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# COUNTRY DEVELOPMENT COOPERATION STRATEGY (CDCS)

APRIL 2020 - 2025

APPROVED FOR PUBLIC RELEASE

## **PREFACE**

This Country Development Cooperation Strategy (CDCS) was developed and finalized in early 2020 as COVID-19 became a global pandemic and a rerun of Malawi's presidential election, ordered by the country's Constitutional Court, was set to take place in June 2020. USAID/Malawi will continue to monitor the potential impact of these factors and, if needed, the Mission will re-evaluate its strategic approach. The Mission will use the next Portfolio Review and/or the CDCS midcourse stocktaking, as well as any other Agency mandated COVID-19 reviews, to make adjustments as necessary and relevant.

## ACRONYMS

CDCS	Country Development Cooperation Strategy
CSO	Civil Society Organization
DO	Development Objective
GOM	Government of Malawi
IR	Intermediate Results
MEL	Monitoring, Evaluation, and Learning
NGO	Non-Governmental Organization
PEPFAR	President's Emergency Plan for AIDS Relief



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# I. EXECUTIVE SUMMARY

## MALAWI IN FOUR STATISTICS

As with so many countries in which USAID works, Malawi's development challenges are interwoven and inseparable. Like a tangled mass of interlocking string, pulling on one thread alone may help loosen the problem, but is unlikely to unravel it fully. As an Agency, USAID now recognizes that single-sector solutions designed to address specific deprivations will not necessarily move a country towards self-reliance. For example, improving the delivery of health services does not always create a more sustainable public sector. Getting more children in school doesn't guarantee future employment. And, providing food assistance may not increase the resilience of farmers.

Depending on the source of information, Malawi is typically ranked as one of the world's five poorest countries. The list of challenges is long; the tools to address the challenges are limited. Rather than recite a well-known set of poverty indicators, it is more useful to reflect on four statistics that encapsulate Malawi's reality. Number 1 – from a population of 3.6 million in 1960, to 18.6 million in 2020 (of which, 46 percent are under the age of 15), it is estimated that by 2040 there will be 33.8 million Malawians. Number 2 – of the 800,000 children who begin primary school each year, there will be 6 percent who graduate from secondary school and pass their final exam. Number 3 – for the foreseeable future, 80 percent of the population will be dependent on rain-fed subsistence farming for their survival, a precarious livelihood given decreasing access to land (one acre per family on average) coupled with increasing cycles of drought and flood. Number 4 – Malawi has one of the highest disparities between female and male achievements in reproductive health, empowerment, and economic status, ranking 148 out of 160 countries on the UN's Gender Inequality Index.

The Government of Malawi (GOM) is not blind to this plethora of poverty statistics. Commitment has resulted in the passage of new policies and laws to address the country's ills. Pulling back the curtain on the legal framework, however, it is clear that the capacity to implement and enforce these laws and regulations remains the government's Achilles' heel.<sup>1</sup> This lack of enforcement is exacerbated by weak financial and human capacity. Today, the government is unable to pay its once internationally renowned civil service corps a livable wage across the entire salary scale. This, in turn, fuels corruption and poor public sector performance. The private sector – replete with untapped potential – remains dominated by entrenched elites who stifle the business environment. Together, poor public and private sector performance has led to an increasingly undereducated and disenfranchised population, with one of the highest communicable, neonatal, maternal, and nutritional disease burdens in the world.

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<sup>1</sup> On Malawi's [2020 journey-to-self reliance country roadmap](#), 0-1 being least to most advanced globally, Malawi scores higher on Commitment dimensions (0.5 on Liberal Democracy, 0.65 on Trade Freedom, and 0.91 on Biodiversity and Habitat Protections) and lower on Capacity dimensions (0.38 on Government Effectiveness, 0.02 on Poverty Rate, and 0.13 on GDP per Capita).

## COUNTRY DEVELOPMENT COOPERATION STRATEGY (CDCS)

There is a growing body of evidence that Malawi's trajectory towards self-reliance is at a critical juncture. The confluence of weak government and economic capacity is coming to a head at a time when Malawi's population, with one of the lowest UNDP Human Development scores globally, is set to double in less than 20 years. Malawi's young and growing population, therefore, presents either a risk for instability or potential for a demographic dividend. If Malawi does not adequately address the needs of its youth – further compounding the proportion of undereducated, unskilled, unemployed, and disillusioned young men and women – then Malawi will miss its opportunity to harness the demographic dividend critical for increasing self-reliance. If, however, Malawi can provide opportunities for youth to develop their agency and assets, while contributing civically and engaging economically, then the trajectory of the country appears positive. This latter hypothesis can only come to fruition if: (1) the GOM builds its capacity to finance and deliver social services, demonstrates its commitment to accountable governance, and creates an enabling environment that can create jobs and build a more sustainable tax base, and (2) the private sector drives inclusive economic growth.

The complex, overlapping, and intertwined nature of Malawi's development challenges requires an integrated approach. The 2020 - 2025 CDCS will move away from identifying sector-specific challenges and take a more holistic approach to development that focuses on building long-term capacity and commitment for self-reliance. For example, Malawi's critical issues around youth, gender, governance, and resource mobilization impact all sectors and activities. Like many development problems in Malawi, there is no single place to "hang" these on a results framework. Each of these themes can negatively or positively affect all other sectors and must, therefore, be addressed by all. In order to work, this integrated approach requires joint program development, shared metrics, and cross-sectoral funding.

Given this context, USAID/Malawi has made strategic choices to implement an integrated, gender sensitive, five-year CDCS. The overarching goal is: "*A More Self-Reliant Malawi that is Gender-Equitable and Democratically Accountable.*" To help move Malawi towards greater ownership of its development challenges, USAID/Malawi has prioritized three Development Objectives (DOs):

1. Public sector is more accountable and effective at national and decentralized levels
2. Youth lead healthy, informed, and productive lives
3. Private sector increases inclusive and sustainable wealth generation

To implement the new CDCS in Malawi, USAID will partner with the interagency to leverage the full range of U.S. government development, diplomatic, and defense resources available to achieve development outcomes. There are no illusions among those working in Malawi that this five-year strategy will resolve the country's long-standing development challenges. It is expected, however, that this five-year vision can improve service delivery for all citizens, reduce some of the governance obstacles impeding development, and increase positive contributions towards sustainable economic growth. Collectively, these outcomes can put Malawi on a more positive trajectory for the future.

## STRATEGIC CHOICES

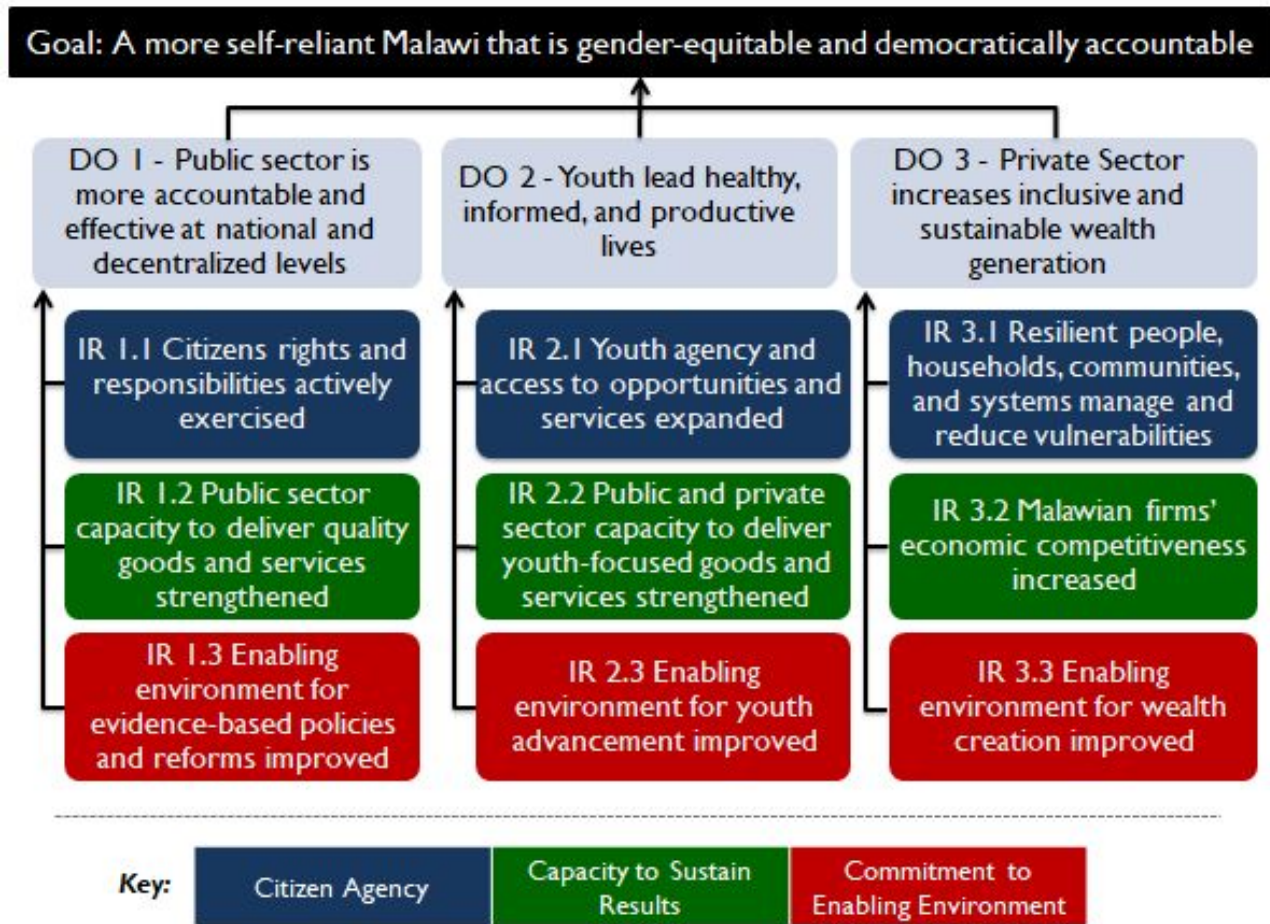
The U.S. and Malawi maintain a strong diplomatic relationship with close collaboration evidenced across a range of development sectors. Both countries belong to a number of the same international organizations and are largely aligned on international issues. Regarding security, the U.S. and Malawi have a long-standing and close military-to-military relationship. Further, the two countries share mutually beneficial, albeit limited and untapped, economic interests. As a heavily donor-dependent country, Malawi hosts the full range of United Nations actors and international partners. China established diplomatic relations with Malawi 12 years ago and has made its presence known through high-profile construction projects across the country and, in particular, the capital city of Lilongwe. More recently, China has increased its activities in the development space.

According to the U.S. Commission on International Religious Freedom, a commission that monitors the universal right to freedom of religion or belief abroad, Malawi does not qualify as a Tier 1 or 2 country of concern or as a country that needs monitoring. Malawi's Constitution includes a statement about the protection of human rights, including freedom of expression, freedom of thought, conscience, religion, or belief, and academic freedom (Chapter IV, Constitution of the Republic of Malawi). These rights are generally respected by the government.

As the largest bi-lateral donor, the United States is well-respected in government circles and retains access to technocrats and political appointees to advance common development priorities. The 2020 - 2025 CDCS will build on successful partnerships and programs, while also making significant adjustments in its development approach. Ten strategic principles – grouped into three broad themes – will underpin the new strategy. These themes are: 1) *broader partnerships* – to diversify the partner base and ways in which awards are made and managed, 2) *bolder selectivity* – to prioritize investments where there is greater commitment and ownership, and 3) *better approaches* – to bring innovative interventions to complex development problems. Through this approach, USAID/Malawi will focus energies on aligning itself with new local partners (including the private sector), invest where there is demonstrated commitment and political will for change, and use an integrated approach across sectors to untangle some of Malawi's most intractable development challenges.



