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 minimal harvests due to the erratious 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, such as the colonial repression and the merger of nine indigenous tribes that make the country now up. After independence, the many government agencies proved unable to provide resources and opportunities to improve the standard of living and the spiritual well-being of the population due to incompetent management, corruption and selfishness in an awkward state. In the liberal 1980s, strangulation agreements created huge debts and decades of drastic cuts in the public sector.

Due to centuries of material limitations, psychological pressure and exploitation, a form of laxity has emerged everywhere in Malawi towards 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 livelihood and has been accustomed to the annual food shortage and lack of other basic necessities for centuries. Dick Wittenberg, former foreign editor of the NRC Handelsblad, wrote about how the three hundred villagers of Dickisoni in Malawi survive poverty....

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

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. Own two pieces of worn, washed or torn clothing. Not being able to buy basic supplies such as salt, matches, cooking oil and soap. No writing utensils. Not being able to go to the doctor. Can't send children to school. Famine. Spend what you earn right away, day after day. No choice, no perspective.

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

Economy

Due to a 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 concrete senses, the neglected agricultural sector is a legacy of the colonial past, when colonial rulers destroyed old self-sufficient agricultural systems in favor of the production of tobacco, tea and sugar cane for European customers. Internationally, these crops are of little importance 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 feed and raise their children sufficiently. Due to 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 in a food-insecure household there is a higher risk of anxiety and depression. Including the annual recurring famine period in Malawi, the lack of prospects also affects mental well-being, including the issues of unemployment, poverty and inequality.

Illiteracy

A high percentage of Malawi's population is illiterate. This has consequences when obtaining information, which would help them run a business successfully. Higher educated people are usually employed and do not have those ambitions.

Energy sources

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

Road network

Although the road network is being improved with the support of 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 rot 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 companies cannot afford an internet connection due to the high costs.

Doing business

Maintaining a business is difficult in Malawi because obtaining credits or loans is complicated and interest rates are exorbitantly high. Tax collection is not consistent. The acquisition and registration of real estate is a major problem as a foreign investor, as is trade 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 life in hopeless poverty, thousands of poor and hungry people migrate from the countryside to the cities every year in search of a better life. In the absence of housing, the migrants without means of subsistence 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. Consideration is not required and that is partly the reason that there are no incentives to encourage economic growth locally.

Food insecurity

It is not yet harvest time in Mitundu, on the outskirts of Lilongwe, but the corn harvest of village chief Lukwa already looks dry and immature. The village chief fears that he will not be able to feed himself and his five children this year despite the fact that he had hired loose workers to cultivate his land. He suspects that 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 Program (*FISP). He himself is not in favor of not being dependent. It had been clear to him that there was always arbitrariness in the award. “For example, if government officials are told that 50 people in the village need subsidies for fertilizer and only 20 coupons are left behind at the end of the day, the rest feel sidelined,” he says. The old system was better when 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 matter was only resolved last week.” "A village chief in the neighborhood was even mistreated by his 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 this requires 2,470,000,000 kg [19,000,000 inhabitants x 130 kg/p.p.] consumption corn annually without a famine period. The Foreign Agricultural Service as part of the 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 through purchase in full ownership. It is not allowed for foreigners to acquire real estate in Malawi, provided that they are in partnership.

Rights of use of land, i.e. without ownership, can be assigned by a local *chief.* In the latter case, this is done without formalities, which means that this allocation may expire. It is therefore possible that families think they have land rights while the fields have been forgiven or assigned to others by the dechief on the assumption that the original users no longer needed the land. In practical terms, no house can be built on unused land if the plot is reserved for the *chief* as a land manager.

However, even a tenant has no rights. A rented field can be cancelled without reason. A higher lease may also be required if, for example, better fertilization makes the field yield more. This situation means that a tenant is always unsure whether he can continue to use the land and this 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, with the consent of the local *chief*, use land 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 agricultural land is subdivided 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 a main food crop. However, because there is no intermediate cultivation, the rural population is dealing with an irreversible famine period of 5 months from the moment their livestock is finished. Its existence is the negative result of work lust and collective relensity as a result of exploitation. In reality, 63% of the population lives below the poverty line, described according to the United Nations as "not being able to provide for basic necessities".

