

## Malawi: Off the Southern African Map?

Since South Africa's political transition, Malawi appears to have dropped off Pretoria's political map. Under Kamuzu Hastings Banda it was white South Africa's closest African political ally, establishing full diplomatic relations with SA in 1967, which by the advent of the 1990s remained the first and only such formal link with a black state. Malawi was a popular destination for SA tourists denied the opportunity to explore much of the continent. Earlier this year, on 15 June, the country staged its second democratic general election, re-instating the incumbent, President Bakili Muluzi, for another five-year term. During the election there were many allegations about corruption and public unhappiness at the slow rate of economic growth. What are Malawi's prospects?

### The Political Backdrop

After three decades of authoritarian rule by **Kamuzu Hastings Banda** who had ruled since independence on 6 July 1964, Malawi's first democratic election was held on 17 May 1994. This followed a referendum in June 1993 in which 63% of voters supported the re-introduction of multi-party politics.

**Bakili Muluzi**, a former cabinet minister in the Banda government, won 47% of the presidential vote in 1994, with Dr Banda gaining 33% and **Chafukwa Chihana** of the Alliance for Democracy (AFORD) some 19%. Muluzi's United Democratic Front (UDF) won 86 seats in the 177-member National Assembly, with Banda's Malawi Congress Party (MCP) 56 and AFORD 35.

Muluzi was faced with immense developmental challenges exacerbated by an absence of a parliamentary majority and his refusal to co-operate with the MCP. His attempts to liberalise the economy were made difficult by an environment of overwhelming poverty, domination by Banda's Press Trust Corporation (PTC) business empire, high illiteracy, the lowest life expectancy in southern Africa, poor sanitation, high transport costs, and a heavy reliance on agriculture. The new government prioritised poverty alleviation and privatisation, along with the combating of corruption and the mismanagement of resources. But although there has been some success, living standards remain low, and the government has been blamed for corruption and high inflation.

The Muluzi government, nonetheless, has made strident inroads in its aims to enshrine democratic values and improve Malawi's human rights record

which had suffered under Banda's authoritarian regime. The former president was among those tried for the murder of **Dick Matenje**, the former Secretary-General of the MCP, and three associates in May 1983. In the event he was acquitted, and the 101-year old Dr Banda was politically rehabilitated being accorded a state funeral on his death on 27 November 1997.

Against this backdrop the second democratic elections were held in June this year. Yet even prior to the polls, there were fears that the process would not be free and fair.

Malawi: Facts at a Glance

Population	10.3 million
Life expectancy at birth	37
Annual population growth	1.7%
GNP per capita PPP US\$	700 (210 actual)
GNP per capita global ranking	204/210
Annual GNP growth, 1990-97	0.8%
Annual inflation, 1990-97	33.8%
Total external debt	US\$2.2 billion
Net private capital flows, US\$, 1995	-14 million

The opposition MCP was concerned at the way in which President Muluzi's ruling UDF had allegedly 'manipulated and dominated' the radio broadcasts by the country's broadcasting corporation, MBC. There were also allegations of UDF-sponsored violence against the MCP, and reports by non-governmental organisations (NGOs) that more than

160,000 potential voters were denied the right to register, particularly in the northern and central regions.

The party campaigns were notable in their failure also to address bread and butter issues, with character assassinations and personality differences instead occupying centre-stage. The parties were virtually silent on their plans, for example, to tackle illiteracy and poverty.

Malawi has an illiteracy rate of 65%, while nearly 60% of the population live below the poverty datum line. Nearly 90% of the country is rural based, of which only about 20% have access to running water.

Following the announcement of presidential election results in which Muluzi won by 51% of the vote to MCP/AFORD candidate **Gwanda Chakuamba's** 44%, the northern town of Mzuzu was the flashpoint of clashes between supporters of the re-elected President and those of the opposition MCP/AFORD coalition. In the words of one church official, 'There is regionalism and tribalism in Malawi. The Christian north supports AFORD, the centre the MCP, and the Muslim south, Muluzi.' But this is not just a simple religious divide. The MCP is supported by the Christian Nkhoma (Dutch Reform) synod and the Anglican diocese; AFORD by the Livingstone synod and the Anglicans; and the UDF by the Blantyre synod and Muslims. And with three-quarters of the population Christian, a large segment clearly support the UDF. Indeed, support for the parties in reality is regionally rather than religiously based.