## RESULTS FRAMEWORK



\*This CDCS was developed and finalized in early 2020 as COVID-19 became a global pandemic and a rerun of the presidential election, ordered by the country's Constitutional Court, were set to take place in June 2020. USAID/Malawi will continue to monitor the potential impact of these factors and, if needed, the Mission will re-evaluate its strategic approach. The Mission will use the next Portfolio Review and/or the CDCS midcourse stocktaking, as well as any other Agency mandated COVID-19 reviews, to make adjustments as necessary and relevant.



## II. COUNTRY CONTEXT

### SHIFTING POLITICAL SANDS

Turmoil is currently roiling the country stemming from the May 2019 election in which the sitting president won with approximately 38 percent of the vote. Demonstrators, fueled by widespread belief that the final results were inaccurate, have consistently turned out in the thousands to express their discontent. The Constitutional Court, siding with demonstrators and opposition parties, nullified the election in February 2020 and ordered a rerun. With the new election scheduled for late June 2020, the country is now holding its collective breath for the results

While the demonstration placards reflect dissatisfaction with the election process, political experts argue that the source of the discontent runs much deeper. Malawians refrain from using the word “tribal” to discuss their grievances, relying instead on the concept of “regional” differences. Residents from the northern region believe that their children are being purposely excluded from secondary schools and the promise of future jobs. Central Region farmers believe that the government is diverting food and agriculture assistance away from them to politically preferential areas, primarily in the south. The southern, and most populous region, has provided every president since the multi-party system was introduced in 1994. This increase in regional tension is new to modern-day Malawi.

When these perceptions of geographic marginalization are combined with the lack of jobs, fragile health services, limited education, and a burgeoning youth population, the country’s political and economic foundation – which rests upon a small elite – is now being pressured to change. Helping to fuel this call for change is an open, vibrant, and often sensational press that reports daily on the shortcomings of the government and political situation. Official agencies are called out for being corrupt. Legal and rights abuses are regularly tracked. Government performance is criticized. And, more and more Malawians are beginning to ask: Why are we still among the world’s poorest people? Civil society also operates with limited constraints, leading demonstrations across the major cities and appearing daily in the press to voice a variety of opinions. Concern remains around the limited capacity and number of professional organizations in the country.

### ALIGNMENT WITH MALAWI COUNTRY PRIORITIES

The GOM recently commissioned an extensive evaluation of progress made under “Vision 2020,” Malawi’s long-term development effort to move the country towards lower-middle income status. The evaluation results were public and critical. Malawi made insufficient progress across all identified priorities, with decisions and actions mired in bad governance practices that continue to undermine the country’s future. As the evaluation noted: *“Making an assumption during the crafting of a National Vision that there is (or will be) Political Will without appreciating the dynamics of that change (and identifying the real drivers of that change) has been one of the serious challenges towards the realization of Vision 2020 aspirations.”*

Some positive news: the task of picking up the pieces has fallen to a newly constituted National Planning Commission led by an energetic and visionary chairman. He has not only recognized the “transformational failures” of the past, but has focused energy toward a new narrative aimed at reducing donor dependency by “spearheading wealth creation for all” through a revitalized private sector. The Commission has also taken a more realistic timeframe (through 2063) and structured the vision on measurable progress. The President of Malawi has embraced this rhetoric: *“In five years we would like to be able to implement the national budget without support from donors. With proper planning, growth, and the expansion of our export base, we can achieve self-sufficiency.”* How the rhetoric translates into action will, of course, be the test of the new vision. To date, however, headway has been made in shifting the narrative and recognizing that dramatic social, economic, and political action will be needed if Malawi is to change its current trajectory. The new 2063 GOM vision under development, in conjunction with its *National Public Sector Reform Policy (2018 - 2022)*, *National Strategy for Adolescent Girls and Young Women (2018 - 2022)*, and *National Resilience Strategy (2018 - 2030)* – to name a few of the higher-profile efforts – all align well with USAID’s approach to self-reliance under this proposed 2020 - 2025 CDCS.

There are, however, two areas in particular where our respective governments do not align. The first area of friction stems from continual poor governance, including wide-spread corruption, that impedes or constrains development objectives. This is most notable in the private sector where a small group of elites conspire to maintain a stranglehold on private sector interests, creating little room for innovative entrepreneurs or incentives for outside investors. This small group of family- and business-connected individuals appear to have minimal interest in increasing the overall financial pie (to ensure greater growth for all Malawians) or creating an “open for business” environment that reflects principles of accountability and transparency. This presents a direct challenge to envisioning the private sector as the engine of wealth generation for all, articulated in both the country’s new National Vision 2063 and USAID’s self-sufficiency objectives.

The second area of divergence is around the role of civil society organizations. Non-governmental, faith-based, and trade organizations were all operating prior to independence in the 1960s as service-delivery entities. The advent of democracy, rights, and advocacy groups, however, is a relatively new occurrence. These first organizations coincided with the arrival of multi-party elections in the mid-1990s, following the end of President Hastings Banda and his 30-year reign. As government watchdogs, and often fiercely critical of government performance, these non-governmental organizations (NGOs) have been labeled at times as political opposition while subjected to intense political pressure and threats. Most recently, the government has undertaken reviews of Malawi’s NGO Act and NGO Policy. The proposed revisions are more constraining than enabling, especially in the context of registration, operations, and mandatory fees. This has triggered wide-spread concern among civil society organizations and donors. NGOs supporting service delivery are also not immune from government pressures. Donors, reluctant to directly support government budgets – given well-founded corruption concerns – have funneled greater resources to NGOs providing services to citizens. National and local government entities bristle at NGO independence and donor resource flows, while at the same time recognizing the need for their invaluable services. This can lead to a testy – and often tested – partnership.

## COUNTRY ROADMAP

Given Malawi's starting point in global development rankings, the journey to self-reliance will not be a sprint but rather likened to an endurance race. Even with strong political will, the basic building blocks for a resilient and self-financing government remain weak. With annual incomes less than \$400 per year, 90 percent of the population without access to electricity, stubbornly high birth rates, and declining land availability, development in Malawi needs a radical rethink and action plan across social, political, and economic sectors if it intends to make up lost ground between itself and neighboring countries. Malawi's journey to self-reliance roadmap 2020 captures well the deficit in capacity across the spectrum of government, citizens, and the economy. Commitment scores, while ranked higher than average, should be examined closely as adopted policies and legislation often fail to translate into adequate implementation. For example, while trade policies and the business environment rank well on the scorecard, corruption and capacity limit foreign investment and stymie business ventures. The Mission is in the process of designing a range of political economy analyses to build a better base of evidence to identify the individuals and pressure points needed to move commitment into action.

## TRANSITION PLANNING

USAID Malawi has approximately 75 different activities working to untangle Malawi's tightly knotted development challenges. Moving forward, the CDCS structure is being redesigned to fully cross-integrate programming to better reflect the multi-faceted nature of the country's problems. Achieving better education outcomes alone is necessary but not sufficient. Well-educated youth need to be healthy to work. Well-educated and healthy citizens do not advance without employment opportunities. Businesses need energy and investment to flourish and create jobs. Resilience improves when the right policy framework and resource management tools are in place. Collectively, progress depends on political will and governance decisions that advance development actions. By integrating technical sectors across development objectives, the Mission will work with the government and people of Malawi to address problems holistically, across the full range of investments to support a positive change in the country's trajectory towards self-reliance.

Based on the range of challenges described, this five-year strategy does not envision dramatic and immediate changes for the country. The objective in the given timeframe is to help the country turn away from the current donor-dependent model and move closer to its vision of self-reliance. Three areas in particular that will receive greater attention to achieve this: (1) supporting private sector development, while enhancing the enabling environment for sustainable local, foreign, and U.S. business investment; (2) improving governance and service delivery, with an increased focus on anti-corruption and testing government-to-government assistance where commitment to accountability exists; and (3) increasing local partners and civil society capacity to take the lead in addressing Malawi's development challenges. Along with this CDCS, the inter-agency is revisiting the *Integrated Country Strategy* in early 2020 to ensure full alignment of diplomatic, development, and defense objectives. This includes an increased emphasis on governance issues and private sector development.

### III. STRATEGIC APPROACH

#### THE U.S. RELATIONSHIP WITH THE GOVERNMENT AND PEOPLE OF MALAWI

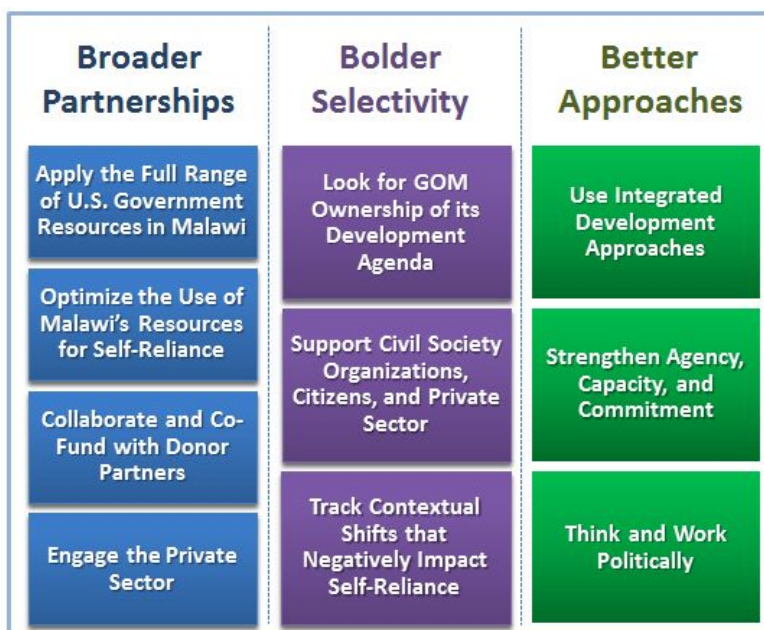
The U.S. first established diplomatic relations with Malawi in 1964, at the time of independence. Following Malawi’s transition to a multi-party democracy in 1994, the U.S. government strengthened its bilateral relations to advance health, education, agriculture, energy, and natural resource management priorities in the country. The U.S. government and the GOM collaborate closely across all key development sectors at the national and local levels. Because the bilateral relationship is built on mutual partnership and respect, the U.S. government has full access to GOM civil servants and political appointees. Malawi and the U.S. also belong to a number of the same international organizations and are largely aligned on international issues. Regarding security, the U.S. and Malawi have a long-standing and close military-to-military relationship. Further, the two countries share mutually beneficial, albeit limited, economic interests. Malawi exports tobacco, tea, sugar, nuts, coffee, and apparel to the U.S., while in turn the U.S. exports pharmaceuticals and small electronics to Malawi. U.S. companies also have investments in Malawi’s agriculture, tourism, retail, and power sectors.

#### STRATEGIC APPROACHES

USAID/Malawi’s 2020 - 2025 CDCS will build upon the strong partnership between the U.S. government and the GOM to support Malawi on its journey to self-reliance. Broader partnerships, bolder selectivity, and better development approaches will underpin the CDCS implementation, as encompassed by the ten strategic principles below.

**Broader Partnerships** - *diversify the partner base and ways in which awards are made and managed.*

I. Apply the Full Range of U.S. Government Resources in Malawi: While USAID has the largest footprint in U.S. Embassy Malawi, the Mission will collaborate closely with State, PEPFAR, the Centers for



Disease Control, Department of Defense, Peace Corps, the Millennium Challenge Corporation, and other interagency partners to leverage resources and use the full range of diplomacy, development, and defense tools available to promote the U.S. government’s foreign assistance objectives in Malawi.

