

## Malawi Country Overview

### 1. Opportunities for economic growth: role of Water, sanitation and Hygiene in climate mitigation and adaptation as well as fostering economic and healthy recovery.

Malawi with a GDP per capita of **532.00 USD** at the end of 2021, according to Trading Economics global macro models and analysts, is a land locked country. The Malawi economy is largely Agri-based with many small-scale farmers depending on rain-fed agriculture. The increase in intensity and frequency of extreme weather events because of climate change, has negatively impacted the economy through reduced agricultural production and disruption of other climate sensitive sectors including the water, sanitation and hygiene (WASH) sector. The Covid 19 pandemic has compounded the problem by pushing backwards the global economic growth, according to the June 2020 Global economic prospects, baseline forecast envisioned a 5.2 percent contraction in global GDP in 2020 (<https://www.worldbank.org/en/publication/global-economic-prospects>). Improved WASH services can reduce the disease burden and, thus, contribute to the reduction in curative health expenditure and the savings can be redirected to other productive sectors that are key for economic growth.

As Malawi's population continues to grow (20,180,839 Un estimates, July 1, 2022), there is always a need to create jobs and provide sustainable Water and Sanitation services. The WASH sector has a lot of potential to create jobs, including green jobs, through operationalization of the flagship projects like: The Borehole Construction Project supported by Global Fund (312 high yielding reticulated boreholes-this project is under COVID 19 response), Malawi Watershed Services Improvement Project (MWASIP), Salima-Lilongwe Water Supply project, the Shire Basin Management Programme and the Songwe Basin Management Programme. Through the Sustainable Rural Water and Sanitation Infrastructure for Improved Health and Livelihoods Project, the sector has developed twelve Water Supply Schemes which, with appropriate metering, have potential to create jobs through vibrant Water Users Associations, supply chain of maintenance equipment, Water Monitoring Assistants, Plumbers, and a network of Local Operators.

In additional, implementation of WASH programs helps developing countries like Malawi adapt to effects of climate change. We can't build community resilience to climate change and future pandemics without ensuring resilient access to water, including for the most basic of needs – drinking, sanitation and hygiene. *Climate resilient Water sanitation and Hygiene (WASH) is a crucial component of climate action. The creation of climate resilient WASH is both a necessary response, and potential solution to climate change - for mitigation and adaptation. The Climate*

*resilient WASH finance strategy and the Blantyre Water Fund- feasibility study which have just been completed are steps in the right direction towards both mitigation & adaptation*

Inter-sectoral cooperation and policy alignment between WASH, water resource management, and climate action is critical for building climate resilience. In Malawi all the 79 adaptation measures that are in the National Determined Contributions indicate the need for alignment with SDG6.

## **2. Impact of COVID-19, Climate Change and economic crisis on Water, Sanitation and Hygiene Service delivery.**

### **Access to services for all, particularly poor, marginalised, and vulnerable people who are at the frontlines of the triple crises**

Progress in water, sanitation and hygiene has been slow and has faced multiple challenges. According to the UNICEF and WHO Joint Monitoring Program (2020) report, current basic access to water service delivery is at 70% while the Malawi Implementation Plan -1 projected 92% access; 54% (MIP-1) for sanitation but we are now at 27% (JMP, 2020), and hygiene is at 8% (JMP, 2020). Covid 19 has exacerbated already widespread access challenges in WASH sector, especially for the poorest. Having water and a toilet are among the most basic necessities of life for any human being. GPS mapping of water points in rural Malawi in 2020 shows that out of 99,599 water points mapped, only 57,548 (representing 60%) are functional. With country-wide water points functionality rates of just above 60%, people's day-to-day lives are negatively impacted by water shortages that remain frequent, unresolved and impact on women's time, burden of work, health and productivity. Inadequate water, sanitation and hygiene (WASH) services also impact maternal & neo-natal health (MNH). Just as **WASH services are necessary services for public health, pandemic preparedness and response, resilient health systems, decent work and economic recovery** studies show that 4% of Malawi's maternal mortality can be prevented through improved WASH service.

