About Malawi

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Poverty

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Poverty, an introduction

According to economists, there has been no noticeable economic growth in Malawi since the 1980s. They attribute the cause to the minimum harvests because of the erratise rain patterns and regular floods. That is certainly the case in the ecologically vulnerable south, but there is also a historical and social cause that has been influential: the colonial repression and the merger of nine indigenous tribes that now make up the country. After independence, the many government agencies proved unable to provide resources and opportunities to improve the standard of living and the mental well-being of the population due to incompetent management, corruption and selfishness in an awkward state state. In the liberal 1980s, strangle agreements created huge debt and followed for decades of drastic cuts in the public sector.

Due to the centuries of material limitations, psychological pressure and exploitation, a form of resignation has now emerged everywhere in Malawi to what it is today: a lifeless society in poverty, without self-confidence.

Situation

Statistically, more than half of Malawi's population lives far below the subsistence minimum and has been used to the annual food shortage and the lack of other basic necessities for centuries. Dick Wittenberg, former foreign editor of the NRC Handelsblad wrote visually about how the three hundred villagers of Dickisoni in Malawi survive poverty....

(https://decorrespondent.nl/2919/zo-ontsnap-je-aan-armoede-in-het-armste-land-ter-wereld/47b173c8-164f-0b1f-2ad2-99e7f127f693#:~:text=Welvarth%20is%20not%20normal.,in%20the%20year%202000%20stolds)

Poverty is more than having little money. It is also sleeping on the floor, wrapped in a cloth or blanket. Not having enough to eat. Possess two pieces of worn, washed or torn clothing. No basic necessities such as salt, matches, cooking oil and soap can be bought. No writing utensils. Not being able to go to the doctor. Not being able to send children to school. Spend what you earn right away, day after day. Have no choice, no perspective.

In terms of prosperity, Malawi is ranked globally among the least economically developed countries based on the *Human Development Index* (HDI), partly due to:

Economy

Due to the lack of minerals and the lack of a seaport, Malawi has never been able to develop into an economically independent nation. Malawi's economy is based on agriculture with a very low level of mechanization.

Agriculture

The small farms are self-sufficient without any form of mechanization. Corn is the main food crop. In a concrete sense, the neglected agricultural sector is a legacy of the colonial past, when colonial rulers destroyed old self-sufficient agricultural systems in favor of tobacco, tea and sugar cane production for European customers. Internationally, those crops are of little significance and the reason that the country has little income from them.

Population growth

Many families have more children than they can afford financially. As a result, many parents fail to give their children enough food and raise them. Due to the limited national resources and development opportunities due to the high population, there are few future prospects for young people.

Youth unemployment

Unemployment among young people is very high. The majority of the unemployed in Malawi are productive young people under the age of forty. As a result, instead of making a positive contribution to the growth of the economy, they are often a burden.

Mental well-being

Research shows that there is a higher risk of anxiety and depression in a food-insecure household. Included the annual recurring hunger period in Malawi, the lack of perspectives also affects mental well-being, including the issues of unemployment, poverty and inequality.

Illiteracy

A high percentage of the Malawi- population is illiterate. That has consequences when retriaining information, which would help them to run a business successfully. Higher educated people are usually employed and do not have those ambitions.

Energy sources

The amount of electricity that the state-owned energy company Escom generates is far below the amount of energy required. The unreliable energy supplies are partly the cause that industrialization and economic developments are lagging behind.

Road network

Although the road network is being improved with support from the International Monetary Fund, many areas remain poorly accessible. This makes it difficult to market agricultural and horticultural products. As a result, products are forced to be sold too cheaply or remain in the fields and rotted while there is a need to consume them.

ICT facilities

Due to the minimal ICT infrastructure, many information services are difficult to access, including access to online payment systems. Many residents and businesses cannot afford an internet connection due to the high costs.

Doing business

Maintaining a business is difficult in Malawi because obtaining loans or loans is complicated and interest rates are exorbitantly high. Tax collection is not consistent. As a foreign investor, acquiring and registering real estate is a big problem, as is trading across borders.