Muluzi, 56, was sworn-in for a second five-year term despite a planned court injunction by the opposition to declare the presidential results null and void. The opposition claims massive vote rigging despite pronouncements by international observers that the election was 'substantially free and fair'. It is contesting the results on two grounds: first, that Muluzi did not obtain over 50% of the support of the electorate (which is a constitutional requirement) rather than of the registered voters (the terms of the electoral act). Second, to question why the government thought it necessary to print extra ballot papers locally, the number being printed allegedly corresponding with the difference in the poll between Muluzi and Chakuamba. The MCP and AFORD returned to parliament after boycotting the President's opening address. The court hearing, already postponed, is due to be heard on 15 September 1999.

### Current Economic Developments

Malawi, and its neighbours Zambia and Mozambique are among the world's 16 poorest countries that stand to benefit from the decision made at the G-7 summit in Cologne in June to reduce the debt burden of highly indebted poor countries (HIPC).

Under the G-7 proposals, in addition to US\$25 billion agreed at the 1998 Birmingham summit, US\$45 billion of debt would be written off, including US\$25 billion owed by the HIPCs. Malawi is indebted to multilateral funding institutions to the tune of about US\$500 million and is estimated to spend 17% of its export earnings on debt repayments. Ranked 121<sup>st</sup> out of 137 poorest countries, Malawi's main sources of revenue are tobacco along with foreign donations and aid.

Plans are afoot to reduce the dependency on tobacco, however. The crop contributes up to 70% of the country's foreign exchange earnings, fetching

US\$250 million in 1997. The industry employs 250,000 labourers and 282,000 tenants. Although farmers believe that the crop has the potential to generate US\$600 million annually, the export promotion council is encouraging farmers to produce other crops such as paprika, cut flowers, sunflowers, nuts, pulses, spices, dried fruits and vegetables. The production of macadamia nuts, for example, has risen from 1,000 tonnes at the beginning of the decade to a projected 3,500 tonnes by 2000, ranking Malawi the sixth largest producer in the world. Paprika, which is used as a spice and food colourant, was introduced only at the start of the decade. Exports reached 2,400 tonnes in 1997.

Other economic development projects are afoot. Malawi's Posts and Telecommunications Corporation plans to spend US\$58 million to connect 44,000 new subscribers in the central region districts. The corporation will replace the analogue exchanges with modern digital equipment and upgrade the local cable networks. The corporation will also build additional telephone exchanges in townships in Blantyre, the commercial and largest city with a population of 450,000. Less than half of Malawi's 65,000 line capacity is operational. The country requires an estimated 300,000 new lines to overcome problems in its network. The establishment of a second cellular network, Celtel Malawi Ltd., alongside the Malaysian-backed existing operator Telekom Networks Ltd, will alleviate some of the current congestion in a network which has 10,000 subscribers.

Malawi has two televisions per 1,000 people, 256/1,000 radios, and just 4/1,000 telephones. The country received national television only in March 1999, the timing of which was seen by many as a pre-election ploy. The single channel TVM is aired for two hours each day.

Privatisation of some 120 parastatals is proceeding at a steady pace given what one commentator has termed 'the not-exactly-frenzied demand for Malawian state assets'. About 35 have been sold. These include, notably, Sucoma sugar plantation (to SA's Illovo), the National Insurance Company, and Packaging Industries Limited. Among those being prepared for sale are Air Malawi and Commercial Bank. Banda's Press Trust Corporation, with its 20 subsidiaries and 12 associate companies employing 33,000 with an annual turnover equivalent to 12% of GDP, is also not immune from this process. In March 1998, 23% of the PTC was floated on the London stockmarket. A full listing on Malawi's bourse is expected.

The fishing industry, which in 1994 employed 243,000 people, and provides 70% of animal protein for the population, is in a state of decline. Exports fell from 140,000 tonnes in 1988 to 5,000 tonnes just

one year later. This is the result of intense fishing pressures including the use of illegal, smaller nets, poaching and over-fishing. There are plans to introduce much stricter management and controls.