In the absence of WASH facilities, health care facilities (HCFs) become an infection risk to patients, guardians, clients and health care workers, and lead to loss of dignity, discomfort and increased burden of work. 24% of the HCFs in Malawi have no access to basic water services while only 30% have basic hygiene and sanitation services (JMP, 2020). Women, girls and young children accessing health services tend to be worst affected as they more frequently visit the facilities to access ante-natal, post-natal and growth monitoring services.

In general, there is inequality in terms of access to WASH services in terms of availability of appropriate WASH technologies to suit different needs and in financial ability to meet the cost of ensuring adequate access and or to meet user fees. In particular, rural populations lag behind on "at least basic" and "safely managed" water service levels<sup>1</sup>.

## **3. Making SMART investments**

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<sup>1</sup> 2015 Service Coverage Levels: At least basic: Urban 79% , Rural 62%; Safely managed: Urban 17%, Rural 1%

## Introduction

Investing in WASH creates the indispensable foundations necessary for a healthy and productive population. Many social sectors are indispensably linked to the WASH sector, be it health, education, gender and nutrition, just for instance. Access to clean water, adequate sanitation and hygiene (WASH) facilities is a fundamental human right. All this comes at a cost which requires deliberate government direct financing and leveraging of external resource-input to achieve the SDG of water and sanitation for all.

The Covid19 pandemic has highlighted many sectoral gaps. For WASH, the need to “build forward better” also means, reflecting pragmatically and programmatically on the relevant SDG undertakings at country level regarding what can we realistically and earnestly do to achieve the WASH Goals. Breaking the SDG’s to the bare bones means that:

- No one practices open defecation
- Everyone has safe water, sanitation and hygiene at all time
- All schools, Early Childhood Development (ECD) centers and HCFs have sustainable WASH facilities and services.

## Cost of achieving WASH services for all

*Options for increasing contributions of water, sanitation and hygiene to climate action, economic and health recovery*

To achieve SDG6, Malawi needs **\$97 million** to build and maintain universal basic coverage and an additional **\$258 million** to build and maintain safely managed services each year up to 2030. To merely sustain existing basic and safely managed WASH access, Malawi needs US\$31m and US\$66m annually against an estimated US\$183.7m available annually which is mainly allocated towards CAPEX for urban water supply. These are huge figures, but with an integrated advocacy strategy for increasing sector financing; consumers of the services may meet up to 47% of costs to build and maintain basic coverage and 72% of additional costs to build and maintain safely managed services. The rest can be realized by operationalising the Climate Resilient WASH finance strategy which has just been completed. Some of the options for reducing the financing gaps being proposed include decreasing costs and increasing efficiencies in service delivery, increasing funding sources and financing sources. Using the financing strategy, the sector can directly engage the Ministry of Finance in sector dialogue to arrive at more realistic minimum allocation requirement in the budget.

This gap in financing manifests through challenges in service provision faced by Water Boards and inadequate access to services in institutions and in low-income areas, particularly in times of highly contagious diseases such as COVID-19 and cholera. The COVID 19 pandemic, therefore, has underscored the urgency with which Malawi should invest in WASH to position the country to better respond to and mitigate the impact of future pandemics.

## Specific options for water, sanitation and hygiene to contribute to climate action, economic and health recovery

The Ministers as sector leaders need to drive the sector to take legislative and regulatory measures in support of resource mobilisation and adherence to construction standards, including:

- Ensure the implementation of the just completed Climate resilient WASH finance strategy for the sector, including increased budget from government and exploring innovative financing streams (e.g. Green Climate Fund, climate financing, private sector financing and non-concessional financing) as well as possibilities for pool funds/SWAp.
- Increase The Water Boards efficiencies by investing in key adaptive measure that will help reduce the non-revenue water.
- Establishment of an independent regulatory agency for review the definition of tariffs and cost recovery mechanisms, definition, and enforcement of standards for construction, quality of services and environmental protocols. Issues compromising independence and governance of Water Boards should be looked into as well.
- Have a full directorate of Sanitation and hygiene since now there is a full stand-alone ministry of Water and Sanitation.
- Invest in renewable energies as way to promote resilient WASH services in line with Malawi NDCs<sup>2</sup>

