



CHATHAM HOUSE

Chatham House, 10 St James's Square, London SW1Y 4LE
T: +44 (0)20 7957 5700 E: contact@chathamhouse.org
F: +44 (0)20 7957 5710 www.chathamhouse.org

Charity Registration Number: 208223

Transcript

Malawi's Policy and Priorities for a Globalized World

HE Joyce Banda

President of Malawi

Chair: Alex Vines OBE

Research Director of Area Studies and International Law; Head of the Africa Programme,
Chatham House

7 June 2012

The views expressed in this document are the sole responsibility of the author(s) and do not necessarily reflect the view of Chatham House, its staff, associates or Council. Chatham House is independent and owes no allegiance to any government or to any political body. It does not take institutional positions on policy issues. This document is issued on the understanding that if any extract is used, the author(s)/ speaker(s) and Chatham House should be credited, preferably with the date of the publication or details of the event. Where this document refers to or reports statements made by speakers at an event every effort has been made to provide a fair representation of their views and opinions, but the ultimate responsibility for accuracy lies with this document's author(s). The published text of speeches and presentations may differ from delivery.

HE Joyce Banda:

It is a great honour for me to be able to join you during this important season of the Diamond Jubilee of Her Majesty Queen Elizabeth II, Head of the Commonwealth. On behalf of the people of the Republic of Malawi and indeed on my own behalf, I congratulate Her Majesty the Queen and the people of the United Kingdom during this special occasion and we wish Her Majesty good health and long life.

I am particularly delighted that I have been asked to share my thoughts on 'Malawi's Policy and Priorities for a Globalised World' with the distinguished patrons of Chatham House.

This is a subject to which I have given a great deal of thought. As an African who is deeply conscious of the history and struggles of Africans; as an African who is a leader in one of the African countries; as an African woman who has championed the plight of rural poor women, the urban poor, the marginalized girls and boys; and as an African human rights activist who has championed for the advancement of women; and as an African diplomat who has campaigned for the African people;

I can attest to the fact that the history of an African is intimately intertwined with the history of the world. The Malawi Government seeks to do two things:

- To unlock the potential of the Malawian people to regain their freedom, dignity and sense of pride and thereby give Malawi the opportunity to realise their social, political and economic freedoms.
- To drive a people's development agenda that enhances opportunities; reduces inequalities; and eradicates poverty through economic growth and wealth creation.

We will realise this vision by exemplifying the values of integrity, honesty, tolerance, selflessness and stewardship within the leadership and the public at large whilst embracing three cornerstones of Unity, Equity and Development.

The main policy thrust of my Government is to eradicate poverty of our people through economic growth and wealth creation. This will be achieved by transforming the structure of the economy to accelerate job creation and economic empowerment of the vulnerable citizens within a decentralised and democratic environment.

Mr Chairman, Ladies and Gentlemen, in the past two years, Malawi experienced social and economic challenges. These include poor political and economic governance, shortage of fuel and foreign exchange; and unfavourable investment climate, among others. These challenges have considerably reversed the gains that the country had achieved during the previous years. This notwithstanding, I am proud to say that my Government has put in place measures aimed at addressing these challenges decisively.

In the short term, we are working on a comprehensive economic recovery plan. Here, we are dealing with sustainable monetary and fiscal policies including foreign exchange rate adjustment and expenditure control.

The Malawi Government is implementing measures to cushion the general population against the unintended socio—economic impacts of the exchange rate adjustment.

In the medium to long term, the Malawi Government is focusing on establishing a fresh, more diversified and productive economic model which will reinstate traditional drivers of growth that can generate foreign exchange and grow the economy. Government has decided to promote a private sector-led economic growth.

This vision is being realised within the framework of the Malawi Growth and Development Strategy (MGDS) that anchors our home -grown policies. The MGDS is the corner stone of our development policies, priorities and strategies. It is now in its second phase covering the period 2012 to 2016.

