have the largest size in Malawi's economy. The GDP share of the agricultural sector is 35% and provides 85% of the population access to jobs. Malawi's economy is therefore based on services and agriculture and has a low level of industrialization. There is even de-industrialization. Employment in industry has therefore been reduced from 10% to 5% in the last decade. Although Malawi has a lot of potential for economic boom, infrastructure investments have been proposed in the context of the National Development Fund. It has also been sought to increase productivity in agriculture in order to be able to take over the production of food. The 2012 economic recovery plan aimed to improve infrastructure and macroeconomic stability by:

- to invest in infrastructure, especially in the energy and transport sector and to expand it in a sustainable manner;
- invest in economic transformation by developing agricultural production, processing agro-products and improving water infrastructure.

Agriculture is the main sector with the biggest contribution to growth, with agriculture remaining the key sector for employment.

Whether the service sector, which normally requires more skill, is able to take over the developing sector in the near future remains to be seen. It is likely that if more technical and informal sectors, which most of the unskilled workforce are, will take over some of the services.

Agricultural activities

Agriculture

The agricultural sector is the mainstay of the country's economy, but it is underdeveloped and has been hit by the economic crisis in recent years. The sector accounts for a third of national production, employed more than 80% of the workforce in 2010 and contributed 85% to export earnings. The sector is dominated by smallholders who produce food crops for subsistence and sell surpluses. Agriculture has potential for productivity due to land resources and opportunities. Agriculture remains vulnerable to weather-related shocks, such as drought and floods, and to pests and diseases. Malawi's crops can be their food crop and tobacco, but cash sugar as a market crop.

There are several important factors that negatively affect the agricultural sector in Malawi. Malawi's land is very fragmented, which makes it difficult to apply to agricultural flows, collaborated and benefits of economies of scale. Lack of mechanization, little crop diversity, lack little to the markets, high transport costs, lack of marketing financial organizations, poor quality control and lack of information.

Source: Malawi

As shown under 'powers', a 1 ha of corn, apart from operating costs, will yield no more than $100 US, while multiples are spent on. Farmers in Malawi are therefore poor and farmers in Malawi are their businesses as unprofitable. Low level to small despite long working hours. Farmers are also hard hit by the lack of foreign currency, which means that they can not import fertilizer and pesticides in a timely fashion. Rice and cotton are crops with which farmers through marketing cash can be cultivated with sisal. Only 'sweet potatoes and dove peas that are also a broken cover. Heterogenic labels more than 50% of the agricultural production. Cassava, maize, millet, sorghum, potatoes, beans and groundnuts are important crops. Especially running or planting of coffee with confirmed coffee is of the benefit. Yields. In addition, irrigation agriculture allows the farm to yield substantially much more with intermediate and alternating cultivation with less labor costs.

Livestock farming

Livestock farming opportunities in Malawi but animals to care by. Usually daughter animals. Research shows that 50% of households had chickens, Goats 17%. The herd was consisted of large 0% and cattle 7% that are usually cared for by

Source: Malawi Bank

Horticulture

A 2015 International Labour Organization analysis of the horticultural sector in Malawi showed that it employed 1.5 million people, of which 1 million were women. Horticulture is a labor-intensive, low-yield and product quality. Due to weak logistics in the transport chain, farmers were excluded from lucrative markets, including in the processing of crops and exports.

For all agricultural actions, it appeared that government measures, such as support education, tenable agricultural research and Grant for agricultural pioneers were not carried out, they. there is a lack of initiatives is related to the manufacturing industry and an open market that can contribute technologically to developing the sector.

Migration

Due to the low agricultural yields and the rapidly growing population, food insecurity and poverty have existed in Malawi for decades. For many rural households, that was a forced reason to look for cash income. Migration has been a survival strategy for many people in Malawi. In the period between 1911 and 1966 was estimated at 20% of the time. Locally economic. This, due to the migration, has forms of income temporarily related, has been to the begging agricultural foreshadow. Migration to the mines in Zimbabwe, South Africa and Zambia was very high. Many people in Malawi regards one island in Malawi usually worked on the large tea, tobacco, sugar and coffee farms and plantations supporting farms. Migrants also focuse such as mining in South Africa, Zimbabwe and Zambia.

In the late seventies, after a relative peace in South Africa, work was mainly done in Malawi and the cost was taken home as earnings. The trade alliance concerned the entire population and not only the migrant workers. Migration was therefore a family decision and was expected to deal with the low economic opportunities and lack of money.

The steady migration of unskilled people from the countryside to the city is estimated at 14,000 today. Many people in Malawi are looking for a better life in the city and are leaving their families behind. Due to the lack of education, knowledge, few employment compared to the high labour supply, they have no opportunity to participate while they are now dependent on others for their livelihood resulting in poverty and hunger. Many people are therefore forced to return to the countryside. Malawi has the ability to discourage migrations from rural to urban areas. Research has been done on the reviews of the Malawian government's policy on migration. The study showed that the government has had mainspread to an urban area in 2015 Households. The main reason was the uncertain agriculture and the lack of employment. The study also showed that 25% of the respondents had left their children at home. Rural areas in the Malawian Government's 25% of the respondents had left their children at home. Also striking that debts with rural households were taken to encourage members of the household to leave for work in the city. The study also showed that 25% of the respondents had left their children at home the rural family left for an urban area increased to a decreasing amount of the time. Migration needed more physical or mental help. During the study, it was also recognized that young people from the rural areas are more likely to migrate than people from the urban areas. The study also showed that rural under-aged working young people had a strong impact on the country's economy and had been so helping rural friends find income and housing.