### **What partnerships can be built/strengthened with minister(s) to achieve results at scale**

- A long-term integrated sector financing strategy for incremental sector financing, which can be achieved through efforts of Government, Civil Society and donor partners in WASH in the country under the leadership of the Minister responsible for the sector will ensure well-coordinated financing. In additional, climate finance supports mitigation and adaptation actions to address climate change and helps to improve sustainable development outcomes. The government could lead in ensuring active and coordinated participation by departments responsible for climate and environmental issues together with the efforts of the WASH sector. With development of joint comprehensive funding proposals, the country would be better placed to access such funding.

Specific actions that could lead to better financing may include:

1. Data and evidence generation to advocate for better financing
2. development of joint comprehensive funding proposals in partnership with other ministries like Ministry of Forestry and Climate Change.
3. Engage in the budget process to influence and support allocation decisions and improve spending performance
4. Empower citizens, to track spending and participate in national/local budget processes
5. Support domestic resource mobilization, facilitate service provider access to credit
6. Innovations in financing mechanisms (e.g. looking at blended financing – such as co-financing, first-loss; guarantees; interest rate subsidy)
7. Work with parliamentarians to understand WASH issues and advocate for in parliament

Financing for WASH requires looking beyond what we have always done/expected (not just direct budget allocation and ODA), but also explore from specific taxations, tariffs – from household direct spending. In addition, explore repayable financing such as ODA loans, development bank

<sup>2</sup><https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/Malawi%20First/Malawi%20Updated%20NDC%20July%202021%20submitted.pdf>

loans, commercial loans to suppliers, and household loans for liquidity. However, for all these to work an enabling environment is required such as looking into the following:

- Support to decentralization reforms
- Public private partnerships
- Legal reforms on asset ownership and corporate ownership
- Market regulation such as quality assurance and antitrust measures
- Strengthening local government capacities
- Regulation of tariffs
- Looking at the current limited fiscal space with competing needs (i.e in the 2022/23 government budget allocation to sectors, WASH is at 5.7%, Education at 16.3% and debt servicing at 18.4%), there is need for significant fiscal and financial reforms.

### **Sources of additional finance**

The WASH sector can benefit from different new innovative financing mechanisms, including the following:

- Climate financing, by developing a pipeline of submissions to the different facilities (GCF, GEF for example) to improve climate resilience of existing WASH services.
- Private sector financing could come in the form of private sector investment in WASH services, through, for example, delegated management services arrangements and PPPs.
- Concessional financing schemes envisage Government providing a counter guarantee to banks or other financiers to offer concessional finance (soft loans) to communities or households for WASH interventions. These make the necessary interventions more affordable in the short term, and they can repay over a period.

Ringfencing sector revenues and specific taxes to cross-subsidize neglected subsectors such as urban and rural sanitation.

### **What follow-up is needed on climate actions such as NDCs/NAPs**

- Review and feedback meetings.
- Reinforcing accountability and transparency through stakeholder engagement.
- Financing of the NDCs/NAPs ie domestic financing should be enhanced.

### **Provide examples and/or quantify contributions water, sanitation and hygiene can make to sustainable recovery**

- Integration of watershed management.
- Reticulated groundwater water supply systems to replace single boreholes.
- Alternative energy sources.
- Water harvesting structures.
- Water use efficiency programs (reuse, reduce and recycle).
- Automation of certain WASH services resulting increased revenue to service providers.

### **What partnerships can be built/strengthened with minister(s) to achieve results at scale**

- Cabinet committee on WASH

- Parliamentary committee on WASH
- Water Week.
- JSR (SWA)

## **Identified actions to support national priorities through the Mutual Accountability Mechanism**

### **Status of commitments previously made by governments and other stakeholders**

Refer to the updated 2020 commitments and new ones

### **How and when commitments will be tracked**

All the commitments will be tracked through the Thematic working group meetings and Joint sector Review meetings.

### **Contacts**

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