The future of self-sufficient farmers

The profitability of small farms could theoretically be improved if farmers applied better farming methods, were more efficient in using fertilizers and better protected crops from losses due to pests and diseases. In that case, it is necessary to know how productive and profitable a unit area on site is, including the geographical context, soil quality, rainfall and temperature that determine crop and livestock productivity yields. Other factors that are important are the possible remote location that affects transport costs, the cost of fertilizers, seeds and other operating costs. Because hardly any fertilizers have been added for decades, agricultural land has generally been depleted. Most fields need extra chemical and organic manure and other additives for years to improve quality and generate higher yields. It is difficult to be precise about the potential profitability of farms, but it is not likely that the upper limit of yield 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 company and the limited access to markets, it is therefore impossible to assue food security for farming families throughout the year. It is also unlikely that they can make a contribution within the community. Because the farms are too small to generate income 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's not possible.

In reality, the farming families are extremely poor every year with an income of €30 on an annual basis while the subsistence minimum following 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, 'only' €40 is needed to feed the family of 5 without a famine period the whole year without agricultural labor and operating costs [5 persons x 130 kg/year x K90 = K58.500]. There is no money and therefore no choice. And giving up is also not an option. Also during the next harvest season, people will be exploited again and remain extremely poor without prospects.

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 household 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

Assumed return on farms

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

Farm size 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 household in months 6,90

Mertiler use on corn (kg/ha) 17.00

Total fertilized area of arable land in % 29.00

Primary education of heads of household, in years 3,80

Yields and consumption of maize 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 a hunger period per month per family of 5 p. = 55 kg

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

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

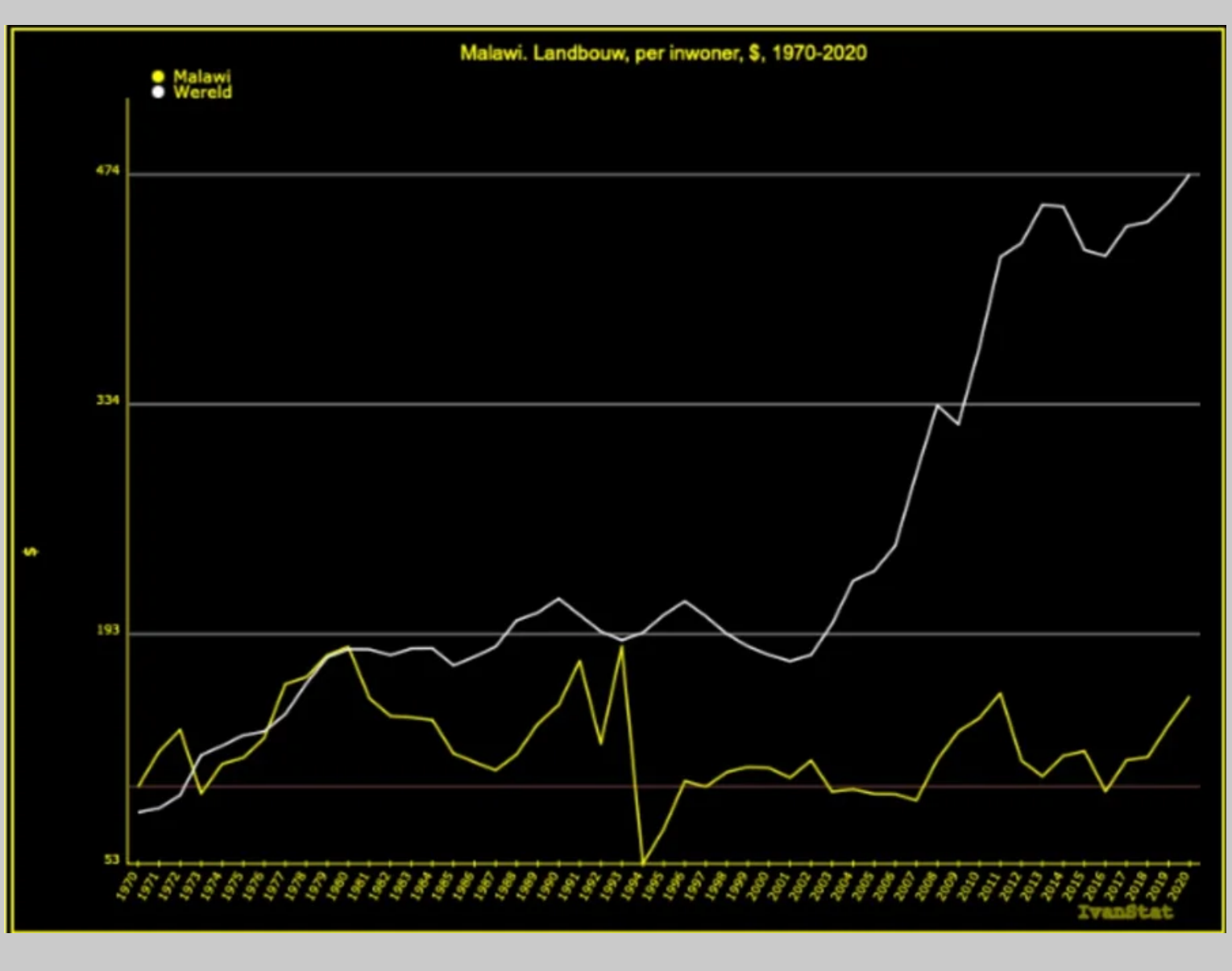
In summary, it boils down to the fact that enough corn is harvested annually for the entire family per farmer's family.