2. Optimize the Use of Malawi's Resources for Self-Reliance: USAID/Malawi will focus on building the capacity, commitment, and resource generation of the GOM, citizens (particularly youth), CSOs, and the private sector. Examples include using diverse incentives such as challenges, co-funding, co-creation, direct government-to-government support, and strategic advocacy to empower Malawians in their own development. Malawi will be better positioned to minimize donor reliance in the next two to three decades as these entities increasingly plan, finance, and implement the country's development priorities.
3. Collaborate and Co-Fund with Donor Partners: USAID plays a leading role across the international donor working groups to promote policy reforms and best practices around shared objectives. This leadership has resulted in other donors providing significant funding to expand USAID programming. The ability to lead and leverage resources in Malawi not only reinforces the U.S. government's position as the largest bilateral donor, but recognizes USAID technical staff as thought leaders in their respective areas of expertise. As the Mission moves towards a more integrated strategy, it is expected that staff will play a greater role in donor coordination in additional areas – including youth and gender – where the U.S. voice has been absent or taken a secondary seat. Strong multi-donor and embassy coordination, including the ability to speak with one voice on tough policy reform issues, will be required in the new CDCS.
4. Engage the Private Sector: Under DO3, USAID/Malawi will apply the Agency's Private Sector Engagement Policy and Action Plan, liaise closely with the Embassy Prosper Africa "Deal Team," and use market-based interventions to engage, attract, and strengthen a more diversified group of private sector actors, whether as beneficiaries or potential partners. The Mission will prioritize new and underutilized partners per USAID's New Partnership Initiative. The Mission will undertake a set of private sector political economy analyses to build the capacity of staff and partners to think and work politically. Although somewhat limited, USAID's past work with emerging Malawian-owned businesses has been successful, evidenced by increased productivity and market competitiveness. Despite limited private sector growth, there are a range of opportunities for improving the business enabling environment, avoiding or removing policies that stifle private sector growth, and proactively preparing for the millions of youth entering the marketplace in the next decade.

**Bolder Selectivity** - *prioritize investments where there is greater commitment and ownership.*

5. Look for GOM Ownership of its Development Agenda: USAID will seek out and prioritize investments where Malawi commits resources toward its own development. While coordination remains good with government counterparts, more can be done to strengthen the GOM/USAID partnership. This includes jointly identifying necessary reforms, ensuring government ownership, and working towards self-financing those objectives. The new CDCS strategy will:
  - a. Define Clear Policy and Governance Reform Targets: USAID/Malawi will work with the GOM to fully define and agree upon the most important policy reforms required to advance common development objectives. Once determined, USAID will include clear language around

- expectations in its bilateral agreements; revisit its cost-sharing agreement with the GOM; and use targeted government-to-government performance-based agreements.
- b. Enhance GOM Ownership and Local Problem-Solving: USAID/Malawi will engage a wide variety of relevant stakeholders throughout USAID's program cycle, for example, engaging external stakeholders in the design and procurement phase; establishing subject matter advisory groups; and standing up multi-stakeholder steering committees.
  - c. Catalyze Financing for Self-Reliance: USAID/Malawi will continue to support local and national domestic resource mobilization efforts, deepen relationships to attract private sector financing, explore alternative financing approaches, and support efforts to increase the efficient use of existing resources.
6. Support Civil Society Organizations and Citizens: USAID/Malawi will prioritize identifying and working with civil society actors well-positioned to advance Malawi's development over the longer term, as well as those who will create accountability throughout society and government. On the demand side, USAID's investments will continue to help citizens exercise their rights and responsibilities, encouraging greater engagement in decision making, oversight, and advocacy. On the supply side, USAID resources will strengthen government institutions to reform the civil service, support decentralization, and design and implement evidence-based policies.
7. Track Contextual Shifts that Negatively Impact Self-Reliance: Over the life of this strategy, USAID/Malawi may need to adapt if significant contextual shifts occur. A robust collaborating, learning, and adapting platform will help strengthen how contextual shifts are recognized; applied adaptive management approaches will prompt programmatic changes to respond to the shifts. At the time of CDCS development there were three potential concerns on the horizon.
- a. Trafficking in Persons Status: In 2019, Malawi was downgraded to the Trafficking in Persons Tier 2 Watch List due to widespread reports of forced and child labor, lack of prosecution, poor data collection, weak case reporting, and inadequate victim support. USAID is in the process of developing a suite of TIP-targeted actions across sectors, including a new grant to the lead civil society organization combating trafficking in Malawi. Anti-trafficking interventions will continue to be a focus in the new strategy as appropriate. USAID/Malawi is working closely with the wider U.S. interagency, other donors, and civil society experts to create a more unified approach that works with the GOM to fully address the identified issues.
  - b. Increasing Political Unrest: Opposition parties, the GOM, and the general population are all awaiting the rerun of the presidential election. While Malawi has traditionally seen a peaceful handover of power - and 2020 is expected to be no different. Post-decision political paralysis, continued demonstrations, and uncertainty regarding national leadership could negatively impact USAID's ability to operate effectively in the country.



- c. Natural Disasters and Climate Change: Malawi remains one of the most disaster-prone countries in the world. Flooding and droughts, while always a constant across the landscape are, however, being increasingly exacerbated by climate change and growing population pressures. The vast majority of citizens rely on small-scale farming, which in turn makes them highly dependent on consistent weather patterns for their survival. Sustained drought, flooding, uneven rainfall, and other natural disasters have the potential to devastate the entire economy of the country. USAID remains cognizant that unforeseen shocks may dramatically change the development landscape and type of assistance required.

**Better Approaches** - *bring innovative interventions to complex development problems.*

8. Use Integrated Development Approaches: Under the Mission's current CDCS 2013 - 2020, USAID tested and successfully implemented a range of cross-sectoral programs. This approach now forms the basis for the highly integrated CDCS 2020 - 2025. Under the new CDCS, USAID will move investments away from single-sector solutions, designed to address specific deprivations, to problem-focused solutions with the greatest transformational potential for self-reliance. During the upcoming project design phase, USAID will design projects with integrated DO-aligned approaches and apply evidence to inform cross-sectoral interventions. These interventions are expected to vary by degree and level of integration. For example, integration may include co-location through joint selection of geographic locations and beneficiaries; better coordination through cross-sectoral project designs, use of overlapping or common indicators to achieve outcomes, collaborative annual work planning, use of mixed funds, and joint field-based portfolio reviews; and/or increased collaboration to foster new partnerships and better efficiencies. USAID/Malawi will institutionalize cross-sectoral Mission management structures to better manage, implement, and measure its integrated strategy.
9. Strengthen Agency, Capacity, and Commitment: USAID/Malawi's results framework explicitly addresses agency, capacity, and commitment gaps within government, citizen, CSO, and private sector areas. Each development objective has three intermediate results (IRs) organized in a similar manner. The first set of IRs aim to address agency, recognizing that citizens have a lead role in determining their own development priorities and future. The middle set of IRs is designed to reflect Malawian capacity to further progress beyond the five-year strategy. The third set of IRs is designed to measure commitment to the larger enabling environment, the foundational set of policies necessary for sustainable development progress. Woven together, these three sets of IRs will support a positive trajectory towards increasing Malawi's self-reliance, a goal shared by both USAID and the GOM.
10. Think and Work Politically: Given Malawi's entrenched governance concerns, USAID must think and work politically to understand and effectively engage the government, citizens, CSOs, and private sector across its portfolio. The Mission will institutionalize political economy analysis at the project design level. Adaptation approaches (e.g., MEL plans, GIS platform, portfolio reviews) will be used to regularly review, learn from, and adapt to Malawi's evolving context. This will provide

USAID staff and partners with the information and skills needed to understand the power dynamics, social/cultural practices, and incentives that have historically undermined Malawi's development.

## **IV. RESULTS FRAMEWORK**

### **A. GOAL STATEMENT AND NARRATIVE**

USAID/Malawi's CDCS 2020 - 2025 goal envisions: *A more self-reliant Malawi that is gender equitable and democratically accountable.* Informed by extensive analysis and unfolding political shifts, there is growing agreement amongst donor partners, the GOM, civil society organizations, think tanks, and the private sector that Malawi's path to self-reliance depends on its ability to increase government capacity, demonstrate commitment to open and accountable governance, harness its emerging demographic dividend, reduce gender disparities, and transform its economic capacity to keep up with an exponentially increasing young population. USAID/Malawi has therefore deliberately emphasized gender-equitable and democratically accountable in the CDCS goal statement to reflect the importance of ensuring that all activities and analyses under the strategy are responsive to: (1) the dramatic gender inequalities embedded across society and (2) the growing citizen recognition that weak government accountability is undermining Malawi's democratic culture and development. USAID/Malawi has also prioritized the following three Development Objectives (DOs) to achieve its CDCS goal:

1. Public sector is more accountable and effective at national and decentralized levels
2. Youth lead healthy, informed, and productive lives
3. Private sector increases inclusive and sustainable wealth generation

### **B. DEVELOPMENT OBJECTIVE I: PUBLIC SECTOR IS MORE ACCOUNTABLE AND EFFECTIVE AT NATIONAL AND DECENTRALIZED LEVELS**

Development Hypothesis Statement: If citizens actively and responsibly engage in exercising their rights and responsibilities, institutions deliver quality social services (in particular to youth), and political processes and policies are responsive to citizens, then a more effective and accountable public sector will accelerate Malawi's social and economic development.

Development Hypothesis Narrative: Despite political stability and long-term peace, Malawi's global standing on poverty and economic growth place the country within the ranks of neighbors experiencing or recovering from active conflict. While Malawi's journey to self-reliance roadmap commitment scores remain above average, these rankings speak more to the passage of legislation than to the implementation of critical reforms. On the other side of Malawi's roadmap, government capacity scores are situated below average, indicative of a public sector unable to meet the needs of a rapidly expanding population. While donor financial and technical support has enabled the government to institute forward leaning policies – resulting in significant achievements in critical areas such as the reduction of child mortality and HIV incidence and morbidity – concerns remain that the gains are not sustainable without significant donor intervention and subsidy.

USAID's strategic investments under DOI will increase citizen information, engagement, and advocacy around the need for greater public sector accountability and improved delivery of quality goods and services. USAID's investments will also help the GOM increase its capacity to provide better services while increasing transparency around their delivery, at both national and decentralized levels. In order to bolster GOM capacity, USAID will focus on the wide array of policies and regulations that have been passed into law yet lacking implementation. USAID will also seek opportunities to support GOM champions to strengthen and monitor service delivery systems to improve the availability and quality of services critical to Malawi's development. All three IRs under DOI will address gender disparities, including gender-based violence that remains commonplace across society, the public sector being no exception. Strategic approaches under DOI include GOM systems strengthening, use of local partners and systems, and domestic resource mobilization. Collectively, the IRs under this objective will support the achievement of both DO2 and DO3, while building a public sector that plays a more effective role in planning, financing, and implementing social and economic development solutions for Malawi.

### **Alignment with the Country Roadmap**

DOI will contribute to both the capacity and commitment dimensions of the journey to self-reliance roadmap. Under IR 1.1, the Mission will strengthen *Civil Society Capacity* to provide oversight of the public sector in order to strengthen commitment for *Open and Accountable Governance*. By mobilizing citizens to advocate for their interests, while also monitoring government performance, Malawians will be empowered to take a proactive role in the development of their own communities.

Under IR 1.2, the Mission will support *Government Capacity* to perform and deliver services effectively through increased professional competencies and the improved management of human resource and public finances. Activities will increase *Citizen Capacity* through improved health and education outcomes while reducing poverty through livelihood interventions. Activities will also advance financing for self-reliance through the more efficient and accountable collection of taxes and fees.

