



**Water and Environmental Sanitation Network (WES Network) Qadri House Area 3  
Behind NBS Bank, P.O Box 3210, Lilongwe, Malawi**

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## **CONTRIBUTION TO 2020/2021 NATIONAL BUDGET**

### **CONTEXT**

#### **a. Development Planning**

The Malawi Growth & Development Strategy (MGDS) III - the medium-term development strategy – recognizes the important role that Water, Sanitation & Hygiene (WASH) has to play in achieving the strategy’s overall objective of moving “Malawi to a productive, competitive & resilient nation.” The strategy is aligned to Malawi’s international, continental & regional obligations such as the 2030 Agenda on Sustainable Development Goals (SDGs).

It therefore follows that water is a critical ingredient in manufacturing, electricity generation, agricultural production, environmental conservation, & sustaining a healthy labour force, which are critical for economic productivity.

As Malawi is developing & the population is increasing, & trading centers are turning into towns & towns into cities, & the effects of climate change intensify, the demand for water for domestic use & industrial production will continue to increase.

In order to grow & sustain current & future economic productivity, investment in water, sanitation & hygiene is a non-negotiable priority. The advent of the COVID-19 pandemic has demonstrated the critical need for countries like Malawi – which have been brought to a stand-still because of poor hygiene, lack of adequate access to water & hygiene at home, in public places & in health care facilities – to immediately prioritize water, sanitation & hygiene in their development planning.

Achieving a productive & resilient nation hinges on some economic factors such as performance of the private sector. In May 2017, President Arthur Peter Mutharika acknowledged that “Growth in manufacturing, electricity & gas as well as water supply activities in the last two years registered a declining trend thereby hampering the performance of the private sector. As a result, the economy only attained a real GDP growth rate of 2.7 percent in 2016.”<sup>1</sup>

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<sup>1</sup> APM, SONA, May 2017

## b. COVID-19 & WASH & Health Landscape

“In recent years & in response to burden of disease profile, there has been increasing recognition of social determinants of health. These are causes of causes of diseases or risk factors that cause diseases.”<sup>2</sup> They include water, sanitation & hygiene (WASH), among others. Of late, the advent of the COVID 19 pandemic, has critically emphasized the importance of WASH in the health & resilience of a nation. Good hygiene & clean water are the first line of defence against COVID-19, ebola & other highly contagious diseases.

The COVID-19 outbreak that started in China was declared a global pandemic by the World Health Organization on 11<sup>th</sup> March 2020 this year. As of 26<sup>th</sup> April this year, there were 2,999,958 confirmed cases and 206,640 deaths that were recorded worldwide. Malawi recorded its first case on 4<sup>th</sup> April & since then the cases have risen to 33 with 27 active cases, three recoveries & three deaths as of 26<sup>th</sup> April 2020. There is an imminent risk that the number of cases, & therefore the number of deaths, will continue to rise if immediate steps are not taken to prevent further transmission of the virus in the country. The COVID-19 threat is of particular gravity in low income areas, Health Care Facilities (HCFs) & other high-traffic public places because they are ill prepared for the pandemic due to lack of water, sanitation & hygiene.

### Why Increase Budget Allocation to WASH

- Position Malawi to better respond & mitigate the impact of pandemics such as COVID 19 both at national & district levels
- Save about 50% of health budget that is ‘wasted’ treating WASH related preventable diseases & conditions
- Improve economic productivity of the nation, especially women & girls
- Reduce school dropout among girls for lack of facilities that provide for their menstruation
- Improve industrial growth which otherwise will remain stunted due to inadequate water supply
- So that our markets, small towns, schools & healthcare facilities stop being health hazards for patients, clients & health care workers in the context of COVID-19 pandemic & health care acquired infections
- To ensure that our hydrometric stations are fully operational so that data from research is readily available for use in appropriate decision-making on water resources allocation & flood & drought mitigations.
- Ensure that our district water development offices have adequate resources to support WASH initiatives at district/ council level. This includes operation & maintenance of WASH assets, the need to to recruit more water monitoring assistants & to conduct post ODF monitoring activities

<sup>2</sup> Analysis of the 2019-2020 Health Sector Budget Estimates. Malawi Health Equity Network. October 2019

Health production models recognize that achieving health outcomes is a combined effect of interventions in healthcare delivery & preventive measures, including improved nutrition, access to safe drinking water & improved sanitation.