Corruption

Corruption is one of the main causes of poverty in Malawi. Acts of corruption are everywhere and affect efficiency in both the public and private sectors

Migration

Because of living in hopeless poverty, thousands of poor and hungry people migrate from the countryside to the cities in search of a better life every year. In the absence of housing, the migrants without resources end up in illegal settlements

NGOs

Due to their physical absence, the many dozens of aiding non-governmental organizations (NGOs) and private charitable foundations do not always have access to the spending of their charitable or philanthropic donations. The usually consumer donations in foreign currency are taken for granted. A consideration is not required and that is partly the reason that there are no incentives to encourage economic growth locally.

Food insecurity

It's not yet harvest time in Mitundu, in the outskirts of Lilongwe, but village chief Lukwa's corn harvest already looks dry and immature. The village chief fears he will not be able to feed himself and his five children this year despite having hired loose workers to cultivate his land. He suspects he will have to ask for support from some of his children who work abroad. Lukwa is one of the 1.4 million small self-sufficient farmers who have used the *Farm Input Subsidy Programme (*FISP). He himself is not in favor of not being dependent on it. It had shown to him that there was always randomness when the award was awarded. "For example, when government officials are told that 50 people in the village need a subsidy for fertilizer and only 20 coupons are left behind at the end of the day, the rest feels sidelined," he says. The old system was better when the agricultural inputs were distributed through farmers' organizations. 'My own cousin was convinced that I was corrupt, because I had not given him a receipt'. 'The issue was only resolved last week'. 'A village chief nearby was even abused by his fellow villagers for the same reason.'

According to the World Food Organization, 130 kg of corn per person per year is consumed in Malawi. It is assumed that 2,470,000,000 kg [19,000,000 inhabitants x 130 kg/p.p.] consumption corn is required annually without a hunger period. The Foreign Agricultural Service as part of International Production Assessment Division reports for 2022 that 3,510,000,000 kg has been harvested on 1,790,000 ha of arable land with an average yield of 2,000 kg per ha. Other sources also show that enough corn is harvested to feed the population, but is apparently not available.

Fundamental rights

Fundamental rights exist in Malawi on historical grounds but can also be obtained by purchase in full ownership. It is not allowed for foreigners to acquire real estate in Malawi, provided they are in partnership.

Rights of use of land, so without property, can be assigned by a local *chief.* In the latter case, this happens without formalities, which means that that assignment can expire. It is therefore possible that families think they have land right while the fields have been forgiven or allocated to others by defig on the assumption that the original users no longer needed the land. In a practical sense, no home can be built on unused land if the plot is reserved for the *chief* as land manager.

However, a tenant also has no rights. A rented field can be cancelled for no reason. A higher lease may also be required if, for example, the field will yield more due to better fertilization. As a result, a tenant is always unsure whether he can continue to use the soil and that affects the quality of the arable land. An owner himself will use more fertilizer, compost and quality seeds so that crop yields are significantly higher than with tenants and informal land users. It partly explains the existence of richer farmers

On the other hand, a migrant can acquire property elsewhere or use land with the consent of the local *chief* to become self-sufficient again.

The self-sufficient farmers in the countryside

For generations, agricultural land in Malawi is transferred through hereditary structures. As the family grows, the farmland is parcelled again and again, so that most self-sufficient farming families in the south of the country are estimated to cultivate ½ hectares without machinery. Research shows that those families usually consist of more than 5 people and grow corn as the main food. However, because there is no intermediate cultivation, the rural population has to deal with an irreversible hunger period of 5 months from the moment their food supply is deplated. Its existence is the negative result of work-tusity and collective resignation as a result of exploitation. In reality, 63% of the population lives below the poverty line, according to the United Nations described as 'not being able to provide for basic necessities'. In monetary terms, that limit has been set by the World Bank at $1.90 per day/per person.

The profit or loss of the farm for a family of five has been measured by the yield of 400 kg of corn per ½ hectare with an average market price of $0.36 in 2022 about $144. Measured to the poverty line, the family should have $3,467 as income.