IR 1.3 will further strengthen government commitment to *Open and Accountable Governance* by reinforcing the separation of powers and enforcement of laws. Interventions under this IR will advance the implementation of evidence-based policies, strengthen the role of oversight institutions, and bolster public confidence through increased transparency and integrity of the public sector. A more accountable public sector can, in turn, help reduce state capture and level the playing field for private sector actors, positively affecting the *Capacity of the Economy*.

### **Relevant Gender Gaps**

In Malawi, an estimated U.S. \$167 million in total potential higher earnings for adult women was lost due to early marriages in 2015. Gender-based disparities and deprivations are equally evident within the civil service, which is tasked with enabling gender equality; as of 2015 only 24 percent of civil servants were women. The results of family planning and youth policy and program initiatives have been mixed. The national family planning program achieved equity in contraceptive prevalence rates among women in urban and rural areas, different socio-economic strata, and education levels. There has been a

substantial increase in the contraceptive prevalence rates among married women aged 15 - 49, with the rate increasing from 7 percent in 1992 to 58.6 percent in 2016. However, there is an emerging consciousness to focus on the needs of youth, underscored by the increase in adolescent pregnancy rates from 26 percent to 29 percent between 2010 and 2016. Adolescent girls are also eight times as likely as their male counterparts to acquire HIV. Poverty, gender inequalities, and weaknesses in implementation of health and social services contribute to these development disparities.

The Malawi 2013 *Gender Equality Act* and 2015 *National Gender Policy* aim to achieve gender parity, empower women, and uphold women's rights – including gender-based violence and all forms of discrimination. The GOM identifies these as prerequisites to poverty reduction and sustainable development, which in principle provides an acceptable legal framework. The gender equality law is undermined, however, by insufficient enforcement as well as social, economic, and cultural barriers that hinder women from seeking redress. Similarly, the implementation arrangements for the gender policy remain incoherent and tasked to institutions that lack adequate financing, authority, and capacity to address the challenges.

IR 1.3 will enhance enforcement of the *Gender Equality Act*; IRs 1.2 and 1.3 will support the coherent implementation of the *Gender Policy* within the public service, with a particular focus on civil service. IR 1.1 will enhance citizen agency to demand accountability for the removal of barriers to legal and administrative redress and support citizen participation to ensure that gender equality is achieved through the development process. Evidence and analysis will be used under DOI to provide systematic support to remedy gender inequality and its associated negative consequences for development. This includes developing approaches to thinking and working politically to effectively engage decision makers through our programming and diplomacy.

### **Host Government Priorities**

The *Malawi Growth and Development Strategy (2017-22)* commits the GOM to principles of good governance and the establishment of sound economic policies. The strategy addresses issues related to economic opportunity access, private sector participation, efficient stewardship of public resources, and the promotion of democratic governance institutions. In accordance with the principles of self-reliance, the strategy outlines a national plan to self-finance the country's development. All three IRs under DOI will be jointly leveraged to strengthen the GOM's administrative, policy, and political capacity, as well as enhance citizen participation and accountability.

Other key government priorities aligned with the journey to self-reliance agenda include the *Public Service Management Policy*, *National Resilience Strategy*, *National Gender Policy*, *Health Sector Strategic Plan* (including strategies for domestic health-care financing), and *National Strategy for Adolescent Girls and Young Women*. The GOM has established a Public Service Reform Management Unit within the Office of the President and Cabinet to coordinate public sector reforms across government ministries, align funding with priorities, and ensure reforms are enacted consistently. Public sector reform priorities establish commitments focused on strategic reforms to institutions, human capital, and development finance, all closely aligned with IRs 1.1, 1.2, and 1.3.

## Key Partnerships

Malawi has a relatively small and tight-knit development community. Close coordination between the British, Irish, Norwegian, and EU diplomatic missions and their associated development agencies, as well as multilateral institutions like the UN agencies and the World Bank, provide ample opportunity for the international community to speak with one voice. Coordination between development agencies and their associated diplomatic missions is strong.

Donor coordination with the GOM is also good, although improvements are possible. USAID, along with other donors, have long-term partnerships established across key government ministries: Ministries of Finance, Local Government and Rural Development, Agriculture, Health and Population, Education, etc. Under the new CDCS, staff will expand relationships with relevant government counterparts and ministries focused on improving engagement, feedback loops, and participation by government across USAID’s technical working groups. It is essential that donor/government interactions are regularized and strengthened to ensure full Malawi government ownership to advance self-reliance. The National Planning Commission is an additionally important relationship.

While traditional donors are well aligned and mutually supportive, new development partners have brought different approaches and incentives that challenge assistance coordination. Opaque concessional loans and infrastructure projects have provided greater options to the Malawian government. Newer donors, however, often don’t impose the same strict rules related to monitoring and accounting for funds that many development agencies require. However, given Malawi’s relative lack of natural resources, the impact of new development partners is not as pronounced as it is in other countries in the region.

## Assumptions and Risks

Assumptions	Risks
<ul style="list-style-type: none"> <li>● Political will and commitment to GOM-initiated decentralization and public service reforms continue.*</li> <li>● Civil society space remains open and conducive to citizen and civil society (including media) efforts to increase transparency and accountability.</li> <li>● Accountability to manage public funds improves.*</li> <li>● USAID/Washington support to ensure consistent, dedicated systems strengthening funding across sectors and program areas,</li> </ul>	<ul style="list-style-type: none"> <li>● Citizen discontent spreads; trust between government and citizens deteriorates; significant closure of civil society space.</li> <li>● Malawi fails to meet the minimum standards for the elimination of trafficking in persons.*</li> </ul>

including Malaria, PEPFAR, Food for Peace, and Environment.	
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\*USAID will consider the trade-offs of incorporating conditions precedent or other triggers around these assumptions and risks under the new Development Objective Agreement and the CDCS Performance Management Plan.

### **IR 1.1: Citizen Rights and Responsibilities Actively Exercised**

This IR focuses on *Civil Society and Citizen Capacity* to exercise their rights by holding public officials responsible for *Open and Accountable Governance*. It also promotes Malawian self-reliance by galvanizing citizens to exercise responsibility for their own development. Exercise of rights will include engagement and advocacy with local and national officials to ensure access to information and public inclusion in decision-making processes. Particularly at the local level, this may include participation in community service monitoring activities in the health sector; engagement with Parent-Teacher Associations to improve education quality and reduce teacher and student absenteeism; and advocacy with local officials to effectively manage natural resources. At the national and district levels, this includes greater government commitment to investing in quality inputs to support social services like health, education, and poverty reduction, as well as tracking and understanding how those resources are being used. IR 1.1 will also support transparency initiatives such as access to information law and compliance with the Open Government Partnership.

Malawi's policies related to civic participation are generally positive. The current NGO Law respects freedom of association and decentralization laws have devolved authorities to the local level to make it easier for the public to influence government decision making. However, recent efforts to amend the NGO Law and the Public Financial Management Law could place undue burdens on civil society organizations while providing opportunities for arbitrary or politically motivated decertification of NGOs, a bellwether for Malawi's Commitment to Open and Accountable Government.

Numerous local actors are involved in DOI's cross-sectoral IRs: government ministries, district councils, health center advisory committees, school parent-teacher associations, advocacy and service delivery NGOs, faith-based institutions, traditional authorities, universities, and regulatory bodies. Private sector partners play a critical role in service delivery through private schools and health clinics, many of which implement GOM and donor programs. Think tanks such as the African Institute for Development Policy provide critical local expertise in the development process. The Mission, through PEPFAR and USAID's Local Works, will advance locally led development by empowering non-traditional local partners to actively engage in addressing Malawi's development challenges. This CDCS will emphasize continued co-creation with new partners, including faith-based organizations and traditional authorities, to ensure that USAID's work is rooted in local culture and communities.



## **IR 1.2: Public Sector Capacity to Deliver Quality Goods and Services Strengthened**

To respond to citizen demands fostered in IR 1.1, USAID will support the public sector's capacity to deliver more accountable and effective services through IR 1.2. This will include support to national and local government service providers, as well as working with NGOs and private-sector partners that deliver public services. The most critical element in service delivery is ensuring that providers, especially in the health and education sectors, have the right people in the right positions with the right skills. Under this IR, USAID will support public service reforms aimed at optimizing civil service staff allocation, remuneration, and performance management. USAID will work to strengthen the efficiency and accountability of public procurement and supply-chain systems to reduce leakage and maximize the impact of both GOM and USAID funds. USAID will also work with the GOM to ensure that public finances and assets are efficiently managed and audited. USAID will engage with public, private, and NGO partners to build their capacity to self-finance. These activities will strengthen the capacity of Malawian institutions to deliver high-quality public services.

Official policies related to this IR are good, but unevenly implemented. Significant health-system bottlenecks continue to limit efforts towards Universal Health Coverage and the provision of quality health care. Shortage of human resources, essential medical commodities, and adequate infrastructure affect district health-service delivery. Budget allocations fall short of sector requirements by about three-fifths, based on cost estimates in the government's *Health Sector Strategic Plan II*.

As with IR 1.1, USAID will work with a diverse set of government, NGO, faith-based, and private-sector actors to deliver public services in Malawi. Under the new CDCS, USAID will provide direct government-to-government support to districts to implement key health initiatives. This will be the first direct partnership between USAID/Malawi and district-level governments. The Mission is looking forward to this opportunity to work more sustainably through local systems, building on past investments to strengthen district leadership and management systems to improve the quality and availability of services.

## **IR 1.3: Enabling Environment for Evidence-Based Policies and Reforms Improved**

Under this IR, USAID will support the implementation and enforcement of evidence-based public sector reforms. Malawi is replete with laws, policies, and strategies that support democratic accountability and improved public-service delivery. Under the CDCS, USAID will focus on facilitating implementation and enforcement of existing policies that directly affect priority development outcomes in the democracy and governance, health, education, and economic growth (primarily agriculture and natural resources management) sectors, before supporting the development of new policies. This includes working with the government to promote evidence-based decision making, resource prioritization, and enforcement of laws that hold public sector officials accountable for their performance. As one political expert noted: "Were the government to implement half of the laws on its books performance would improve twofold."

USAID will also work with the government and development partners to strengthen the autonomy and effectiveness of accountability institutions. While oversight institutions can play a formal role in highlighting poor performance, corruption, or abuses, they typically lack the finances and enforcement tools needed. For example, the GOM has a strong trafficking in persons policy on paper, but case identification, support to victims, and prosecution of traffickers remains weak. This IR will work with a range of oversight bodies, including Parliament, the Anticorruption Bureau, Auditor General, media and civil society, as well as other institutions addressing trafficking. USAID will also continue to work with stakeholders to strengthen public confidence in the electoral process and ensure that the rules and institutions responsible for elections reflect the public interest. Local Works programming will provide opportunities for innovative partnerships with accountability organizations under this IR. By focusing on implementation of evidence-based policies, and ensuring that accountability institutions can perform effectively, USAID will support a positive environment for a more effective public sector.

### **C. DEVELOPMENT OBJECTIVE 2: YOUTH LEAD HEALTHY, INFORMED, AND PRODUCTIVE LIVES**

Development Hypothesis Statement: If Malawi provides opportunities for youth to develop their agency and assets, while creating an enabling environment for them to access quality health and education services, contribute civically, and engage economically, then Malawi can harness the high potential of its emerging demographic dividend. This hypothesis can only be realized: (1) if the GOM builds its capacity to finance and deliver youth-focused social services, while demonstrating commitment to open and robust engagement with citizens and communities on youth issues (DO1) and (2) if there is an enabling environment for a vibrant and diverse private sector that will create jobs for the growing population and build a sustainable tax base (DO3).