In the Government's policies, it is concluded that people should stay in their place of origin. Their absence causes disruption in rural communities and contribute to which children, women and older people are dominant due to age, gender and economic dependency. During their absence, the family from the rural area is left behind with the responsibility of the farm. The study also showed that 25% of the respondents had left their children at home and by extending the working hours. Although there is a suggestion that the migration of young adult people contributes to the family income, the study also showed that 25% of the respondents had left their children at home. However, migration in some areas is so great that there are not enough men to maintain the fields and to repair huts, grain storage and fences. Sometimes collective work in Malawi is therefore no longer possible.

Agricultural work in traditional agriculture remain unchanged, but the combination of the family and joint family work enables families to maintain themselves in a self-sufficiency. However, given the high number of working hours, the economic benefit is very low.

Malawi has also been done into the consequences of the migration, in particular on the rural centre in Malawi. The study showed that the migration of young people from the countryside has an amount of just increased per harbour Zambia. It turned out that Malawi with migrants physical and mental help and therefore compared to a household with a non-migrant and that it is expected to the rise of time.

Poverty status was determined by the poverty rate who living below the poverty line. The study showed that a household was considered poor if the total daily income was less than 1.90 per family member. The study showed that 25% of the respondents had left their children at home and that there is a clear difference between the two categories of households in terms of poverty.

The migration of the rural men to work in the wage economy for a short period of time therefore has a negative impact on the family and the farm. The study showed that 25% of the respondents had left their children at home. Children are left with the responsibility of the farm, which means that they are responsible for the agricultural activities of the farm, which means that they are responsible for the agricultural activities of the farm, which means that they are responsible for the agricultural activities

Unemployment and income

The sale of agricultural products on the market is important for the self-sufficient farm households as a supplement to their livelihood. Every year, the food requirement is estimated at the beginning of the sowing period. The supply to the markets are therefore surpluses in relation to what they retain for their own use. Because of the self-sufficient nature of farm households, white corn is the most sown as a national food product and is dominantly present. However, most poor farming households have too little arable land to exist and too little yield to meet their basic needs. In many cases, free arable land is available but the resources to cultivate, fertililise, sow and keep weed-free are missing. More and more, Malawian farming families are becoming aware that the intensive processing in relation to the yields is unprofitable and it is becoming more difficult to exist of their own agricultural production. Gradually, residents are therefore looking for paid work in the region, although crop production remains crucial for their existence. Consequently, the poor performance of the agricultural market will eventually affect the well-being of Malawian households. The general assumption that agriculture is central to the livelihood of rural households in Malawi must therefore be adjusted.

There are three key sources of off-farm employment: temporary work, wage labor and domestic work.

Due to the lack of employment in agriculture, especially during the dry season, there are few opportunities for job seekers from farm households. In case they must accept any form of temporary work as a source of income. As a result of the demand for labour during the sowing preparation of fields, several members from farming families have temporary work outside the farm for a minimum wage. The income from it makes up the bulk of the income of most farming households; three quarters of farming families derive more than half of their annual income from sources outside the farm. A few find permanent employment in agricultural production, processing and sales for about $2.50 per day. For most poor farm households, it is unlikely that agricultural yields, including the co-income, will get them out of poverty because these forms of labor are usually poorly paid.

There is also a need in the cities in Malawi to look for a form of income in order to survive and that controls the entire urban society. Job seekers are looking forward to paid employment or are busy starting a one-man business, especially at the beginning of their working lives.

The average annual net income per capita doing non-agricultural work is about four times higher than the income of a farming family including co-income although that is difficult to compare.

In urban areas there is also employment for domestic work in the broadest sense of the word and for domestic services with private households. The average net income here, too, is about four times higher than the income of the farming families in the countryside.

Inflation

If you have to believe the media headlines in Malawi, the country is doing well economically. This raises questions because the income per head of household is currently statistically lower than in the seventies. The reality is that there is a contraction due to the strong population growth, the national debt position, the unbalanced balance of payments and the shortage of foreign exchange reserves. The observations must therefore be relative because Malawi is still one of the poorest countries in the world and the number of extremely poor has increased.

Under the eye of the world, Malawi has become a major recipient of development aid from 1980. The systematic money transfers of wealthy countries, respectively the World Bank, consist of loans and grants. In the first case, it concerns money loaned under favorable conditions such as low interest rates and often also for a longer period than is usual in commercial markets.