The Strategy isolates the following nine priorities within priorities, namely:

- Agriculture and Food Security;
- Education, Science and Technology;
- Transport Infrastructure;
- Energy, Industrial Development, Mining and Tourism;
- Public Health, Sanitation, Malaria and HIV and AIDS Management;
- Integrated Rural Development;
- Greenbelt Irrigation and Water Development;
- Child Development, Youth Development and Empowerment; and

- Climate Change, Natural Resources and Environmental Management.

In implementing the MGDS, the country is also able to measure its development achievements against the United Nations (UN) Millennium Development Goals (MDGs).

Mr Chairman, Ladies and Gentlemen, Winston Churchill once said "The further backward you look, the further forward you can see".

What we have learnt from the past years is that many predictions about politics, economics and societies have been proven wrong and many significant events- such as the recent rise in terror activities; the political uprising in North Africa and Asia; the sudden end of apartheid in South Africa; and even the current global financial crisis were not focused. It is easier to look to the recent past to provide ways of dealing with those issues ahead of us; and in determining what policies and priorities are needed to deal with such challenges.

Here two main questions arise in the course of examining the world state of affairs:

- What can we learn from the past to see what the future challenges and priorities are for the World and Malawi in particular?
- What appropriate policy options are available to drive the vision for our country for a globalized world?

Mr Chairman, Ladies and Gentlemen, in January 1941 in a message to the US Congress, President Roosevelt spoke of the need for four freedoms- freedom of expression and worship, and freedom from want and fear. These ideals are entrenched in the Universal Declaration of Human Rights. Much of this past century has been the stage for battle for these four ideals, although this changed in the 1990s.

Since the start of the 1990s things have begun to look much better. At the beginning of the 20th Century, only six of the 43 states recognized as nation-states had a system of government that could be considered as democratic. In 1980, 37 of 121 countries were democracies. At the end of the 20th

century, 117 of the world's 193 countries were democracies accounting for over half the world's population, and could be considered as democratic.¹

In October, 1999, the world's population topped the six billion mark. Yet it seems that, the world had been able to supply sufficient resources and more cheaply than ever before. While wages had risen, the cost of goods had come down. Personal freedoms had increased with improvements in standard of living.

But this enlightened optimism was apparently not uniform in all regions of the world, owing in part to the legacy of the colonial inheritance and the failure of post—independence ideals, experiments and ideas.

With around 800 million inhabitants, Africa represents some 13.5% of humanity.

Although much of Africa has made economic progress during the 1990s with real Gross Domestic Product (GDP) growth averaging nearly 4 % annually between 1994 and 1999², Africa's 54 states still contribute just 1.2% of the world's GDP. As Africa's population relative to the world's number has continued to grow, the continent's share of world exports in goods and services trade declined from 3% in the 1960s to 1.84% in 1987 and 1.47% in 1997.

Although Africa was a net food exporter before 1960, the continent became more dependent in the post—independence period on food imports and food aid. More positively, however, a number of African states managed impressive economic growth rates of over 4% during the 1990s.

Stark living conditions in developing countries threaten the most vulnerable. The "feminization" of poverty and the effects on children are particularly striking. In low—income developing countries, 73 out of 1,000 babies do not see their first birthday.

Of children who die before their fifth birthday, 95% are in developing countries. Only 40% of eligible children attend secondary school. One third of adults in the developing world are illiterate; and of these two—thirds are women.³

¹ Freedom's Journey; A Survey of the 20th Century' *The Economist*, 11 September 1999

² Camdessus M, 'Africa can harness globalization" *Business Day Johannesburg*, 13 January 2000

³ The commission on Global Governance: our Global Neighbourhood'. Oxford: Oxford University Press, 1995, p.22

In many of these areas, women remained subject to repressive societal norms and laws.

Paradoxically, the gender revolution of the second half of the 20th century and the rise of women in politics has brought these issues to the fore and produced gentler and more understanding governments, increasingly concerned with gender and development issues. On the other hand, today there is only two countries in Africa; out of 54 countries which have a female State President. I am confident that in five years' time Africa will have four female presidents. Please do not ask me who are these.