Development Hypothesis Narrative: Malawi's ability to achieve self-reliance in the next two to three decades is at a critical juncture. Almost 80 percent of the population is under the age of 35, with 46 percent under the age of 15. Approximately 51 percent of Malawians live below the poverty line. Fertility rates have fallen but remain high; on average 4.4 children are born per woman in Malawi. Despite instituting compulsory and free primary education (Standards 1-8) in 1994, the quality of the education provided has not maintained pace; the Learning-Adjusted Years of Schooling (LAYS) is just 5.4 years. Moreover, with the population set to double in just over two decades, and with one of the lowest UNDP Human Development Index scores in the world (171 out of 189 countries in 2018), Malawi's young and rapidly expanding population presents either a risk for instability or potential for achieving significant growth.

DO2's development hypothesis is predicated on the idea that for youth to lead healthy, informed, and productive lives, key developmental milestones must be met within age bands and adverse childhood experiences must be reduced and prevented. For example, if a child meets key milestones in the 0-5 age band such as being well-nourished or malaria free, then the child will be more ready to enter primary school. If a child meets key outcomes in the 6-9 or 10-14 age bands such as being able to read or being protected from sexual violence, then the child is better prepared for secondary school where he/she will have greater opportunity to increase his/her critical thinking ability, develop life skills, foster improved

health-seeking behaviors, and link to higher education or employment opportunities, and so forth. The cumulative effects of youth meeting building-block milestones from infancy through early adulthood will help build the resilient human capital that the country needs to move towards greater self-reliance.

USAID's strategic investments under DO2 will apply the Agency's Positive Youth Development framework to move investments away from single-sector, problem-focused responses towards more strategic and cross-sectoral investments tailored to specific developmental age groups. USAID will employ evidence-based and contextually appropriate cross-sectoral interventions through various levels of integration to build a better understanding among young people as to how they can productively engage and contribute to their society. The Positive Youth Development framework acknowledges that programs must be intentional in reaching and engaging youth. Under DO2, USAID will therefore partner and engage youth throughout the different phases of the program cycle both as advisors and as recipients. Together with the GOM and implementing partners, USAID also will work closely with service providers and apply evidence – and market-based approaches and solutions to ensure that the unique needs of youth are met. Finally, the Mission will work to nurture a positive enabling environment – at the household, community, and national levels – that allows youth to realize their full potential.

Collectively, the three DOs act to reinforce one another: DO1 will support a more accountable and democratic public sector that is responsive to citizen needs; DO2 will help Malawi establish a pipeline of resilient, well-informed, educated, and healthy youth who will drive stronger achievements in the private, public, and civic space; and DO3 will enhance inclusive economic growth to create more jobs as increasing numbers of youth enter the job market. Together, these three DOs will help firmly establish Malawi on a more positive development trajectory.

### **Alignment with the Country Roadmap**

Malawi's journey to self-reliance roadmap indicates a need to strengthen individual agency and capacity, improve the systems responsible for providing education and health services, and reduce barriers for citizens to contribute to Malawi's economic growth and governance (e.g., Poverty Rate .02, Education Quality .04, Child Health .63; Economic Policy-Business Environment .44; Open and Accountable Governance-Open Government .31; and Government Capacity-Government Effectiveness .37). This DO is therefore designed to specifically support Malawi's journey to self-reliance through both an individual and systems approach.

IR 2.1 strengthens the self-reliance of individual youth by equipping them with the assets and agency they need to effectively engage in society. In order to effect this change, USAID will expand access and reduce barriers to opportunities and social services (primarily health and education, but also civic and economic) for youth so they can actively access learning, utilize age-appropriate health services, engage in the economy, and participate in society by developing and exercising their agency and rights (Citizen Capacity).

IR 2.2 strengthens the organizational capacity of service providers, as well as the quality of their youth-friendly services, at the systems level. Under this IR, USAID will increase public, for profit, and

not-for-profit entities' capacity to deliver quality, gender-sensitive services for youth through evidence-based service delivery models tailored to specific age groups and needs; strengthen the organizational capacity, expertise, and practices of social service providers; and provide technical assistance for the effective allocation and management of human and capital resources from the national to the local levels (Government and Civil Society Capacity).

IR 2.3 strives to improve the enabling environment at both the individual and community level to facilitate a cultural shift that values the upward advancement of male and female youth. To effect this shift, USAID will work to improve the social, normative, structural, and physical enabling environment that youth need to develop and support their assets, agency, opportunities, access, and security by engaging citizens, communities, and institutions to address harmful gender norms and social practices; ensure the safety and protection of youth; institutionalize approaches that promote gender equity and prevent gender-based violence; establish and operationalize relevant and supportive policies; and advance youth's aspirations (Inclusive Development).

### **Relevant Gender Gaps**

Successfully unlocking Malawi's demographic dividend requires a nuanced understanding of the complex gender and social inequalities that exist in Malawi, which ranks 148 out of 160 countries on the 2017 UNDP's Gender Inequality Index. Malawi has among the highest child marriage rates in the world. One in three children is stunted (impaired growth and development from poor nutrition, repeated infection, and inadequate psychosocial stimulation). More than one in four women want to limit childbearing but are not using modern family planning methods. Crucial gender dimensions further complicate Malawi's high HIV prevalence rate, currently at 9.2 percent of the population aged 15-49, yet eight times higher for adolescent girls compared to their same-aged male peers. Gender norms also influence health seeking behaviors, which have left men behind when it comes to HIV treatment adherence and viral suppression.

On key education indicators, out of every 100 girls who begin Standard 1, only 37 will make it to the final year of primary school, 15 will transition to secondary school, 8 will pass the secondary exam, and less than 1 will enter tertiary education, even as girls outperform boys on foundational reading skills in the primary grades. Prevailing reasons for girls dropping out of school include early marriage, teen pregnancy, distance to school, household responsibilities, and fees/expenses associated with attendance. Gender stereotypes also persist at the tertiary level in preferred areas of study. For example, women represent only one-third of the students in science, technology, engineering, and math. Any investment in youth must therefore explicitly study, understand, and address the underlying complex and often harmful gender differences and inequalities in Malawi to ensure that women, men, girls, and boys are agents of change working towards normalizing equitable relationships and benefits.

### **Host Country Priorities**

DO2 is closely aligned to *Malawi's Growth and Development Strategy (2017-2022)* Key Priority Area 2 - *Education and Skills Development* and Key Priority Area 5 - *Health and Population*. In education, the strategy focuses on literacy levels; transition from primary to secondary to tertiary; aligning education

with industry needs; and science, technology, engineering, and mathematics. In health, the strategy focuses on human resources; population growth; essential medical products and technologies; infrastructure; and health systems strengthening.

DO2 also overlaps with other development areas identified in the 2017-2022 strategy, including youth development, HIV/AIDS management, nutrition, financing, governance, and wealth creation. Overall, the GOM has several excellent policies in place to address many of these development challenges. For example, Malawi is only the second country in the world to have a specific strategy on adolescent girls and young women, and is adopting critical innovations in HIV, malaria, and family planning services. The main challenges include operationalizing the policies and ensuring sufficient human resources, funding, and infrastructure.

### **Key Partnerships**

Due to DO2's integrated and holistic approach, a wide-range of partnerships are needed to achieve the desired enabling environment to implement youth-responsive programs. USAID enjoys a strong relationship with the GOM's Ministry of Education, Science, and Technology and the Ministry of Health as evidenced by their strong engagement and ownership of USAID supported priorities such as the National Reading Program, Secondary Education Expansion for Development, Higher Education initiatives, national roll-out of efficacious drug regimens for HIV and self-injection contraceptives, and the Community Health Strategy. The National Planning Commission and local district governments are additionally important relationships.

USAID will broaden its understanding of the system of local actors that influence harmful norms and social practices and establish strong partnerships with local governments/organizations, communities, and traditional authorities for the advancement of youth. In addition, USAID will increase its engagement with the Ministry of Gender and Ministry of Youth to operationalize the *National Strategy for Adolescent Girls and Young Women* and harmonize youth interventions. Likewise, USAID will engage with the Ministry of Labor to reduce barriers to entrepreneurship, employment, and improve the transition from school to work. USAID's direct engagement with local entities will improve accountability, oversight, funding, and coordination of youth interventions as well as data transfer and management from the local to national levels to inform decision making.

Many donors provide a combination of technical assistance and budgetary support (indirect, basket, and on-budget) - including results-based financing - to support the GOM's youth agenda. USAID and DFID coordinate closely on family planning and child marriage prevention programs. USAID and the broader PEPFAR team coordinate and collaborate with the Global Fund to Fight HIV, Tuberculosis, and Malaria. In education, numerous donors are engaged in pre-primary through tertiary education, and USAID co-chairs the Education Donor Partner Group.

USAID also will engage youth organizations and form a youth advisory group to support the different phases of the program cycle and establish stronger partnerships with civil society, faith-based organizations, and Malawian and U.S. Higher Education Institutions.

## Assumptions and Risks

Assumptions	Risks
<ul style="list-style-type: none"> <li>● GOM continues to prioritize youth-friendly budgets and services and remains generally supportive of market-based solutions to expand social service delivery and access.*</li> <li>● Donor and GOM investment in and coordination around the <i>National Strategy for Adolescent Girls and Young Women</i> increases.*</li> <li>● USAID support for systems-strengthening funding will be sourced equitably from all health elements.</li> <li>● Youth, particularly women, do not experience negative consequences (e.g., political repression and cultural backlash) for actively seeking advancement.</li> <li>● GOM will continue to make slow, but steady, progress to reduce donor dependency to deliver priority services and goods.</li> </ul>	<ul style="list-style-type: none"> <li>● Youth discontent with politicians and Malawi’s leaders is greater than anticipated, triggering sustained social and economic instability.</li> <li>● Malawi’s fertility rate does not reach three children per woman by 2040 and the window to harness the demographic dividend will close.</li> </ul>

\* USAID will consider the trade-offs of incorporating conditions precedent or other triggers around these assumptions and risks under the new Development Objective Agreement and the CDCS Performance Management Plan.

### IR 2.1: Youth Agency and Access to Opportunities and Services Expanded

This IR focuses on increasing the opportunities and services available to Malawi’s youth as well as their uptake of those opportunities and services. USAID will increase access to youth-friendly and gender sensitive health services by strengthening the reach and quality of critical services for children and adolescents at health facility and community levels, including referral and integration opportunities through engagement of schools, faith and youth organizations, and other social service providers. In education, USAID will build on the results of the National Reading Program to continue strengthening the quality of primary education from Standard 1-8 and increase access to secondary schools through the U.S. government’s Secondary Education Expansion for Development activity. Collectively, USAID’s education activities will add approximately 200 secondary schools nationwide; increase the number of secondary seats by 40,000; expand opportunities for tertiary education, with a particular emphasis on supporting the inclusion and transition of disadvantaged and marginalized populations; strengthen administrative functions; and expand course/degree offerings. Studies show that for every additional year in school, girls are better able to make healthy decisions related to sexual behavior and the



well-being of their future families. Facilitating access for girls to education beyond primary school is also linked to effective HIV prevention, as higher education levels are correlated with factors that substantially lower HIV risk, such as delayed sexual debut, greater HIV awareness and knowledge, and higher rates of contraceptive use. Activities under this IR will also entail advocacy to reduce financial barriers to social services and economic opportunities that currently inhibit or disincentivize youth from going to school, accessing health services, and/or entering the labor market as young adults.