The future of the self-sufficient farmers

The profitability of small farms could theoretically be improved if farmers applied better farming methods, they were more efficient in the use of fertilizers and better protected the crop from losses due to pests and diseases. In that case, it is necessary to know how productive and profitable an area unit is on site, including the geographical context, soil quality, rainfall and temperature that determine crop and livestock productivity yield. Other factors that are important are the possible remote location that affects transport costs, the cost of fertilizers, seed and other operating costs. Because hardly any fertilizers have been added for decades, the farmland is generally depleted. Most fields need additional chemical and organic manure and other additives to improve quality and generate higher yields for years. It's hard to be precise about the potential profitability of farms, but it's not likely that the upper yield limit is more than $200 per ½ hectare per year. We can conclude from this that even with very modest goals, small farms are not 'viable' when approached from the poverty line.

Due to the small size of the farm and the limited access to markets, it is therefore impossible for farming families to assume food security throughout the year. It is also unlikely that they can contribute within the community. Because the farms are too small to generate incomes above the current poverty line, there is the unreal question of what needs to be done to get above that. From that invitation there is a concrete answer. For $200 a year, that is not possible.

Income of a farming family of 5 people

Statistical corn yield is 1,000 kg per acre

Corn consumption per person per month 130 kg/12= 11 kg

Corn consumption per family of 5 p. per month = 55 kg

Living stock 7 months x 55 kg = 385 kg

For sale 1,000 – 385 kg = 615 kg

Family income 615 kg x K90 = K55,350 = €30

In reality, the farming families remain extremely poor every year with an income of €30 on an annual basis, while the subsistence minimum according to the World Bank (€1.90 p.d.p.p.) for a family of 5 people should be €3,500. The bitter reality is that if there were money, it 'only' €40 is needed to feed the family of 5 people without a hunger period all year round without agricultural labor and operating costs [5 people x 130 kg/y x K90 = K58,500]. There is no money and therefore no choice. And giving up is not an option either. Even during the next harvest season, people will be exploited again and remain extremely poor without prospects.

Supposed returns from the farms

Statistical data from the area of Songani (southern part of Malawi)

Farm size of the farms in ha 0.56

Size of families, average 5.80

Average corn yield (t/ha), local varieties 0.74

Average corn yield (t/ha), hybrids 1.32

Average corn stock per family in months 6.90

Manure use on corn (kg/ha) 17.00

Total fertilised area of arable land in % 29.00

Primary education of family heads, in years 3.80

Yields and consumption of corn in kg

Statistical annual yield of corn per farm 0.56 ha x 2,000 kg = 1,120 kg

Statistical consumption of corn per adult person/per year 130 kg

Calculated consumption without hunger per month per household of 5 p. = 55 kg

Calculated, required consumption corn per year per family without a hunger period = 660 kg

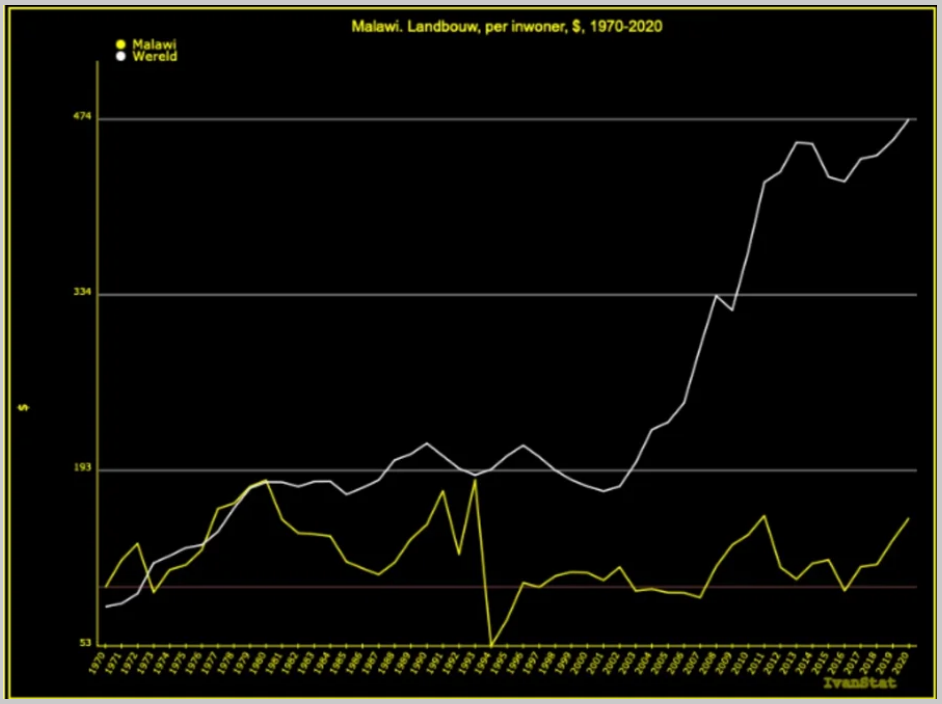
Calculated surplus of consumption corn per family/year (for sale) = 460 kg

In summary, it comes down to the fact that enough corn is harvested annually for the whole family per farming family.