According to the World Health Organization (WHO), improving water supply & sanitation, along with better management of water resources, could alleviate almost a tenth of the global disease burden. For Malawi, despite good progress made in Maternal & Neo-natal Health (MNH), the Maternal Mortality Ratio (MMR) & Neo-natal Mortality Ratio (NMR) are among the highest in Sub-Saharan Africa. Studies show that 4% of Malawi's maternal mortality can be linked to poor WASH. Tragically, these are deaths that can be prevented through improving the status of WASH in homes & institutions such as health care facilities, markets, early childhood development centres (ECDCs) & educational establishments.

Studies have also established that premature deaths of one in five (20%) babies who die in their first month in the developing world could have been prevented just by practicing good hygiene & caring for them in a clean environment. Sadly for Malawi, caring for new-born babies in a clean environment remains a tall order with 57% of HCFs not meeting the WHO standard of having running water inside the facilities, up to 63% of HCFs do not have adequate latrines; 17% do not have clean water and; 56% have no hygiene facilities.

In the absence of WASH facilities, HCFs pose an increased risk of acquiring infections, loss of dignity, discomfort and increased burden of work. Women, girls & young children accessing the health services tend to be worst affected. The presence of WASH in HCFs, has direct implications on the sexual & reproductive health rights of women & girls. Even though Malawi has made progress on maternal & child health outcomes, it remains among the poorest performing in terms of morbidity & mortality with sepsis being among the top three causes. Skilled birth attendance has increased from 71% in 2010 to 90% in 2019 yet maternal mortality is still at 439 per 100,000 live births while neonatal & infant mortality are at 27 and 42 per 1,000 live births respectively. This provides strong evidence that access to skilled services alone is not enough & other underlying factors should be considered to further improve health outcomes for this demographic. WASH comes up as a key factor as Malawi continues to be burdened by communicable illnesses.

On impact of WASH on nutrition, World Health Organization (WHO) reports indicate that poor access to WASH contributes to nearly 50% of undernutrition while the Malawi Ministry of Health & Population attributes about 50% of the diseases burden in the country to poor WASH. If not addressed in the first two years of a child's life, the negative effects of this cycle may permanently affect them for the rest of their lives & also affect subsequent generations.

### **c. Trends in WASH Financing against Set Targets in Malawi**

Per the Joint Monitoring Program (2019), in 2017, Malawi achieved 69% and 26% for "basic" water & sanitation respectively at a time when Malawi is aiming to achieve at least 95% basic water supply services & 100% basic sanitation services by 2030. One of the reasons for the slow progress towards attaining the SDG targets is low political

prioritization of WASH, evidenced in inadequate & declining public funding to the sector. Impacting the situation further is that Malawi allocates **no** financial resources for operation & maintenance of WASH assets, resulting into rapid deterioration of WASH assets.

Public funding to the sector has been inadequate to meet sector investment targets & has decreased over the last five years (7.82% of the total national budget in 2011/2012 fiscal year to just over 1% in 2018/2019 fiscal year). The general trend is that disbursements have been lower than approved budget allocation. However, driven by specific externally financed projects, the WASH budget substantially increased in 2019/2020 to MK26.3 billion (US\$39 million), up from MK16.6 billion (US\$22.1 million) in 2018/19<sup>3</sup>. This translates to 1.5% of the total budget & 0.44% of GDP against the 5% of the total national budget benchmark recommended by the Ethekwini declaration which Malawi is party to. The Water Sector Investment Plan (WSIP) 2012 estimated that Malawi needs to invest US\$140 million annually in WASH between 2015 & 2030 to provide basic WASH services. Analyses in late 2019 using the SDG costing tool indicate that Malawi requires US\$97 million to attain basic coverage & additional US\$258 million to attain safely managed services annually up to 2030<sup>4</sup>.