### **IR 2.2: Public and Private Sector Capacity to Deliver Youth-Focused Goods and Services Strengthened**

As youth increase their access to opportunities and services under IR2.1, USAID will ensure that the services and goods they encounter are gender sensitive, of high quality, and age appropriate. This IR thus aims to enhance service providers' capacity to apply evidence-based practices in a youth and gender-friendly manner and to improve the quality of resources (e.g., books, training materials) in both the health and education sectors. USAID's interventions will also strengthen the skills, management, and leadership capacity of service providers (e.g., head teachers, clinicians, community health workers) - whether public or private - particularly with greater decentralization translating to increased levels of responsibility for local providers closest to the end-user. At the national level, advocacy for the effective allocation and management of public human and capital resources is essential in order to promote equity. For example, while the teacher: pupil ratio is 1:60 overall, the reality is that there are schools where teachers have several hundred students in their classrooms or where teachers have only 40 students. Health provider to population ratios can be much lower in hard-to-reach areas. Likewise, commodities within both the health and education sector may be insufficient or inappropriately allocated due to corruption, poor data management, or inefficiencies in the system.

### **IR 2.3: Enabling Environment for Youth Advancement Improved**

Critical to the Positive Youth Development framework is the recognition that the environment surrounding youth can either impede youth development or promote their advancement. In Malawi, harmful norms and social practices negatively affect educational, health, and social outcomes of youth. Therefore, USAID, through this IR, will work to foster a community-led culture for positive youth advancement. For example, related to interventions to end child and early forced marriage, USAID is striving to spark a social movement beginning in target districts that would delay sexual debut, end the practice of child marriage, reduce the risk of HIV infection, and prevent sexual violence. Given the high absenteeism of both teachers and students, as well as dropout rates (particularly for girls), engaging Parent-Teacher Associations, School Management Committees, and Traditional Authorities to convey the value of education and hold their communities accountable will increase youth's educational attainment. Continued assistance related to operationalizing policies, laws, and strategies that support, protect, prepare, and engage youth will be a key component of this IR.

## **D. DEVELOPMENT OBJECTIVE 3: PRIVATE SECTOR INCREASES INCLUSIVE AND SUSTAINABLE WEALTH GENERATION**

Development Hypothesis Statement: If vulnerable communities use market-oriented practices to build and expand their nutritional and productive assets, small- and medium-sized Malawian businesses increase their competitiveness, and the enabling environment for economic growth is improved, then Malawi's private sector will expand. If this expansion is inclusive and environmentally sustainable, Malawians will generate wealth.

Development Hypothesis Narrative: Despite political and social stability, the current trajectory of Malawi's economy is inadequate to overcome its population growth, poverty, and environmental degradation. New generations are facing increasing risks. Productivity growth is constrained by declining farm plot sizes and degrading soils and watersheds. Animal-based protein is increasingly expensive due to overfishing. Wood fuel continues to drive deforestation as access to electricity remains stubbornly low at only 10 percent of the population. At \$381 per capita, and 51 percent of the population in poverty, Malawi's gross national income positions the country only ahead of Somalia and Burundi in the global rankings. Agriculture remains the foundation for Malawi's economy, but the sector's contribution to gross domestic product continues to decline. Roughly 80 percent of Malawians work in agriculture, most of which is rain-fed, subsistence farming. Much of Malawi's economy is informal, which undermines the creation of a sufficient domestic tax revenue base for public investments. Worker migration is largely the result of negative factors that push labor off household farm plots rather than pull factors such as industrializing job growth. The resources and energy needed to initiate development is regularly diverted by a cycle of food insecurity. During the last CDCS, the country experienced six floods and droughts that required the GOM and donors to expend over \$500 million. While the frequency of Malawi's climate-induced stressors and shocks is on par with its neighbors, Malawi's poorest households are more vulnerable to these shocks than their peers. This implies a complex set of root causes. Malawi's inability to initiate economic transformation in critical sectors, despite its long-term political stability, is driven, in part, by political disincentives and elite capture. Competition is also stifled by an unpredictable policy environment, few incentives to implement already-approved growth-accelerating policies, and limited energy and transport infrastructure. This lack of follow-through to implement quality reforms has an ongoing detrimental impact on positive economic growth and poverty reduction.

USAID's strategic investments under DO3 will apply market principles and a private sector lens to increase the adoption of resilient livelihoods and systems, increase economic competitiveness among Malawian businesses, and improve the enabling environment for wealth creation. Supported by DO1 and DO2 investments, DO3 will help unlock Malawi's potential for environmentally sustainable and inclusive wealth generation for both men and women, which will in turn expand the tax base to finance the delivery of critical public infrastructure, goods, and services. As such, USAID support will help mobilize Malawi's private sector to lift people out of poverty and accelerate Malawi's journey to self-reliance.

## Alignment with the Country Roadmap

DO3 responds to the country's commitment to *Economic Policy* and *Inclusive Development* as well as capacities of *Government*, *Civil Society*, *Citizens*, and the *Economy*. While each IR speaks to specific sub-metrics, all three IRs will address the commitment to the sub-metric *Economic Gender Gap*. Interventions that promote women's economic empowerment will target the five domains of the *Women's Empowerment Index* developed by the International Food Policy Research Institute.

Under IR 3.1, the Mission will address *Citizen Capacity (Poverty Rate)* with a focus on building resilience among the ultra-poor. Food-for-Peace investments will target rural households that most frequently require food assistance and experience backsliding as a result of annual floods, droughts, or price shocks. This support will also include a focus on *Government Capacity (Effectiveness)* as USAID works with the GOM to implement its new National Resilience Strategy.

IR 3.2 will further bolster improvement of *Citizen Capacity* by enhancing the demand for smallholder farmer production and creating jobs in regional centers through new private sector engagement and market-oriented interventions. This private sector focus on regional investment, trade, and value addition in areas of recurrent crisis will ultimately develop *Capacity of the Economy (GDP per Capita and Export Sophistication)*.

IR 3.3 deepens Malawi's commitment to all three *Economic Policy* metrics. The pivot from generating new reforms to supporting reform implementation will enhance the *Business Environment*, *Trade Freedom*, and *Biodiversity & Habitat Protections* with particular focus on reform in seeds systems and the protection of wildlife, forests, and fisheries.

## Relevant Gender Gaps

Although women-headed households comprise 24 percent of Malawi's population overall, Malawian women remain significantly disenfranchised from the formal economy. According to the World Bank, poverty among female-headed households is 57 percent compared to a national average of 51 percent. The *Women's Empowerment in Agriculture Index* score by the International Food Policy Research Institute shows that the empowerment score for Malawian women is typical for the region with a score of 0.83 out of 1.0 (compared to 0.80 in Zambia, 0.72 in Kenya, 0.91 in Rwanda, and 0.71 Ghana). The index identifies workload and access to credit as the primary constraints. Malawian women are considered "time poor" relative to their male counterparts, carrying a double burden of domestic and livelihood work, which impedes women's ability to participate in income-generating activities, education, and community governance. One of the biggest work burdens for women is the 16 hours per week, on average, spent collecting cooking fuelwood. Although women are often involved in household financial decisions around farm inputs, school fees, and housing, only 28 percent of Malawian women have bank accounts, compared to 37 percent of men. And, although they perform 50 percent to 70 percent of all agricultural tasks, women rarely have control over the land. Malawi's constitution and laws guarantee equality of the sexes in the right to acquire and own property. However, according to the University of Leeds, only one-third of agricultural holdings are held by women and female-managed plots are smaller

than those of their male counterparts. In the fisheries sector, where USAID has substantial investments, the gender division of labor means that men are able to make larger profits and women have to negotiate access to fish through men. These power imbalances can increase women's vulnerability to HIV as sex is often traded for sales.

The Mission will take gender differences and power imbalances into account when designing DO3 interventions. Investments in resilience, agriculture, fisheries, and biodiversity conservation will address gender-specific vulnerabilities and promote livelihood opportunities that are of particular relevance to women. To address Malawi's commitment to *Inclusive Development (Economic Gender Gap)*, interventions will promote women's economic empowerment by engaging both men and women to target the weakest domains of the *Women's Empowerment Index*. These interventions will be designed to bridge gender gaps through women's entrepreneurship. Investments will also focus on women's access to income and productive resources as well as their engagement in non-traditional roles. The Mission will ensure that women are included in training and mentorship opportunities, and set targets for female participation in agricultural and fisheries groups while minimizing the time burden required.

### **Host Country Government Priorities**

DO3 is aligned with a range of GOM strategies in the agriculture, resilience, environment, and energy sectors, many of which USAID and the Millennium Challenge Corporation helped develop during the last five years. Some of the more relevant agriculture and resilience government strategies, around which future work will be based, include: the *National Resilience Strategy*, *Farmer Organization Development Strategy*, *National Agriculture Policy*, *National Agriculture Investment Plan*, *National Multi-Sector Nutrition Policy / Strategic Plan*, *National Agriculture Extension Policy* and, finally, Malawi's *National Seed Policy*.

Within the environmental and energy sectors, priorities supported by DO3 are in line with the visions and actions outlined in the following documents, many of which were developed with U.S. government assistance: *National Forest Landscape Restoration Strategy*, *National Charcoal Strategy*, *National Forestry Policy*, *National Wildlife Policy*, *National Fisheries and Aquaculture Policy*, and *National Biodiversity Strategy / Action Plan*, *National Energy Policy*, *National Electricity Act*, and the *Independent Power Producer Framework*.

As a result of the significant U.S. investment in these strategies, policies, and laws during the previous CDCS period, the priorities articulated in them have significantly influenced the Mission's thinking going forward. The last CDCS successfully helped the GOM develop a robust policy framework that contributed to Malawi's relatively strong *commitment* score across economic measures. Malawi's relatively low *capacity* score, however, reflects the need for this new CDCS to focus on assisting the GOM to implement these new reforms.

### **Key Partnerships**

Achievement of DO3 results will require a broad set of new partnerships with the GOM, private sector, other donors, and civil society. The Mission will continue long-standing partnerships with the Ministry

of Agriculture as well as the Ministry of Natural Resources on numerous policies related to forests, fisheries, and energy. Stronger relationships will be forged with the Department of Disaster Management Affairs to better implement Malawi’s *National Resilience Strategy*. The National Planning Commission and local district governments are additionally important relationships.

The Mission’s new Private Sector Engagement Plan also calls for expanding the number and diversity of partnerships. The Mission has prior experience partnering with the private sector to increase agriculture production, combat deforestation, maintain fish habitats, provide access to food and cash during crisis, and increase energy generation. This experience shed light on the risks of further entrenching elite capture. Therefore, informed by new political economy analysis under development, the Mission will apply a more discerning lens to identify appropriate partners. Recent companies and enterprises emerging from tobacco diversification efforts, private sector energy investors, providers of alternative cooking fuels, forest-based enterprises, and agricultural cooperatives are all private sector actors with whom the Mission will engage and expand co-investments.

New development actors in Malawi also offer opportunities to leverage outside resources and expertise. The possible implementation of a second Millennium Challenge Corporation compact could offer the Mission opportunities to complement USAID investments and amplify impact. The new Foundation for a Smoke Free World’s Agricultural Transformation Initiative is investing heavily in agriculture innovation, research, finance, and entrepreneurship. Many of its grantees are the same universities and implementing partners supported by USAID; continued coordination could increase desired common results.

Other donors are also critical to enhancing the impact of DO3. While the British are directly contributing to several USAID programs, the World Bank, EU members, and others maintain various activities in agriculture, resilience building, and private sector engagement. This offers opportunities to further leverage resources while requiring close coordination to avoid duplication.

### Assumptions and Risks

Assumptions	Risks
<ul style="list-style-type: none"> <li>● Malawi continues to experience humanitarian crises and GOM decision making will work to address the identified political-economy traps in which Malawi finds itself.*</li> <li>● Efforts to disrupt investments in viable new markets and businesses are manageable and do not substantively disrupt progress in the sector.</li> <li>● GOM political will exists to sustain or improve the enabling environment for</li> </ul>	<ul style="list-style-type: none"> <li>● Macro-economic stability reverses, creating an environment that eliminates opportunities for business continuation and business formation.</li> </ul>

businesses, including implementation of key business friendly policy reforms.*	
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\*USAID will consider the trade-offs of incorporating conditions precedent or other triggers around these assumptions under the new Development Objective Agreement and the CDCS Performance Management Plan.