Average annual yield in $ of all agricultural products in Malawi

	1970	1980	1990	2000	2010	2020
$ per capita	99.7	185.4	149.8	111.2	141.7	155

Comparative overview of the annual yield of all agricultural products in Malawi/world, calculated in $:



Urbanization

Due to the low economic opportunities and the rapidly growing population, food insecurity and poverty have existed in rural areas for decades. For disadvantaged, mainly young men, that is reason to migrate to urban areas in the hope of building an existence with perspectives there. The United Nations estimates the current migration rates at 6.3-7.0 percent per year, making Malawi the fastest-urbanling country in the world.

Arriving in urban areas, migrants face the lack of fundamental resources such as housing, food, energy, drinking water and sanitation. For housing, there is the possibility to look for a house under construction where a tenant monitors the building and all building materials and does household work. Girls are used as babysitters. Because fathers and mothers spend most of their time looking for work, they often take on the responsibilities of the mother. They do all the housework, including cooking, washing and taking care of their siblings.

Forced to do so, most migrants choose accommodation in a settlement outside the city. Due to administrative incapacity, those usually arise from the allocation of land by the local *chief* without an urban housing destination. In that situation, residents face inadequate facilities on a daily basis such as access to public services, health care, water and finance. It is estimated that ¾ of the residents live in unsuly dwellings, ranging from a brick cabin without facilities to cabins made of painted cardboard or plastic. Gradually, the settlements are growing and 'a city in a city' is created with facilities such as shops, cafes, restaurants, convenience stores, banks and community centers between a tangle of paths and litter.

In order to have cash for food, looking for paid work outside the settlements, the *townships*, is a major challenge. Every day, many thousands of people go in search of paid work in the commercial part of the city. Those who have found work there leave very early in the morning en masse on foot and make long days against minimum wage in competition against the oversupply of labor. Babies are born and become accustomed to the humiliating existence. Elderly people die who had long lost contact with their 'home villages'. The hopeless existence of the now hundreds of thousands of people in the overcrowded slums affects the mental and mental health of the deplorable third-ranking residents in their voluntary exile. Existence is a shameful proof of political inability to invest in the cause. The new family forms that arise again and again are therefore automatically linked to hunger, jealousy and resentment.

City farms

As in the rural villages, the farmers in the urban outlying areas are also self-sufficient. However, due to the large number of consumers, there is a greater need for crops and meat products here. Mainly corn, cassava and sweet potatoes are produced by the city farmers. After harvest, they are usually processed into flour, roasted or cooked in order to be able to sell conveniently for cash payment. Aside from corn, poultry and livestock, vegetables turn out to be the most profitable. Also root crops as an addition to corn consumption. Because keeping slaughter animals requires little space, breeding them is also lucrative. This makes the city farms the second most important source of income after formal work in a country with relatively few opportunities in the formal sector. The in itself prosperous urban agriculture is repeatedly disadvantaged by unregulated street and market sellers who are the main suppliers of seeds and fertiliser. Because the supply of contaminated fertilister and incomprehensive seed is common, the harvests are often very poor.

Logistics

After the harvest, the farmers usually have no opportunities to store, process and store the yields for a longer period of time. Especially because cash is needed for the family and the survival of the farm, a large part of the corn yield is therefore sold far below the market price, still during the harvest time. Because due to the oversughiply of corn, prices would be very low at that time, the government sets so-called *farmgate* prices annually. In 2023 that was $0.13 per kilo, but that was usually not paid and experienced as unfair.