Average annual yield in $ of all agricultural products in Malawi

1970 1980 1990 2000 2010 2020

$ per inhabitant 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 $:



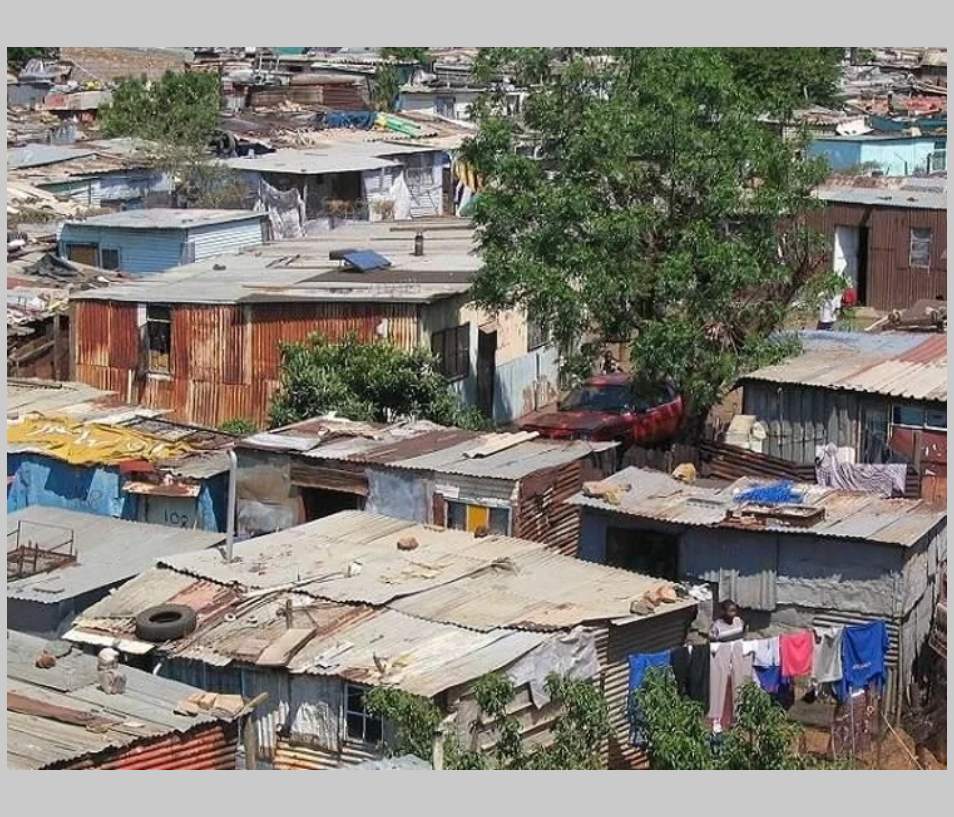
Urbanization

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

Arriving in urban areas, the migrants are faced with a lack of basic resources such as housing, food, energy, drinking water and sanitation. For housing, it is possible to look for a house under construction where a tenant monitors the building and all building materials and performs housework. Girls are used as babysitters. Because fathers and mothers spend most of their time looking for work, they often take on the mother's responsibilities. They do all the housework, including cooking, washing and taking care of their brothers and sisters.