The cost of Malawian exports and imports were dramatically increased by the interruption of its traditional port through the Nacala rail link with Mozambique as a result of the civil war in that country. This forced much rail traffic to be routed through South Africa and Tanzania, raising insurance and freight costs from 20% in the early 1980s to 40% by the end of the decade. Although this has fallen to 35%, this is still high by international standards. (By comparison, the figure for Brazil is 12%.) The Nacala link was fully operational by 1998 although only 10% of traffic flowed via that route, and the Beira line remains closed.

The challenges posed in trying to reform the economy and simultaneously cut poverty are illustrated by the problems the Muluzi government has faced in its 'cash budget system' whereby each ministry was prevented from spending any more money than allocated in the budget. This brought down the budget deficit from double digits to 4.4% of GDP in 1996/97. However, once the Finance Minister, **Aleke Banda**, was moved to agriculture and his portfolio was taken over by the Vice-President **Justin Malewezi**, the deficit rose steadily again to 5.2% in 1997/98 far from its target of 3.8%. This once more appears to be under control with the appointment of a new Finance Minister in **Dr Cassim Chilumpha** in March 1998.

Budget stringencies have been made difficult too by the rapid depreciation in the value of the kwacha, which has had an upward effect on inflation. The currency value declined by more than 50% after its flotation in 1998, while inflation is currently around 35%, up from 7% in 1997 to which level it had fallen from 98.2% in 1994. (Overall the currency has declined in value from US\$1 = MKW2.7 in 1990, to US\$1 = MKW42 today.)

### Social Issues

The challenges of development are compounded by the high rate of Aids infection. Around three-quarters of the world's 35 million HIV/Aids population is African. As a result of Aids, given current rates of infection, life expectancy in Malawi is expected to drop to 35 by 2010. Around 14% of the population is estimated to be HIV-positive, though this may be higher. In 1996, around 30% of women tested in antenatal clinics were HIV-positive. This is likely to have a dramatic social impact: for example, already two to three teachers die each week. Aids counsellors say that the high rate of infection is directly related to conditions of extreme poverty.

Malawi is often portrayed as a conservative, male-dominated society, partly a result of Banda's paternalistic rule. The figures for illiteracy among women, for example, are twice as high as for men. This is likely to change with Muluzi's abolition of fees for primary schools in September 1994, which has resulted in a massive increase in primary enrolment from 1.9 million to 2.9 million pupils.

Interestingly, the Malawi army will, for the first time, recruit women into its ranks in 1999. Lieutenant-General **Joseph Chimbayo** has announced that 35 young women will be enlisted before the end of 1999 to join the 9,400-strong uniformed forces, including the police. Malawi spends about 1.5% of its GDP on defence.

### Foreign Relations

South Africa remains Malawi's principal trading partner, taking 13% (US\$87 million) of exports (with the US, Germany, Holland, Japan and the UK the next largest partners), and supplying 34% (US\$271 million) of imports in 1997. South Africans form the bulk of the 230,000 tourists who visit the 'Warm Heart of Africa' each year, a sector which brings in about US\$7 million in receipts annually.

Malawi is a member of both the Southern African Development Community (SADC) and the Common Market for Eastern and Southern Africa (COMESA). The government is ambivalent about the benefits flowing from the creation of a regional common market in COMESA (scheduled for 2000), and the implementation of the SADC Free Trade Area that will start with a phased reduction of tariffs in January 2000.

The economy is heavily dependent on aid, with US\$500.8 million in multilateral and bilateral development assistance in 1996, the importance of which has to be measured against the overall GDP of US\$1.8 billion. Reflecting these ties, Malawi enjoys good relations with most Western nations, though there has been a shift in emphasis between Presidents Banda and Muluzi. As Vice-President Malewezi has put it: 'We are trying to bring Malawi out of isolation. We are encouraging contact with as many countries as possible. We don't have any ideological hiccups which prevent us from having cordial relations.'

Malawi maintains diplomatic relations with both Israel and Taiwan, both of which have aid programmes amounting, in the latter case, to around US\$20 million. Although only Swaziland and Malawi within southern Africa maintain formal ties with Taiwan, there is, according to Vice-President Malewezi, 'no plan to change this relationship' and although Lilongwe is developing relations with the mainland, 'we shouldn't have to choose between the two'.