## RECOMMENDATIONS

- Since we are faced with the novel COVID-19 pandemic, Malawi should immediately increase national budget allocation to WASH from an average of 1% over the past 3-5 years towards a minimum threshold of 5% of total national budget<sup>5</sup>. This is in keeping with Malawi's Water Sector Investment Plan (WSIP) 2012 allocation estimates, the SDG costing tool projections & numerous commitments & declarations that Malawi is party to, such as those under the global Sanitation & Water for All partnership. The increase will also enable Malawi to effectively respond to the COVID-19 pandemic.
- Malawi should allocate funds in the national budget for development of comprehensive institutional WASH guidelines are developed to allow safe return to normal in the post-COVID-19 pandemic period.
- WASH should be included in the financing of social safety nets because it follows that households that cannot afford soap, cannot protect themselves against the threat of COVID-19. As such, social cash transfers should factor hygiene supplies & water as crucial components.
- In distributing resources to votes, programs & outputs, Malawi should prioritize & increase preventative expenditure over curative expenditure for preventable diseases. For example, WASH in health care facilities is a highly cost-effective & impactful intervention area which Malawi should increasingly invest in. Sustained progressive investment in preventative expenditure will position Malawi to better respond & mitigate the impact of pandemics such as COVID 19.

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<sup>3</sup> Water, Sanitation and Hygiene (WASH) 2019/20 Rapid Budget Analysis, UNICEF, October 2019.

<sup>4</sup> The exchange rate of the US\$ to MK used in the analysis is 750.

<sup>5</sup> This refers to ORT (minus personal emoluments)

- In distributing resources to votes, programs & outputs, Malawi should ensure the national budget provides for sustainable financing of operation & maintenance costs for water sanitation & hygiene infrastructure in health care facilities, early childhood development centres, markets, bus depots & educational establishments. Additionally, Central Government should increase ORT for district water development offices from about 0.45% to a minimum of 1% (excluding personal emoluments) of approved estimates of local Government transfers.
- Bearing in mind the effect of COVID 19 on the Malawi economy, it is expected that the 2020/2021 national budget will seek to finance economic recovery activities. If such will be the case, priority should be given to social & economic infrastructure that, first, respond to addressing effects of the COVID 19 pandemic – such as WASH-related infrastructure - &, second, prove to have positive economy-wide effects of large magnitude.
- Since good hygiene & clean water are the first line of defence against COVID-19 & other highly contagious diseases, the tax measures for the 2019-2020 fiscal year should include removal of VAT on hygiene & infection prevention supplies such as soap, chlorine & handwashing buckets. Additionally, Government should remove VAT on water supplied through communal water schemes servicing communities & public places such as markets through Water Boards & Water Users Associations. Government should also support water utilities through payment of arrears owed to water utilities by Government MDAs; through grants & through other rescue packages to enable the utilities manage the extra demand for water in response to the COVID 19 pandemic. Additionally, MDAs should act responsibly by prioritizing expenditure on areas that harness synergies in rebuilding the economy. One of the reasons for non-payment for utilities is poor prioritization of the MDAs themselves when they get funding. As such, we recommend that Treasury should pay directly to utility companies & deduct the amount from the MDA's budget.

## CONCLUSION

Increasing & improving investment in WASH through the national budget is possible if, amongst other measures, the Malawi Government can do the following:

- Review the Fleet Management Policy by a Presidential Decree. It is costly for a poor economy & the current situation makes such a review even more valid than ever before. Malawi should adopt Fleet Management Policies as those in Rwanda & Botswana.
- Review procurement chains towards eliminating inefficiencies. There should be no middlemen in procurement of drugs & medical supplies. Central Medical Stores Trust should procure directly from manufacturers recommended by World Health Organization. Similarly, for the Decent & Affordable Housing Project, there should be no middlemen between government & beneficiary. It

should adopt Farm Input Subsidy Program model where beneficiary gets a vouchers & buys from a shop of their choice. Such measure can release resources for other functions without significantly affecting delivery of the program.

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## **CONTRIBUTE TO CHILD SURVIVAL & GROWTH IN MALAWI: A CASE FOR EARLY CHILDHOOD DEVELOPMENT**

### **INTRODUCTION**

Integrated Early Childhood Development (IECD) is a comprehensive approach to policies, programs, strategies & services for children from conception to age eight for their survival, growth, development & participation to ensure thriving in all dimensions. ECD comprises four components namely, nutrition, education, health & protection.