Buyers usually have transport to pick up and store the bags of the newly harvested corn. After about six months, after the living supplies of the rural inhabitants have been consumed, the purchased stocks return to the market. From that moment on, corn prices as a main food product are rapidly rising. Characteristic of this annually recurring dynamic is that the producing farmers do not participate in the profits, the consumers pay the price and the buyers and traders seem to benefit from the price-boosting effect. Some of them, called *miimba (*'stingy'), have a wide variety of vegetables grown, inhabit a large house with western conveniences and radiate wealth.

Markets

Sales of food products are competitive throughout Malawi through markets. At the local day market, the market merchant pays tax, but reciprocally there are no provisions for the well-being of market visitors and control of food safety. Among the merchants in the neighborhood markets, it is common for tolls to be taken by the local *chief*, but food safety is not monitored here either. Cheaper food products are offered at the informal neighborhood markets. These markets are a social meeting place where people can do their daily shopping with an emphasis on cost, conviviality, convenience and news dissemination. It is also a place for barter, which helps to minimize the consequences of low income. On occasion, it is also purchased at transit nodes and from the farms. Supermarks in both rural and urban areas are surprisingly absent. The reason is that they are expensive as part of a foreign food chain.

Market prices of corn in Kwacha

Date south of Malawi

01-11-2022 466 437

01-12-2022 490 467

01-01-2023 493 470

01-02-2023 588 546

01-03-2023 666 637

01-04-2023 722 705

01-05-2023 490 479

01-06-2023 510 487

01-07-2023 557 525

01-08-2023 727 667

01-09-2023 740 695

01-10-2023 749 698

01-11-2023 794 730

01-12-2023 861 790

01-01-2024 982 900

01-02-2024 935 864

Farm gate price 2023 K500

Average purchase price K90

(K100 = €0,0548)

Development aid

Malawi has been dependent on multilateral donors for its income for decades and is vulnerable to internal and external influences. Revenue in 2017 was $1.3 billion, of which about 575 million is development money. Since 2013, the World Bank has been the largest source of funding for Malawi with about 45% of all loan payments. It is expected that the organization will remain financially important for one of the poorest countries in the world in the future.

Agreements have been made to giving and receiving credits and donations that should do justice to the intention and design of the assistance; in any case with the content that the funds disbursed must be used efficiently and effectively for the project and programme objectives. The initial intention was to keep the spending outside the government budget so that it could be better controlled. However, agreements were regularly circumvented in the execution of development projects due to political interference, widespread corruption, inadequate administrative capacity and bureaucratic opposition.

In 2012, a major corruption scandal came to light in Malawi. It was $250 million in disappeared government money in a country that is 40% dependent on development aid. A justification from Lilongwe was found in the motivation that the Malawian government was not obliged to levy taxes to get its money and it was therefore not necessary to be accountable for it. For the donor countries, that reasoning went too far and was reason to temporarily suspend financial support to Malawi.

As a result, more and more donations were paid out outside the government apparatus to prevent funds from being lost due to patronage and political and administrative mismanagement. A common diversion was the provision of direct aid through intergovernmental or non-governmental organizations for aid in kind such as food and medicine but outside the supervision of the Malawian government. Eventually, the repeated mismanagement led to punitive measures by withdrawing help or by suspension. Nationally, the measures had disruptive consequences. In response, the successive Malawian governments are blacing donor countries of neocolonial interference in domestic politics with the aim of forcing regime change.

In order to maintain their district as supporters, the MPs and councils in Malawi had an interest in development aid and a compromise was sought. In their response, they chose not to challenge the efficiency of the spending. It had to be about coming up with ways to redirect the financial resources to themselves and their favorite partners in consultation. With the motive to spend the donations more effectively through better coordination, a joint fund was established with the consent of the donor countries in which all donations were brought together to fight poverty in accordance with the provisions of international agreements. The purpose of the fund, an adjustment of the *Local Development Fund* (LDF), was therefore intended to prevent development aid from coming back into government structures. In addition, the government of Malawi had stipulated that projects could be carried out if they were part of the national policy measures. In anticipation, self-elected candidates were appointed to the highest positions. Solidarity was expected from officials to support projects defended by the ruling political parties.

