

## **Country Development Cooperation Policy for the Republic of Malawi**

September 2023

### **1. Relevance of Development Cooperation**

Malawi is a relatively stable country. With a population of 20.41 million<sup>1</sup> in a small area<sup>2</sup> and a per capita gross national income (GNI) of only USD 640<sup>3</sup>, it is classified as a least developed country. Malawi is also a friendly country to Japan, constantly supporting Japan in the international arena.

Malawi is pursuing economic development through the industrialization and commercialization of agriculture as a key industry. To move away from subsistence agriculture, Malawi needs to develop agricultural infrastructure such as irrigation; shift from tobacco, which accounts for about half of its exports, to more profitable agricultural products to earn foreign exchange; and establish value chains, including stabilizing production, processing, and marketing.

In addition to agriculture, the country has proven mineral reserves of uranium, rutile, rare earths and others, but currently mining accounts for only 1% of GDP and has not been developed. Before the COVID-19 pandemic, tourism accounted for 7% of GDP and was a valuable source of foreign exchange for the country. However, the number of tourists fell sharply after the COVID-19 pandemic.

Low electrification rates, unreliable electricity supply and inadequate water networks are major obstacles to investment promotion and industrialization for the development of these industrial areas. More than 85% of the country's population does not have access to electricity, and the electrification rate is extremely low compared to the average for sub-Saharan Africa<sup>4</sup>. The development of energy sources, transmission, and distribution networks, as well as industrial human resource development, are urgent issues.

As the country's population has grown rapidly, basic social services such as education, health, water, and sanitation have not been able to meet the demands of the growing population. The country has been increasingly affected by natural

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<sup>1</sup> World Bank, 2022

<sup>2</sup> Total land area is approx. 118 thousand square km (one third the size of Japan's)

<sup>3</sup> World Bank, 2022

<sup>4</sup> World Bank, 2021

disasters and infectious diseases in recent years. With more than 2 million people affected by Cyclone Freddy in 2023<sup>5</sup>, efforts to strengthen disaster resilience are also an urgent priority.

In its long-term vision, Malawi 2063, the Government of Malawi has set itself the goal of becoming "an inclusively wealthy and self-reliant nation" and aims to become an industrialized upper-middle-income country by 2063, based on three pillars: agricultural productivity and commercialization; industrialization; and urbanization. Japan's support through ODA is significant from the perspective of deepening the friendly bilateral relations and achieving the Sustainable Development Goals (SDGs).

## **2. Basic Policy of Development Cooperation: building a foundation to lift people out of poverty and strengthen their economic independence.**

To raise people's income levels and economic independence, Japan will support industrial development, especially in agriculture, and infrastructure development, which form the economic foundation, as well as the improvement of basic social services, which form the basis for growth.

## **3. Priority Areas**

### **(1) Industrial development and economic infrastructure development**

For the growth of the country's leading industries, such as agriculture, mining, and tourism, which are key to economic independence, priority will be given to building market-oriented value chains, including stable production, processing, and marketing; resource development and conservation; and relevant human resource development.

Cooperation will be provided for the development of economic infrastructure, including electricity, which underpins industrial development, and for the development of human resources needed for its maintenance, management, and operation.

### **(2) Improving basic social services**

The foundation for economic growth will be strengthened by improving basic social services such as education, health, and water and sanitation.

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<sup>5</sup> Department of Disaster Management Affairs (DODMA), 2023

#### 4. Points to be considered<sup>6</sup>

(1) With a view to building social resilience to climate change, the perspective of disaster management, which is a cross-sectoral issue, will be incorporated into cooperation projects to achieve multiplier synergy.

(2) Encourage Japanese companies to invest in the country. Cooperation with various partners such as universities, local governments, NGOs, and other donors will be strengthened to expand the network of alumni and former trainees and to improve the utilization of pro-Japanese human resources.

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<sup>6</sup> Previous Evaluation of Japan's Official Development Assistance (ODA) to the country is as follows.

Evaluation of Japan's ODA to the Republic of Malawi

<https://www.mofa.go.jp/policy/oda/evaluation/FY2021/pdfs/malawi.pdf>