### **ECD STATUS IN MALAWI**

The National Policy on ECD (NPECD) states that “A study on Impact Evaluation for Protecting ECD (2011 – 2015) revealed that 39.2% of children aged 36-59 months attended early childhood education nationally in 2014. The 2018/19 Program Based Budget shows ECD service covers 1,607,491 children representing 45.36% of the age cohort. The increase also resulted in better education, improved childcare services, child protection & health care outcomes. About 9 in 10 (89.1%) of the children aged two to five years were developmentally on track physically, 71.4% on social emotional & 79.9% on early learning dimensions. Thus, the Early Child Development Index (ECDI) score was at 59.8% in 2014 indicating that 60% of Malawian children are developmentally on track, with ECDI for girls higher at 64% than for boys at 56%. ***However, there is still a need to increase our efforts to make all children developmentally on track<sup>6</sup>.***”

**Some of the problems affecting ECD are:**

***Limited equitable access to ECD services:*** Although the provision of ECD is an important pillar to Education for All, only 45.36 of targeted ECD children attend ECD centers (ECDCs). ***This leaves 54.64% of the targeted ECD children, mostly in rural & urban areas, with no access to ECD services<sup>7</sup>. Factors limiting access include inadequate facilities, including infrastructure for Water, Sanitation & Hygiene (WASH).*** ECD infrastructure is generally poor & inappropriate for young & vulnerable children, rendering the environment a healthy risk for children. The poor infrastructure is largely due to inadequate budgetary allocations to ECD services. The limited access to ECD leads into enrolling under-aged children in primary school who are not prepared & which increases repetition & dropout rates.

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<sup>6</sup> National Policy on Early Childhood Development, 9<sup>th</sup> November 2017. Ministry of Gender, Children, Disability & Social Welfare

<sup>7</sup> *ibid*

**Inadequate Budgetary Allocations to ECD Services<sup>8</sup>:** In the 2019/20 national budget estimates, the ECD subprogram was allocated a total of MK803 Million (Recurrent), representing 0.3% share of the total Education & Skills development budget, and 2% share of Ministry of Gender Budget. A trend analysis shows that allocations to ECD have been below the recommended 3% share of the national budget as per the UN's Education for All Goals e.g. 2016/17 – 0.06%; 2017/18 – 0.05%; 2018/19 – 0.04% & 2019/20 – 0.05%. Regrettably the 2019/20 ECD budget estimate also fell short of the minimum recommended expenditure on ECD proposed in the **MGDS III** by MK 3.5 billion (81%).

## IMPORTANCE OF ECD SERVICES

**Child Care, Survival, Growth & Stimulation:** Provision of adequate & constant care & stimulation ensures that children survive & cope with life & develop optimally in all settings. Providing children with quality care, stimulation & early learning opportunities has many benefits, including enhancing school readiness & related educational outcomes<sup>9</sup>.

*Child survival & stimulation is a very big problem in Malawi. Sixty four (64%) of all children are dying before they reach the age of five (MDHS 2015/16).*

**Protection, stimulation, development, participation & socialization:** ECD center-based services include child rehabilitation units & primary schools for children aged six to eight. ECD Centers (ECDCs) offer opportunities for protection, stimulation, development, participation, socialization & a sense of belonging of all children, including vulnerable ones.

## CALL TO ACTION

The Ministry of Finance, Economic Planning & Development (MoFEPD) in collaboration with the Ministry of Gender, Children, Disability & Social Welfare (MoGCDSW) should increase financial resources to ECD to ensure the allocation conforms to the Education for All aspiration & the minimum recommended expenditure on ECD proposed in the MGDS III.

MoFEPD should allocate 3% of total national budget to ECD in keeping with the recommended 3% share recommended under the UN's Education for All. Alternatively, MoFEPD should allocate a minimum of MK1.5 billion (US\$2 million) to ECD in the 2020 – 2021 budget in a first step towards attaining the minimum recommended expenditure on ECD proposed in the MGDS III. Considering the fact that the annual resource requirement for ECD is MK10.4 billion (US\$13.9 million) – which might be difficult for the responsible Government Directorate to handle alone – Government should work to enhance coordination now in anticipation of increased resource flow in subsequent years. In order to efficiently achieved NPECD objectives.

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<sup>8</sup> Analysis of the 2019/2020 National Budget Focussing On Education Sector, November 2019. Civil Society Education Coalition (CSEC)

<sup>9</sup> National Policy on ECD, 9<sup>th</sup> November 2017. Ministry of Gender, Children, Disability & Social Welfare

**CONCLUSION**

If child survival & stimulation are to be improved in Malawi, Children should be provided with safe water, sanitation & hygiene facilities in all ECD contexts. This is in addition to nutritious food, immunization, growth monitoring services, & adequate play & stimulation materials.

**Willies Chanozga Mwandira**



**NATIONAL COORDINATOR**

**Kate Harawa**



**BOARD CHAIRPERSON**