Mr Chairman, Ladies and Gentlemen, turning to African challenges in the new global environment, we may ask "What of our new Africa and its challenges?"

We are facing a world which is both fragmenting and integrating⁴ with more fragmented self-determination and more integrated global economy and government. In this, traditional state to state diplomacy is no longer recognized as the centrepiece of international relations, with states, politicians and diplomats now partners with business and other representatives of civil society.

Information technology is a powerful tool for speeding up the entry of the poor and the isolated into the global economy. It is also a force multiplier in international affairs and diplomacy, where the challenges of the globalised environment relate to both the speed of development and the scale of problems and issues that cut across national boundaries.

Africa needs capital investment for its economic growth and development. In order to provide for infrastructure, industrialization and overall modernization, Africa needs ample supplies of capital and that one source of this capital is domestic savings.

It is important to note that most of the countries in Africa are trapped in a vicious cycle of poverty and lack of capital and therefore the greater part of the required capital must therefore come from abroad, from partners such as United Kingdom.

And therefore friendly governments, foreign direct investment and international organizations have to play an active role in Africa's necessary efforts to overcome this challenge.

⁴ See "[Reinventing diplomacy in the information age](#)", CSIS Draft Paper, 9 October 1998.

In Africa, 26 of 32 least developed countries had liberal or relatively liberal regimes governing the repatriation of dividends and capital. Furthermore, since 1990, profit levels of foreign companies in Africa had averaged 29 per cent. Since 1991, these levels have exceeded all other regions of the world.⁵

In 1998, the World Economic Forum also reported that in much of Africa progress had been made in other areas that are important for the creation of a climate conducive of foreign direct investment. These include trade liberalization, the strengthening of the rule of law, improvements in legal and other instruments as well as the telecommunications and transport infrastructures.

Mr Chairman, Ladies and Gentlemen, Africa is rich with minerals and plants that can be found throughout the continent; rain forest and virtual absence of emissions and effluents that harm the global environment; and fertile land and archaeological sites containing a wide variety of flora and fauna.

Africa has now acquired skills, knowledge and a vast network across the world. This resource in the Diaspora provides connectivity to many cultures and opportunities in Africa.

During the 21st century, we have seen many fora being established in engaging the continent: The European Union (EU) -Africa Union Forum; The China —Africa Cooperation; The Africa—India Forum; The US -AU Relations and the Corporate Council on Africa (CCA). During this 21st century, we have witnessed an increased inflow and competition of the global players in Africa. Whereas this trend is encouraging, Africa ought to guard against the benefits of the trade being one sided.

Hence, it is pleasing and encouraging to note that there are success stories in Africa that we can boast about. Successful business people who can demonstrate that it is possible to succeed in Africa. Africa has successful governments that have demonstrated that it is safe to invest in Africa. Successful leaders that can be engaged supported and promoted to set the pace for Africa.

Africa has demonstrated what most civilized western democracies are still struggling with – that women can succeed to lead their nations. Africa has also decided that dictators are not welcome in the new order. Those who decide to cease power through unconstitutional means will not fit in the new African order.

⁵ UNCTAD. [Foreign Direct Investment in Africa: Performance and Potential, 1999](#)

There is increasing optimism about Africa, or at least large parts of Africa. This is understandable given the continent's promise and consistently rising levels of investment over the past decade. It is therefore important that the international community's highest continental interest, politically and economically should be to increase their private investment in Africa, particularly through much stronger cooperation between the public and private sectors.

The international community needs to redirect continental policy from one that has seen Africa as a perpetual aid destination and replace it with one that works with Africa so that it is a destination for investment and the creation of jobs. Africa is not looking for aid but rather seeking strategic partnership in development finance and foreign direct investment.

Mr Chairman, Ladies and Gentlemen, from their experience of the impact of globalization and interdependence, the developed countries have begun to realize that the problem of poverty in a developing country will not remain forever in that developing country, but sooner or later will find a way of transferring itself into developed world.