**IR 3.1: Resilient Households, Communities, and Systems Manage and Reduce Vulnerabilities**

The frequency and intensity of annual droughts and floods continues to grow, requiring the U.S. government to expend more than \$850 million in humanitarian outlays since 2001. Without investment in this IR, the vulnerability of rural populations will intensify and expand to larger populations while the imperative to provide costly humanitarian assistance continues. This CDCS recognizes the opportunity offered by the GOM’s *Resilience Strategy*, recently developed with USAID support. Entitled *Breaking the Cycle of Food Insecurity*, this new document positioned Malawi as the only country to develop a policy response to the devastating El Niño drought in 2016.

Extreme weather events and human-induced shocks and stressors (e.g. inflation, rising prices, etc.) are increasing the risk to vulnerable populations and the fragile development gains achieved in the previous 2013 - 2020 CDCS. During this period, Food-for-Peace and Feed-the-Future activities increasingly integrated market-oriented approaches to help smallholder farmers improve their economic and climate resilience. As a result, there have been crossover benefits in the health and nutrition of children under age 5 as well as pregnant and lactating women within vulnerable households. Under the new CDCS, USAID will expand investments to help subsistence farmers organize into efficient and lucrative cooperatives with commercial ties. Food-for-Peace efforts will continue to use cash-based transfers whenever possible to allow vulnerable households to purchase food in local markets rather than receive imported commodities. The use of cash-based humanitarian assistance during the 2017/2018 lean season circumvented entrenched governance interests and incentivized private producers, traders, and telecom companies to invest. This approach is proving to be successful in stimulating local markets and is more cost-effective and more efficient from a food security perspective compared to distributing internationally and regionally procured commodities. During hurricane Idai in 2019, and the El Niño drought of 2016, USAID helped to keep droughts and floods from becoming emergencies for thousands of Malawians as a result of flood early-warning systems, watershed restoration, village savings groups, and weather/crop insurance. Under the new CDCS, USAID will concentrate its investments in high-crisis areas, providing technical assistance to the GOM to scale up the piloted interventions and approaches successfully demonstrated in the last CDCS.

**IR 3.2: Malawian Firms' Economic Competitiveness Increased**

Malawi lacks a competitive business base and economic diversification. While global tobacco demand declines, the economy remains the most tobacco-dependent country in the world. Of those seeking jobs annually, only 23 percent will find employment in the formal sector. Without addressing



competitiveness, uneven economic growth will continue, driven by the weather and global tobacco prices. Without diversification, the economy will contract as the global demand for tobacco (Malawi's #1 foreign exchange earner) continues to decline. Furthermore, the number of unemployed youth aged 18 to 35 will grow as they are forced off shrinking and increasingly less viable family farms.

However, there are opportunities to support competitiveness and diversification by collaborating with new private sector partners. The Mission's Private Sector Engagement Plan envisions expanding the diversity of partnerships to include more farmer organizations and private sector actors such as sugar and tea estates, contract-farming organizations, agro-processors, and supermarket chains. The most notable partnership opportunities are with the new tobacco spin-off firms that are working with former tobacco farmers to diversify into new areas of food crop production and agro-processing businesses that offer expertise and linkages to international markets. Health partnerships also remain an area of private sector growth. Current health activities work across a range of private service providers to strengthen their capacity, competitiveness, and sustainability as viable local enterprises. This collaboration will be expanded going forward in the new CDCS.

During the previous CDCS, USAID also piloted private sector partnerships in the Natural Resource Management sector. Building off lessons learned, this new CDCS recognizes that as incomes rise, people reduce their consumption of illicit charcoal by switching to more fuel-efficient stoves. With even more income, they eventually switch to electric or gas cooking. USAID will partner with private firms to introduce low-cost alternatives to illicit charcoal and expand support to firms whose business models rely on maintaining the forests through, for example, forest-based enterprises, sustainable charcoal from bamboo, essential oils, and cooking-fuel alternatives. In the energy sector, USAID's DO3 investments will leverage the \$350 million transmission system built by the Millennium Challenge Compact, which has made new private sector energy generation possible.

The Mission will continue to target agricultural value-chain interventions, but also expand into workforce skills development, provide technical assistance to small and medium enterprises, and facilitate improved access to finance. Close collaboration with DO2 will be a priority as education and health activities work to prepare today's youth for tomorrow's job market. This includes partnering with businesses to ensure that the educational skill sets needed are being cultivated amongst both men and women, barriers to youth and gender-equitable entrepreneurship opportunities are lowered, and appropriate gender and youth friendly services are available to maintain a healthy work population able to fully engage.

The last CDCS period demonstrated that USAID's comparative advantage lies in its ability to partner with the private sector using a variety of tools, not only in the agriculture sector, but also with health, education, forest-based enterprises, and alternative energy. The new CDCS recognizes that increasing partnerships can: (1) create greater resilience through more crop diversification and market-oriented agricultural value chain interventions, (2) produce employment opportunities for Malawi's growing youth population, (3) expand needed health and education services to the population, and (4) build capacity to finance for self-reliance to end donor dependence.

### **IR 3.3: Enabling Environment for Wealth Creation Improved**

Today in Malawi, the current environment is neither conducive for business growth nor the sustainable use of Malawi's natural resources. The private sector cites policy and electricity uncertainty as the biggest binding constraints. Degrading natural resources are undermining food security, investment, and resilience. For example, only 10 percent of the population has access to electricity. This means that over 17 million people cook with charcoal or wood every day which, in turn, is accelerating deforestation. Deforestation is degrading the quality of agricultural soils, undermining resilience, and hindering potential for investment. If USAID ignores the enabling environment, private investment will remain limited.

This CDCS pivots USAID from creating new strategies, policies, and laws to supporting the GOM to implement and enforce what is already codified. USAID and the Millennium Challenge Corporation supported the development of 12 new quality laws, policies, and strategies in agriculture, environment, and energy. Many of these recognize private sector growth as a viable solution for reducing poverty in Malawi. CDCS efforts will target those policies and issues that hold the greatest potential for unlocking inclusive growth and sustainable natural resource management. Through Power Africa, USAID will continue to provide the GOM technical assistance to negotiate new private solar and hydropower investments. It will also continue to support the national utility to integrate new investments into the local grid while working to connect Malawi with the 11 countries of the Southern Africa Power Pool.

In the area of natural resource protection, USAID will continue to support the GOM to implement current policies and laws. This includes protecting fish stocks in Lake Malawi and wildlife in national parks. Lake Malawi is the most biologically diverse freshwater ecosystem in the world. Fish stocks from Lake Malawi remain the most important source of animal protein, and the sector employs more than 500,000 people. Overfishing, however, is endangering more than 100 endemic species and rural livelihoods in areas of historic, recurrent crisis. USAID will expand support to implement and enforce the *National Fisheries and Aquaculture Policy* across Lake Malawi. USAID will also identify opportunities to commercialize conservation-driven enterprises in order to catalyze more sustainable fishing practices. On land, USAID will take advantage of increasing political will to implement the *National Parks and Wildlife Act*. The new CDCS will support increasing the wildlife in Kasungu National Park, once recognized for its abundant and diverse animal population. Finally, new Local Works awards will support business associations and environmental civil society organizations to engage and advocate for implementation and enforcement of reforms that will protect Malawi's unique natural resources.

## **V. MONITORING, EVALUATION, AND LEARNING**

### **OVERALL MEL APPROACH**

USAID's integrated strategy requires a robust Monitoring, Evaluation, and Learning (MEL) platform. To this end, the Mission identified three categories of indicators relevant to measuring the performance and impact of sector-specific and integrated interventions on agency, capacity, and commitment. The Mission also identified a preliminary learning agenda to address knowledge gaps related to measuring the

impact of: (1) integrated versus sector-specific interventions on key self-reliance dimensions; (2) interventions on the ability of local entities to self-finance; and (3) integrated youth interventions on gender equity. Finally, the Mission will develop a risk analysis and mitigation plan to monitor the CDCS assumptions as part of the Performance Management Plan. The Mission’s approach to MEL centers on the five core principles discussed below, to help implement the strategy. The CDCS Performance Management Plan will provide more information on: (1) DO and IR-level indicators grouped by agency, capacity, and commitment; (2) the illustrative DO learning agendas; and (3) assumptions and risks.

## INDICATOR CATEGORIES

**Context Indicators (required at the Goal and DO-level):** These are high-level, sector-specific, and cross-cutting metrics that define the magnitude of the development problem. Progress at this level are not necessarily within USAID’s management control, but link to journey to self-reliance metrics; GOM indicators; UN sustainable development goals; and other internationally recognized measures. USAID will use select context indicators in assistance agreements as part of redefining our relationship with the GOM.

**Performance Indicators (required at the DO, IR, and sub-IR level):** These are impact/outcome indicators that will measure the performance of USAID’s projects in terms of agency, capacity, and commitment. They will include sector-specific, integrated, and cross-cutting indicators that link to journey to self-reliance metrics; GOM indicators; and relevant donor indicators.

**Operational Excellence Indicators (new category):** The Mission recognizes the need to adjust internal operations to meet the demands of the strategy’s pivot towards supporting Malawi’s journey to self-reliance. Examples of internal operational shifts include: (1) building a matrix management structure that supports sector-specific and integrated equities across the three DOs and throughout USAID’s program cycle; (2) increasing staff capacity and time to work more directly with government and local civil society organizations, including managing and mitigating against new risks; (3) negotiating with, and holding the government accountable for, selected conditions in the new bilateral assistance agreement as part of re-defining our relationship with the GOM; and (4) managing sector-specific reporting requirements within integrated activities that use funds from multiple sources. The Mission will use feedback loops and a balanced scorecard approach to learn and adapt for operational excellence.

## CORE MEL CAPABILITIES



**Strategic Focus:** USAID will prioritize investments critical to achieving high-impact integrated outcomes. Core question: “Is USAID investing in ways that have a transformational and lasting impact that will endure well beyond USAID’s investment?”

- **Impact of programs on self-reliance dimensions** by using agency, capacity, and commitment indicators that measure Malawi’s self-reliance and *ex-post* evaluations to measure impact.
- **Cost-effectiveness** by using cash benchmarking and cost-effectiveness analysis.

- **Complexity-aware MEL approaches** by using more sophisticated policy and political economy analysis to holistically examine systems and interventions.

**Insight for Adapting:** Tighter feedback loops throughout the program cycle. Core question: “How can the Mission adapt in real time to changing realities or recognize the need for course corrections?”

- **Systematic feedback loops and adaptive management** by using approaches to Collaborating, Learning, and Adapting such as after-action reviews, portfolio reviews, quarterly financial reviews, adaptive activity designs, evaluations, etc., to enable adaptation as learning occurs.
- **Information accessibility** by strengthening and integrating data collection, management, analysis, and visualization tools (e.g., DevResults, GIS, OPSMaster, Tableau, and DIS).

**Culture of Learning:** The Mission will infuse and strengthen a culture of learning. Core question: “How can USAID foster a culture of learning and accountability across the development spectrum?”

- **Participatory methods** by utilizing cross-disciplinary and multi-stakeholder perspectives to foster open and inclusive learning through advisory councils, joint site visits, integrated MEL teams, portfolio reviews, CDCS mid-course stocktaking, and learning summits.
- **Strategic relationship management** by ensuring linkages between USAID’s development priorities with the USG inter-agency, donor partners, GOM, and other key stakeholders. Examples include linking USAID indicators with GOM indicators, USAID/GOM portfolio reviews, and thematic working groups. This will facilitate joint investment, planning, prioritization, and target-setting.