Most migrants are forced to choose to shelter in a settlement outside the city. Administrative incapacity usually arises from the allocation of land by the local *chief* without an urban housing destination. In that situation, residents have to deal with inadequate facilities such as access to public services, health care, water and finance on a daily basis. It is estimated that ¾ of the residents live in defective homes, ranging from a brick hut without facilities to huts made of painted cardboard or plastic. Gradually, the settlements grow and 'a city within a city' is created with amenities such as shops, cafes, restaurants, local shops, banks and community centers between a tangle of paths and litter.

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 looking for paid work in the commercial part of the city. Those who have found work there leave on foot very early in the morning and make long days at minimum wages in competition with the oversupply of labor. Babies are born and automatically get used to the humiliating existence. Elderly people who had long lost contact with their 'home villages' die. 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-ranked residents in their voluntary exile. Existence is a shameful evidence of political inability to invest in the cause. The new family forms that keep emerging are therefore automatically linked to hunger, jealousy and resentment.



City farms

As in the rural villages, the farmers in the urban outskirts 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 boiled to be able to sell favorably against cash payment. Apart from corn, poultry and cattle, vegetables are the most profitable. Especially 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 prosperous urban agriculture is repeatedly disadvantaged by unregulated street and market sellers who are the main suppliers of seeds and fertilizers. Because it is common to supply contaminated fertilizer and inadomized seed, the harvests are often very poor.

Logistics

After the harvest, farmers usually have no opportunities to store, process and store the proceeds 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, even during the harvest time. Because prices would be very low at the time due to the oversupply of corn, the government sets so-called *farmgate* prices annually. In 2023, that was $0.13 per kilo, but that was usually not paid and perceived as unfair.

Buyers usually have transportation to pick up and store the bags of the newly harvested corn. After about six months, after the livestocks of the rural dwellers 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 share in the profits, the consumers pay the price and the buyers and traders seem to benefit from the price-raising effect. Some of them, called *miimba (*'vultures'), have a wide variety of vegetables grown, inhabit a large house with Western comforts and radiate wealth.

Markets

The sale of food products is 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. At the merchants in the neighborhood markets, it is common for to tolls be scount by the local *chief*, but here too no food safety is supervised. 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 costs, conviviality, convenience and news distribution. It is also a place for barter, which helps to minimize the effects of low income. Occasionally, purchases are also made at transit hubs and from the farms. Supermarkets 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 Malawi

01-11-2022 466 437

01-12-2022 490 467

01-01-2023 493 470

02-01-2023 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

02-01-2024 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. Revenues in 2017 were $1.3 billion, of which about $575 million was in development money. Since 2013, the World Bank has been the largest source of financing 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 the provision and receipt of credits and donations that must do justice to the intention and structure of the assistance; in any case with the content that the funds paid out should be used efficiently and effectively for the project and program objectives. The initial intention was to keep spending outside the government budget so that it could be better controlled. However, the agreements were regularly bypassed in the implementation of development projects by political interference, widespread corruption, insufficient administrative capacity and bureaucratic opposition.

In 2012, a major corruption scandal came to light in Malawi. It involved $250 million in lost 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 therefore it was 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 made outside the public service to prevent money 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 in-kind assistance such as food and medicine, but outside the supervision of the Malawian government. Eventually, the repeated mismanagement led to punitive measures by withdrawing aid or by suspension. Nationally, the measures had disrupting effects. In response, the successive Malawian governments are aclaiming the donor countries of neocolonial interference in domestic politics with the aim of imposing regime change.

To keep their district as supporters, parliamentarians 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 spending. It had to be about coming up with ways to re-guide the financial resources to themselves and their favorite companions in consultation. With the motive of spending 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 combat poverty in accordance with the provisions of international agreements. The intention 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 implemented if they were part of national policies. In anticipation, self-chosen 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, several donor countries have been calling for years to stop providing assistance. The critics' reasoning is that the country has been a major recipient of aid for decades, while there have been no signs of economic growth since the 1980s. They point to the poor state administration, 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 quid quid. With such factors, they believe it is impossible to assess the effectiveness of development aid because the donations are still being used in a detour to keep the government budget in order while the country's population continues to live in poverty. The Malawian government, on the other hand, points to the country's development backwardness and continues to invoke the moral duty of 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 patience of the government and people of Malawi. They call for the end of development aid to get out of that vicious circle. Economists add that donations as development aid have become hopeless and that justifies the demand for compensation and coercive measures.