Learning a lesson from the protracted recession of the late 1970s and 1980s, and the recent global financial crisis, the developed countries have also realized that to stimulate the global economy, they must cultivate vast new markets in the developing world.

The countries of the developing world, including Africa, have also been formulating a fundamental change in approach and orientation to their endeavours to solve global economic problems. They have come to realize that reciting a litany of grievances, denunciations and using confrontational language is counterproductive in dealing with the developed countries.

They have now resolved to adopt a completely rational approach and resume dialogue with the north on the basis of partnership of equals.

The developing countries have realized that their lack of unity has not served the cause of development and are now more determined to present a united front to their counterparts in the North, with whom they would like to re-open the dialogue.

Accordingly, the AU proceeded to craft the concepts and modalities that would provide the basis and the framework of its new initiatives. It launched a vigorous advocacy for its views and initiatives, and attended to important housekeeping tasks such as the establishment of effective organizational mechanisms, guidelines and procedures. It also decided to restore the issue

of economic cooperation to the top of its agenda without neglecting the political aspect of its mission.

A South African textbook on International Relations says: *At the end of World War II [...] (through the Marshall Plan for Western Europe), the United States channelled \$12 billion into Europe [...] The US also accepted protectionist measures introduced in Western Europe, such as the Schuman Plan of 1950.*

The same approach of financial aid and concessions on protectionist policies was utilized to enable Japan quickly to reconstruct its economy.⁶

The Federal Republic of Germany poured considerable resources into former German Democratic Republic to speed up the process according to which East Germany would catch up with West Germany in terms of economic development.

Mr Chairman, Ladies and Gentlemen, These examples show us that what happened in Western Europe after the Second World War and in Germany after the fall of Berlin Wall can be emulated in dealing with similar situations in Africa. These examples also demonstrate that where there is a will, there is a way.

Of necessity are issues of inflows of capital especially in areas of manufactured goods and modern economic sectors.

This calls for need to address the issue of the transfer of technology as an essential part of achieving Africa's development. Africa should develop centres of excellence: in business; health; education; agro-processing and tourism: which should rally development agenda with specific driver projects in the sub regions. Here, the focus should be around energy, mining, infrastructure, water resources, tourism, and finance and insurance, roads and rail projects.

Internally, Africa needs strong political leadership based on the spirit of Umunthu that will deliberately promote a highly skilled public service that is backed up by effective systems which will be able to provide steady national and regional direction for sustained development.

The Political leadership should work to promote corporate governance and create conditions conducive for investment and trade. Issues of corruption, rule of law and observance of both political and economic governance are

⁶ Power, Wealth and Global Order, eds Philip Nel and Patrick J. McGowan: UCT Press, 1999, p.40

critical to promoting private investment and the growth of an effective and vibrant private sector.

The African leaders should aim at establishing open, competitive and dynamic economic structures that will mobilize individual initiative and dynamic private enterprise. To achieve this, the African Leaders should draft an organizing continental philosophy to rally consensus within and across political parties, civil society, business, organized labour, strategic private investors and development partners in order to radically turnaround the economies of Africa. The African Leaders should be determined and ready to deliver a development and modernization project to serve the people of Africa.

Mr Chairman, Ladies and Gentlemen, it is my hope that the policy makers, the academics and the private sector leadership from Africa and Europe: and United Kingdom in particular present here today provide a platform where strategic relationships like those of Marshall Plan; like those of West Germany could find space in the economic emancipation of Africa.

Conclusion

In closing, Malawi is one of the few countries in Africa which has enjoyed peace since independence. As a young democracy, Malawi's institutions continue to mature.

Our strong commitment to constitutionalism continues to provide the basic framework for the growth of our democracy. This has been reinforced through the smooth transition of power whereby I ascended to the High Office of the President of Malawi following the untimely demise of President Professor Bingu wa Mutharika who passed away on 5th April, 2012.

In addition, we are firmly committed to upholding human rights, the rule of law and good governance. Malawi, therefore, offers a conducive environment for foreign direct investment.