**Local MEL Capacity:** The strategy’s increased focus on strengthening local actors requires greater investments in building their MEL capacity as well.

**Operational Excellence:** Continuous improvements to Mission processes can streamline operations and create a more flexible and effective organization to implement self-reliance-oriented interventions.

## **VI. ANNEX**

### **A: JOURNEY TO SELF-RELIANCE COUNTRY ROADMAP**

# MALAWI

## JOURNEY TO SELF-RELIANCE: FY 2020 COUNTRY ROADMAP



### LEGEND

0-1 Score

Malawi's Score  
0-1, least to most advanced globally



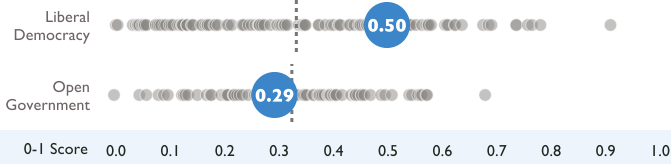
Other Low- and Middle- Income Countries' Scores



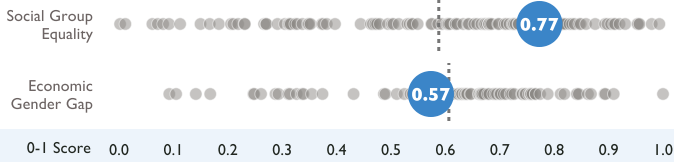
Average Score for Low- and Middle- Income Countries

## COMMITMENT

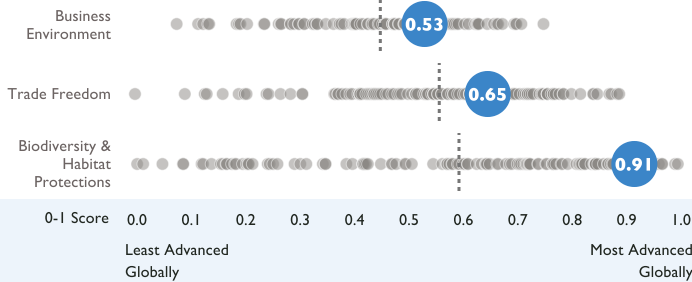
### OPEN AND ACCOUNTABLE GOVERNANCE



### INCLUSIVE DEVELOPMENT



### ECONOMIC POLICY



### RISK OF EXTERNAL DEBT DISTRESS

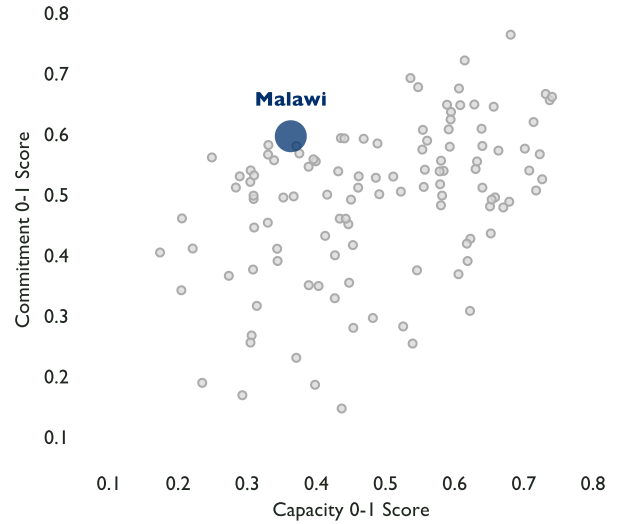
Low

Moderate

High

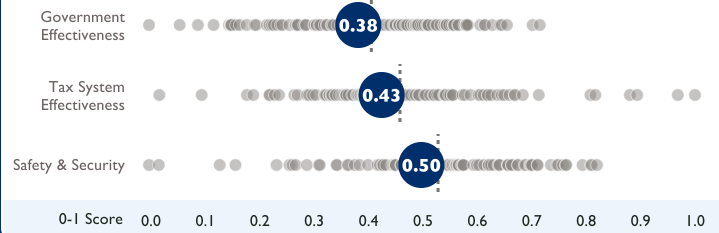
In Debt Distress

## LOW- & MIDDLE-INCOME COUNTRY SNAPSHOT

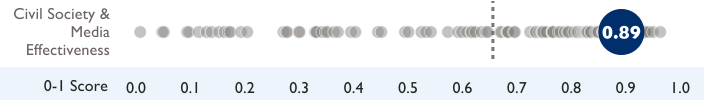


## CAPACITY

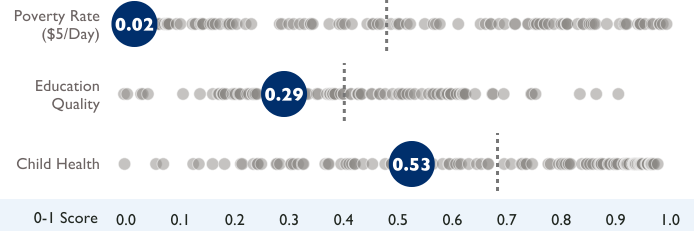
### GOVERNMENT CAPACITY



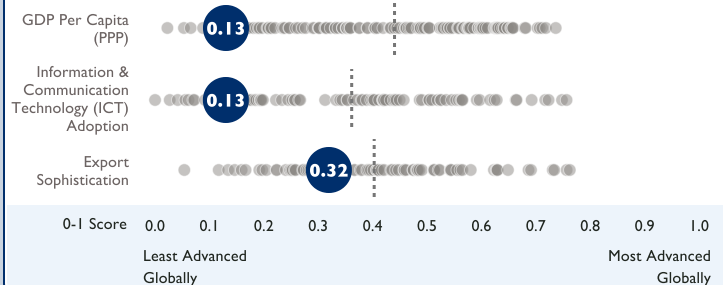
### CIVIL SOCIETY CAPACITY



### CITIZEN CAPACITY



### CAPACITY OF THE ECONOMY



# SELF-RELIANCE ROADMAPS

## INDICATOR DEFINITIONS AND SOURCES

### COMMITMENT

#### OPEN AND ACCOUNTABLE GOVERNANCE

**Liberal Democracy:** Measures freedom of expression, freedom of association, suffrage, elections, rule of law, judicial constraints on the executive branch, and legislative constraints on the executive branch. Source: [Varieties of Democracy \(V-Dem\)](#).

**Open Government:** Measures the degree to which a government shares information, empowers people with tools to hold the government accountable, and fosters citizen participation in public policy deliberations. Sub-factors include: publicized laws and government data, right to information, civic participation, and complaint mechanisms. Source: [World Justice Project, Rule of Law Index](#).

#### INCLUSIVE DEVELOPMENT

**Social Group Equality:** Measures political equality with respect to civil liberties protections across social groups as defined by ethnicity, religion, caste, race, language, and region. Source: [Varieties of Democracy \(V-Dem\)](#), [Social Group Equality in Respect for Civil Liberties](#).

**Economic Gender Gap:** Index comprising five components: (1) wage equality between women and men for similar work; (2) the ratio of female estimated earned income to male income; (3) the ratio of female labor force participation to male participation; (4) the ratio of female legislators, senior officials, and managers to male counterparts; and (5) the ratio of female professional and technical workers to male counterparts. Source: [World Economic Forum, Global Gender Gap Report, Economic Participation and Opportunity Sub-Index](#).

#### ECONOMIC POLICY

**Business Environment:** Assesses a country's entrepreneurial climate by measuring business' access to infrastructure (such as the internet and transport, and to credit), business flexibility (the costs of starting business and of hiring and firing), clear and fair regulations (e.g., intellectual property rights), and perceptions of meritocracy and opportunity. Source: [Legatum Institute, Prosperity Index](#).

**Trade Freedom:** Measures a country's openness to international trade based on average tariff rates and non-tariff barriers to trade. Source: [Heritage Foundation, Index of Economic Freedom](#).

**Biodiversity & Habitat Protections:** Measures extent of marine protected areas, terrestrial biome protection (weighted for both national and global scarcity), representativeness of protected areas, and whether protected areas cover the ranges and habitats of critical species. Source: [Yale University/Columbia University Center for International Earth Science Information Network \(CIESIN\)](#).

#### RISK OF EXTERNAL DEBT DISTRESS

Rates a country's risk of public sector debt distress on a four-tier scale: "low risk", "moderate risk", "high risk", and "in debt distress". Ratings are based on countries' debt and market structures, fiscal and macroeconomic outlook, and institutional capacity to manage debt burden. Ratings help guide the borrowing decisions of lower-income countries to meet development needs while reducing the chances of excessive debt build-up. Ratings are shown for 54 lower-income countries for which the IMF prepares risk ratings and are not scored components of Commitment or Capacity. Source: [International Monetary Fund, Debt Sustainability Analysis for Low-Income Countries](#).

All source data are for the latest year available, typically 2018 or 2017, and are derived from third-party institutions. All indicators are weighted equally in the calculation of the overall Commitment and Capacity scores. Names and boundary representation in the map are not necessarily authoritative.

For more information on definitions and sources, please visit [selfreliance.usaid.gov](http://selfreliance.usaid.gov).

### CAPACITY

#### GOVERNMENT CAPACITY

**Government Effectiveness:** Measures the quality of public services, the quality of the civil service and its independence from political pressure, the quality of policy formulation and implementation, and the credibility of the government's commitment to its stated policies. Source: [World Bank, Worldwide Governance Indicators](#).

**Tax System Effectiveness:** Estimated ratio between a country's tax collection and the expected level of tax revenue that a country could achieve, given its macroeconomic, demographic, and institutional features. Source: [USAID, Collecting Taxes Database, Tax Effort Indicator](#).

**Safety & Security:** A combination of objective measures of security, and subjective measures of personal safety, personal freedom, and social tolerance. Source: [Legatum Institute, Prosperity Index](#).

#### CIVIL SOCIETY CAPACITY

**Civil Society & Media Effectiveness:** Measures the range of actions and mechanisms that citizens, civil society organizations, and an independent media can use to hold a government accountable. The mechanisms include using informal tools such as social mobilization and investigative journalism. Source: [Varieties of Democracy \(V-Dem\)](#), [Diagonal Accountability Index](#).

#### CITIZEN CAPACITY

**Poverty Rate (\$5/Day):** Measures the percent of the population living under \$5/day in purchasing power parity (PPP) terms. Source: [World Bank, PovCalNet](#).

**Education Quality:** Gauges both the quality of education—using harmonized scores across major international student achievement testing—and the quantity of schooling received—using age-specific enrollment rates—to evaluate the relative performance of educational systems worldwide. Source: [World Bank, Human Capital Index, Learning-Adjusted Years of Schooling Indicator](#).

**Child Health:** A composite measure that aggregates child mortality, access to at least basic water sources, and access to at least basic sanitation facilities. Source: [Columbia University Center for International Earth Science Information Network \(CIESIN\)](#).

#### CAPACITY OF THE ECONOMY

**GDP Per Capita (PPP):** Measures the flow of resources available to households, firms, and government to finance development as the country's total Gross Domestic Product (PPP) divided by the country's population. Source: [World Bank, World Development Indicators](#).

**Information & Communication Technology (ICT) Adoption:** Index comprising: (1) mobile-cellular telephone subscriptions; (2) mobile-broadband subscriptions; (3) fixed-broadband internet subscriptions; (4) fiber internet subscriptions; and (5) internet users. Source: [World Economic Forum \(WEF\), Global Competitiveness Index](#).

**Export Sophistication:** Measures the diversity and ubiquity of a country's exported goods, key markers that can help gauge economic sophistication and resilience. Source: [Center for International Development at Harvard University, Economic Complexity Index](#).