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

In fact, for decades, Malawi's successive governments have proven unable to maintain or improve the standard of living and spiritual well-being of the population through policies. What is the reason for this and what is the reason that 94% of rural residents live below the poverty line. Were the leaders more genetically depraved, incapable and the policymakers more lame all these years? Or was the unlikely corropitive slut of the chief system as a democratic-administrative legal form the reason? And what was the role of civil society organizations and business in the existence of structural poverty? Did the decades of lack of economic growth and the poor prospects perhaps have to do with the lack of resources and opportunities? In a general sense, the existence of the faltering economy and the persistent poverty cannot be considered exclusively by the governing bodies and the business community without involving the dynamics in society and the popular nature. Then it's about the prevailing mentality, integrity, zest for work, countering initiatives and mutual jealousy

Assistance and charity

Malawi is not the country where all people are poor and pathetic. After all, there are also relaxing moments in collective poverty. Yet it is a country par excellence that many aid organizations refer to and ask for donations to 'help those people'. After all, for those aid organizations, the existence of structural poverty is essential to survive as an organization. That is why they ask for attention with thoughtful advertising to alleviate existing poverty, but few develop initiatives that are necessary to combat poverty in the country. It remains as it is: farming without a two-wheeled tractor, a hospital without a doctor, schools without qualified teachers, a village without a corn mill and a grandmother without a blanket. It involves receiving donations, inheritances and subsidies, including media attention. The money amounts come from generous donors in custody and are paid out under conditions. The social concern of aid organizations for third world countries has been outsourced to charitable foundations.

Meanwhile, hundreds of Western charitable foundations are active in Malawi that aim to support less-dowed communities out of benevolence and compassion. In contact, the villagers can count on added knowledge and financial help depending on the objective of the foundation. In an interaction, well-founded needs are presented, after which the boards look for financial coverage to finance the project. These can consist of donations from private individuals and businesses, sometimes supplemented by subsidies from governments and aid organizations. The system hides compassion and shame as a Western obsession that help, in any form, is a good thing.

By supporting projects, a visible hierarchical situation arises. The giver is above. The other stands subduedly under. In doing so, it is not necessarily necessary to investigate and combat the causes of poverty; it is only about money to finance projects. Charities do not know that hierarchical structure in giving and receiving. One is able to give. The other person can do nothing but receive. To put it more solly: in this system, actual poverty is necessary, but combating it is not the main goal here either.

The assistance by charitable foundations usually consists of small-scale projects with a temporary character for, for example, free seeds, educational resources and building materials. The implementation and operation of the projects, in this case in Malawi, is usually difficult and inefficient due to the physical absence of the organizers and the lack of local knowledge and guidance. The pursuit of establishing itself involves high organizational costs, realization problems and the fact that the foundation is (neforsiarily) to get involved in forms of corruption.

In dependence, the cooperation from the community in the implementation of the projects is very large from the profit idea, unless the intention is contrary to local customs or out of self-interest. Due to the nature of the assistance, the projects therefore have a direct positive impact on the physical and mental well-being of the local population and the community. No consideration is required for the and mental well-being of the local population and the community. No consideration is required for the assistance and financial support provided to encourage them to become economically independent. Sustainable, more future-oriented projects such as small-scale industries, an incipient agricultural mechanization and market development are not topical. The system of free money is therefore not sustainable in the long run. One day, the assistance stops, starting with the charitable foundation. Possibly disappointed because well-intentioned advice and agreements from a different world of thought are not 'understood', donations have been lost or due to lack of volunteers. The survival of a completed project in society is also not always self-evident as a result of neglect. The departure of the charitable organization therefore always causes misunderstanding and bitterness, but the country and the population are not pathetic with that.

In the absence of aid organizations, the residential communities are dependent on themselves. After all, they cannot expect help or government support from the resigning government, even in the long run. In general terms, many residents have given up hope for a better future and have become part of a lifeless society. On the other hand, there is a permanent need to survive and that forces everyone to do something. The initiatives that arise from them are essential for the livability and development of society. There is no objective picture of the degree of prosperity within the village communities and that cannot be measured by the existing facilities. These are usually the result of circumstances, such as crop yields, tourism and leadership. Also work ethics.

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