The grants are intended to fund earmarked projects. The existing mindset about these cash flows is that loans must be repaid in the future and subsidies are seen as free resources. In practice, subsidies are often used for other purposes because reimbursement is not necessary and is less sensitive in budgetary terms.

Despite the favorable loan conditions and the many remissions, repaying loans by incompetent management is a debacle. The repayment even has a decisive influence on the government's balance of payments because the money in foreign currency is not there. Usually the loans are repaid after special taxes and by devaluing the Kwacha at the expense of the residents. Due to the high inflation as a result, about 30% annually, a lot of capital evaporates without the population having been able to benefit from the transitions because they are included in the government budget. The devaluation of money inhibits the development of the country, suppresses the community and prevents the pursuit of economic independence. As a result, the government is also the direct cause of the impoverishment in this case.

Growth and Development Strategy III

On March 13, 2018, the Government of Malawi published its *Growth and Development Strategy MGDS III 2017-2022*. It formulated policy to gradually achieve a productive, competitive and resilient Malawi. The ambition was based on the United Nations Millennium Development Goals, the *United Nations Millennium Declaration.* The MGDS III was an adjustment, because it had been shown that measures against extreme poverty and hunger, the quality of primary education, gender equality and the care of mothers had received insufficient attention in this for a long time.

The comprehensive plan also included developing sustainable agriculture and economic growth, including the development of industries, energy supply, infrastructure, water management, climate, environmental management and population challenges. To implement the plan, all Malawians were called upon because the transformation required a change of mentality, a more effective governance system, improved public sector performance, more dynamism from the private sector, development of human capital, better infrastructure and ecological sustainability. However, guidelines, goals and objectives that were necessary in the implementation were missing. For the financial coverage, macroeconomic data had been used including an assumed additional revenue from domestic resources (+23%). Although that intention is a de-saming of domestic economic activities, growth of 7% was nevertheless expected. This was considered possible if foreign donations and subsidies were maintained by 28% of gross domestic product (GDP). Also, a budget overrun of $1.2 billion was held accountable despite the frequent devaluation of the Kwacha and the negative economic indicators.

In January 2021, the government launched an addition to the MGDS III, the *Malawi 2063 Vision* with the aim of *"...as a god-fearing nation, safe, democratically mature, ecologically sustainable, self-reliant with equal opportunities for all, with social services, with vibrant cultural and religious values and with a technologically driven middle-income economy..."* to transform the country into a rich, self-reliable and industrialized country with higher middle incomes. The intention was in fact a form of poverty reduction due to the unbalanced population structure, the lack of prospects and the high youth unemployment. Because in the long run there was fear of an unstable society, the government felt compelled to take measures to offer young people in particular a perspective by offering them a meaningful and productive life in a skilled and healthy manner. The costs for this would be covered by the commercialization of agriculture, industrialization and by urbanization.

When MGDS III was released, an extensive list of projects was added that donors could choose to contribute if desired. Policy and coordination were lacking. The impression is that that list of plans was created by political interference and patronage; not much more than a wish list.

By using measurement data from the past from a macroeconomic instability and combining it with assumptions, a disorder arose immediately during the execution. In a financial sense, this had to do with, among other things, the shortage of domestic resources that were estimated too rosy and its dependence. Also, due to insufficient donor support, a number of planned programs could not be implemented and caused a gap in the government budget. There were also delays in implementation. A number were terminated due to lack of knowledge and leadership, insufficient partner support and logistics problems. Due to coordination problems, it also appeared that large wastes gradually arise within the different ministries and departments, often because the work was at different stages with result-oriented approaches.

Below is a reference to a project from the appendix on developing employment for young adults in various cities. This project was given a high priority after the appearance of the *Malawi 2063 Vision* because of the worrying number of young unemployed. As usual, the needs are convincing, but nothing has been recorded about the implementation so that the project becomes corrupt as a plan. These are 17,000 new jobs and 6,000 companies that are not there and due to the absolute lack of domestic demand and education, cannot be created meaningfully in the long term either.

Karonga, Likoma, Mzimba, Nkhata Bay, Rumphi, Kasungu, Mchinji, Chikhwawa, Neno, Phalombe, Thyolo	
OUTCOME: SKILLED AND EMPOWERED YOUTH POPULATION	
PROJECT NAME: JOBS FOR YOUTH	
PROJECT DESCRIPTION The Jobs for Youth project seeks to economically empower young women and men for improved employability in decent work and sustainable entrepreneurship in the country.	**PROJECT OUTPUT** The project is expected to create an estimated 17,000 jobs and 6,000 businesses for the youth.
PROJECT OBJECTIVES To address youth employment issues by fostering entrepreneurship and job creation.	**STRUCTURE OF PARTNERSHIP** The project will be will be coordinated through the Ministry of Labour, Youth and Manpower Development. It will be co-financed by the Government of Malawi and African Development Bank/
PROJECT LOCATION The project will be implemented nationwide targeting University and Community College graduates to encourage entrepreneurship.	**ESTIMATED COST OF THE PROJECT** The total cost is MK 9,180,000,000 (US$12.24 million of which US$1.74 million is a grant).

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