Because of the country's political stability, peaceful society and consistent support for democracy, multiple donor countries have been calling for years to stop aid. The reasoning of the critics is that the country has been a grand- receiver of help for decades while there have been no signs of economic growth since the 80s. They point to the poor national governance, the poor infrastructure, the excessive dependence on the export of products with a low market value, weak political commitment to market reform and the investments without a consideration. With such factors, they say it is impossible to assess the effectiveness of development aid because the donations are still used in a detour to keep the government budget in order while the population of the country continues to live in poverty. The government of Malawi, on the other hand, points to the country's development deficit and persistently appeals to the moral duty of the rich Western countries to give money in the form of development aid.

A number of scientists believe that development money is the direct cause of extreme poverty due to corruption and the characteristic personality of the government and population of Malawi. They advocate ending development aid to get out of that vicious circle. Economists add that the donations as development aid have become hopeless and that justifies demanding counter-performance and coercive measures.

For Malawi, meanwhile, it turns out that development aid through corruption and wrong choices is a political, economic and humanitarian debacle. According to the scientists, the notion that structural poverty will disappear through assistance is a utopia in the merry-go-round of market disruption and even more help.

In fact, Malawi's successive governments have been unable to maintain or improve the standard of living and mental well-being of the population through policy for decades. What is the reason for that and what is the reason that 94% of rural residents live below the poverty line. All these years were the leaders more genetically depraved, incapable and the policymakers more lame? Or was the unlikely corruptive scality of the chief- system as a democratic-administrative legal form the reason? And what was the role of civil society and business in the existence of structural poverty? Did the lack of economic growth for decades and the bad outlook perhaps have to do with the lack of resources and opportunities? In a general sense, the existence of the squabering economy and persistent poverty certainly cannot be thought exclusively of the governing bodies and the business community without involving the dynamics in society and the popular nature. Then it is about the prevailing mentality, integrity, work-to-work, opposing initiatives and mutual jealousy

Assistance and charity

Malawi is not the country where all people are poor and pathetic. After all, there are also relaxed moments in collective poverty. Yet it is a country par excellence that many aid organizations refer to and ask to donate to 'help those people'. After all, for the emergency aid organizations, the existence of structural poverty is essential in order to survive as an organization. That is why many larger aid organizations with thoughtful advertising demand attention to mitigate existing poverty, but develop few initiatives necessary to combat poverty in the country. It remains as it is: farming without a two-wheeled tractor, a hospital without medicines, schools without educational resources, a village without a corn mill and a grandmother without a blanket. It involves receiving donations, inheritances, grants and providing emergency aid including media attention. By giving money, a visible hierarchical situation is created in case. The giver is upstairs. The other is subdued under. In addition, it is not necessarily necessary to investigate and combat the causes of poverty; it is only about the consequences. Charities do not know that hierarchical structure in giving and receiving. The one is able to give. The other can do nothing but receive. More precisely, in this system, actual poverty is necessary, but combating it is not the main goal.

In addition to emergency aid organizations, dozens of Western charity foundations are active in Malawi that aim to support disadvantaged communities from the basis of charity and compassion. In contact, the villagers can count on added knowledge and financial help depending on the objective of the charity foundation. In an interaction, well-founded needs are presented, after which the foundation boards look for financial coverage to finance the project. These can consist of donations from individuals and from business, sometimes supplemented by subsidies from the government and from emergency aid organizations. The system conceals compassion and a sense of shame as a Western obsession that help, in whatever form, is something good.

The charity-based help is not always undiscussed. The effort to establish itself involves high organizational costs, implementation problems and the fact that the foundation has to (forced) engage with forms of corruption. The assistance usually consists of small-scale projects of a temporary nature for, for example, free seeds, educational resources and building materials. Due to the nature of the help, the projects directly have a positive impact on the physical and mental well-being of the local population and of the community. Here too, fighting structural poverty is not a priority. In no case is a counterpart required in an effort to stimulate economic growth so that the community can develop further independently. Sustainable, more future-oriented projects such as small-scale industries, a beginning agricultural mechanization and market development are not topical.

In dependence, the cooperation of the community in the implementation of the projects is very large

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from the idea of benefit, unless the intention is c
However, once the assistance stops, starting with
because well-intentioned advice and agreements
'understood', donations have been lost or due to
and bitterness, but the country and the populatio

ontrary to local customs or from self-interest.
the charity foundation. Possibly disappointed
from a different world of thinking are not
lack of volunteers. What remains is misunderstanding
n are not pathetic with that.

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