Mr Chairman, Distinguished Ladies and Gentlemen, in this global environment, Malawi's policy and priorities for a globalized world include the following:

- Regional Integration. Malawi fully subscribes to regional integration to promote trade, investment, and infrastructure development. To this end, Malawi is a member of the Common Market for Eastern and Southern Africa (COMESA) and the

Southern Africa Development Community (SADC). The regions provide a huge market for Malawi products. The challenge is how to enhance intra-regional trade and intra-regional connectivity by removing tariff and non-tariff barriers and also develop infrastructure for easy movement of goods and services within the region. Malawi also supports the tripartite initiative of COMESA, SADC and East African Community (EAC) aiming at harmonising policies and programmes. This will create a bigger market and attract more investment for the region.

- Commitment to global free trade. Malawi is committed to participate in the global and economic system as espoused by the World Trade Organisation (WTO). Malawi is also committed to pursuing development-oriented policies being negotiated in the WTO Doha Development talks. However, I am concerned with the impasse in the current negotiations and I wish to urge a speedy resumption of the negotiations, which are critical to global economic growth.
- Aid for Trade. Malawi gives importance to sustained and predictable aid for trade. I believe that trade is the only way of creating wealth other than relying on aid. Aid for trade, therefore, would assist our country in addressing the supply-side constraints so as to become more competitive and take advantage of market access opportunities in open regional and global markets.
- Universal Access to Health. My government seeks to achieve universal access to health care and services to improve maternal and reproductive health in the shortest time possible by constructing health centres and improving maternal health training.
- Fighting, Tuberculosis, Malaria and HIV/AIDS. Malawi is committed to the global fight against HIV/AIDS, Malaria and tuberculosis.
- Climate Change. Malawi is also committed to the advancement of climate change priorities including mitigation and adaptation.
- Global Peace and Security: Peace and security constitute a sound basis for development. In this regard, Malawi will continue to promote and support United Nations efforts aimed at enhancing peace and security by continuing to participate in

peace keeping operations around the globe. Currently our professional soldiers are carrying our operations in the Democratic Republic of Congo and Ivory Coast.

- United Nations Reforms: Malawi believes that reforms of the United Nations Security Council will go a long way in promoting international peace and security. My government attaches great importance to this endeavour. This is the only way through which global peace and security can be enhanced for the mutual benefit of both developing and developed countries.

Mr Chairman, Distinguished Ladies and Gentlemen, lastly, I wish to inform you that Malawi will be hosting the 19th Extra-ordinary Session of the Assembly of African Union Heads of State and Government in Lilongwe.

I am very pleased to announce that preparations are almost completed and we are ready to host a historic and successful AU Summit. The issue of intra-regional/Africa trade will be the main focus of deliberations at the forthcoming 19th Extra-ordinary Session of the Assembly of African Union Heads of State and Government. I look forward to seeing some of you in Lilongwe in July this year.

God bless Her Majesty the Queen! God bless United Kingdom! God bless Africa! God bless Malawi!

I thank you all.

ABOUT THE AUTHOR

HE Joyce Hilda Banda became Malawi's first female president in April 2012, having previously served as the country's Vice-President between May 2009 and April 2012. President Banda has previously held several ministerial positions including as Minister of Foreign Affairs and International Cooperation and Minister for Gender, Children's Affairs and Community Services and she was twice elected as a Member of Parliament. Throughout her political career, President Banda has shown dedication to the promotion of women and children's rights. Prior to an active political career, she founded the Joyce Banda Foundation which focuses on rural development and helped establish the National Association of Business Women, an organization supporting women entrepreneurship. President Banda is also a Founding Member of several International and regional organizations, including African Federation of Women Entrepreneurs, the Council for the Economic Empowerment of Women in Africa, and the Americans & Africans Business Women's Alliance where she served as the First Chairperson in Washington DC. President Banda was listed in Forbes Magazine 2011 as the third most powerful woman in Africa.