The Israeli link previously precluded assistance from the Arab bloc, though this has changed. In June 1995, Kuwait pledged US\$315 million in aid to upgrade irrigation schemes, roads and telecommunications. Mr Muluzi, a Muslim, has made state visits also to Libya and Egypt. In 1997, Prime Minister **Mahathir Mohamad** of Malaysia paid a visit to try to improve economic ties. In direct contrast to his conservative-minded predecessor, President Muluzi established full diplomatic relations with Cuba in 1997 and with Libya in 1999. The President attended the OAU special summit in Tripoli which celebrated, on 9 September, the 30<sup>th</sup> anniversary of Colonel Gadaffi's coup d'état bringing him to power.

The opening of the Libyan and Norwegian embassies in 1999, brings to 11 the total number of resident missions: SA, Egypt, Libya, Zambia, Zimbabwe, Mozambique, Taiwan, Norway, Germany, UK, and the US. Neighbouring Tanzania's mission is accredited from Zambia — a leftover from the poor relationship between Banda and former Tanzanian President **Mwalimu Julius Nyerere**. The 200-strong Malawi Ministry of Foreign Affairs staffs just 16 diplomatic missions, with plans to open three more next year in Tripoli, Cairo and Taipei.

These foreign policy moves have served to highlight the aforementioned tensions between Muslim and Christian groups illustrated by the acts of inter-communal violence around the June election. This has shocked normally tranquil Malawi and placed the country, in the words of MCP politician **Brian Mungomo**, at a 'critical crossroads in its political history'. Or as another opposition politician has put it, 'Malawi is sitting on a timebomb'. There are opposition fears that their court action will not be given a fair hearing.

These tensions have given rise, too, to a painful process of national self-examination, the focus of a recent government-sponsored workshop convened in Blantyre by the Botswana-based African Conference of NGOs Against War in Africa (ACNAWA) in conjunction with the Council for NGOs in Malawi (CONGOMA). This event was interpreted by many as a crude government attempt to counter an earlier initiative by the National Consultative Group (NCG) that had run a workshop on 'Peace and National Unity' in Lilongwe on 27 August 1999. President Muluzi reportedly condemned this earlier initiative on the grounds that no such problems existed in Malawi. There are more than 175 NGOs in Malawi, most of which were established after 1995.

## Conclusions

In an exclusive interview with SAIIA in Malawi this September, Vice-President Justin Malewezi highlighted a number of immediate priorities facing his country, in order of importance:

**Macro-economic stability and poverty alleviation:** through the reduction of the budget deficit, the control of inflation which 'is the greatest threat to the poor', revenue generation through more efficient collection and a broadening of the tax base, and the control of monetary liquidity.

**Agricultural and food security:** partly through better marketing, the setting up of credit lines, and 'focused inputs'.

**Access to health-care:** both 'preventive and promotive' with the focus on bringing 'health to the villages not the other way around' and on population control given that 'fertility rates are still high with six children born on average to every woman.' (Just 22% of married women use contraception.)

**Infrastructure development:** particularly with respect to roads, power generation, water, and telephones, with previously state bodies such as the National Roads Authority now being run on commercial lines.

**Civic education and democracy:** to help change 'the 31 years of one party system which entrenched a culture. Today the people need to understand their role in democracy'.

**HIV/Aids:** which is a 'major problem in Malawi, taking from society its most productive members'.

**Internal security:** involving a Police Reform Programme to 'change the culture of the police from the MCP-type as an enemy and a threat, to a service'. This is essential 'as investors won't invest if the economy is unstable'.

**Encouraging tourism and manufacturing:** as a 'second engine of growth'.

**Transport sector development:** both internal and external.

**Privatisation:** as 'a means to the end of economic growth'.

There is little doubt that the tasks facing Malawi are enormous, particularly in poverty alleviation. Mr Muluzi has his work cut out in keeping his country on the international map in attempting to meet these. As **Shyley Khondowe** of the influential Malawi Institute for Democracy and Economic Affairs (MIDEA) has put it: 'The world is not waiting for Malawi; we must use the time and resources we have available to solve our problems.'