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DOSSIER

Interrogating the Structural Adjustment Programme (SAP) in Malawi:
Impacts on the livelihoods of the working class and poor people

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Abstract

This paper interrogates the implementation of the Structural Adjustment Programme (SAP) in Malawi, with a focus on its impacts on the livelihoods of the working class and poor people. The SAP was superimposed by the World Bank (WB) and International Monetary Fund (IMF), since 1981, to recover an ailing economy through economic austerity measures and to promote sustainable development. This paper critically discusses the key effects of the SAP in the long run, looking in particular at the effects on the unemployment rate, falling real wages, Malawians' poor living standards and food insecurity. The analysis is based on data from the National Statistical Office for the period 1981 to 2022 and a review of the literature on SAPs in Malawi. The paper argues that the implementation of the SAPs in Malawi has not protected wage labourers and poor people's livelihoods, but rather it has exacerbated the downward spiral of Malawi's economy and citizens' living standards. And it posits that development policy guidelines should not conceal power relations that compound social and economic ills, but should be transparent and targeted to solve economic problems of developing countries, protect the working class, and improve the livelihoods of poor people.

Keywords: Social protection; Economic austerity; Livelihoods.
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Questionando o Programa de Ajuste Estrutural (PAE) no Malawi:
Impactos sobre os meios de subsistência da classe trabalhadora e dos pobres

Resumo

Este artigo discute a implementação do Programa de Ajuste Estrutural (PAE) no Malawi, com foco em seus impactos sobre os meios de subsistência da classe trabalhadora e das pessoas pobres. O SAP foi imposto pelo Banco Mundial (BM) e pelo Fundo Monetário Internacional (FMI), a partir de 1981, para recuperar uma economia em crise por meio de medidas de austeridade econômica e para promover o desenvolvimento sustentável. Este artigo discute criticamente os principais efeitos do PAE no longo prazo, analisando em particular os efeitos sobre a taxa de desemprego, a queda dos salários reais, o baixo padrão de vida dos malauienses e a insegurança alimentar. A análise se baseia em dados do National Statistical Office para o período de 1981 a 2022 e em uma revisão da literatura sobre SAPs no Malawi. O artigo argumenta que a implementação dos PAEs não protegeu os trabalhadores assalariados nem melhorou as condições de vida dos pobres, mas exacerbou a espiral descendente da economia e do padrão de vida dos cidadãos do Malawi. E defende que as diretrizes da política de desenvolvimento não devem ocultar as relações de poder que agravam os males sociais e econômicos, mas devem ser transparentes e direcionadas para resolver problemas econômicos dos países em desenvolvimento, proteger a classe trabalhadora e melhorar as condições de vida das pessoas pobres.

Palavras-chave: Proteção social; Austeridade econômica; Meios de subsistência.

Cuestionando el Programa de Ajuste Estructural (PAE) en Malawi:
Impactos en los medios de subsistencia de la clase trabajadora y los pobres

Resumen

Este artículo analiza la aplicación del Programa de Ajuste Estructural (PAE) en Malawi, centrándose en sus repercusiones sobre los medios de subsistencia de la clase trabajadora y los pobres. El PAE fue impuesto por el Banco Mundial (BM) y el Fondo Monetario Internacional (FMI), a partir de 1981, para recuperar una economía en crisis mediante medidas de austeridad económica y promover el desarrollo sostenible. Este artículo analiza críticamente los principales efectos a largo plazo del PAE, examinando en particular los efectos sobre la tasa de desempleo, la caída de los salarios reales, el bajo nivel de vida de los malawianos y la inseguridad alimentaria. El análisis se basa en datos del National Statistical Office para el periodo comprendido entre 1981 y 2022 y en una revisión de la bibliografía sobre los PAE en Malawi. El artículo sostiene que la aplicación de los PAE no ha protegido a los asalariados ni ha mejorado las condiciones de vida de los pobres, sino que ha exacerbado la espiral descendente de la economía y el nivel de vida de los ciudadanos de Malawi. Y sostiene que las directrices de la política de desarrollo no deben ocultar las relaciones de poder que agravan los males sociales y económicos, sino que deben ser transparentes y orientarse a resolver los problemas económicos de los países en desarrollo, proteger a la clase trabajadora y mejorar las condiciones de vida de los pobres.

Palabras clave: Protección social; Austeridad económica; Medios de subsistencia.

Questionner le Programme d'Ajustement Structurel (PAS) au Malawi:
Impacts sur les moyens de subsistance de la classe ouvrière et des pauvres

Résumé

Cet article traite de la mise en œuvre du programme d'ajustement structurel (PAS) au Malawi, en mettant l'accent sur son impact sur les moyens de subsistance des travailleurs et des pauvres. Le PAS a été imposé par la Banque Mondiale (BM) et le Fonds Monétaire International (FMI), à partir de 1981, pour redresser une économie en difficulté par des mesures d'austérité économique et pour promouvoir le développement durable. Cet article examine de manière critique les principaux effets à long terme du PAS, en se penchant en particulier sur les effets sur le taux de chômage, la baisse des salaires réels, le faible niveau de vie des Malawiens et l'insécurité alimentaire. L'analyse s'appuie sur les données du National Statistical Office pour la période 1981 à 2022 et sur une revue de la littérature sur les PAS au Malawi. Le article affirme que la mise en œuvre des PAS n'a ni protégé les salariés ni amélioré les conditions de vie des pauvres, mais a exacerbé la spirale descendante de l'économie et du niveau de vie des citoyens du Malawi. Et affirme que les orientations de la politique de développement ne doivent pas dissimuler les relations de pouvoir qui aggravent les maux sociaux et économiques, mais doivent être transparentes et orientées vers la résolution des problèmes économiques des pays en développement, la protection de la classe ouvrière et l'amélioration des conditions de vie des pauvres.

Mots-clés: Protection sociale; Austérité économique; Moyens de subsistance.

Introduction

Malawi formerly known as Nyasaland is one of the Southern African countries bordering with Mozambique, Zambia and Tanzania and it has an estimated population of 18.6 million (2019) (The World Bank in Malawi, 2022). Despite of various developmental attempts, Malawi has remained one of the poorest countries in the world. This country was declared the British Protectorate of Nyasaland (British Central African Protectorate) in 1891 (Briggs, 2013). On 1st February 1963, Dr Kamuzu Banda was sworn in as the Prime Minister of Nyasaland and later on 6th July 1964, Nyasaland was granted full independence by Britain and renamed Malawi that became a Republic on 6 July 1966 with Banda as its president (Chagunda, 2021). Since pre-colonial to independence until now, the Malawian economy and people's wellbeing has been mainly linked to agriculture that employs almost 80% of the population (The World Bank in Malawi, 2022). It is not surprising that Kamuzu Banda among his three developmental goals, having sufficient food was one of them. The family institution in Malawi has remained a corner stone developmental intervention regarding household socioeconomic development and distribution of goods including food (Gilbert & Specht, 1974).

Whenever Kamuzu Banda went around Malawi for Crop Inspection, he would be heard making his famous utterances: "I want all Malawians to have three things: enough food to eat, decent clothes to wear and a house that does not leak when it rains" (Chagunda, 2021, p. 2). The first president of Malawi had placed much emphasis on agriculture so that once people had harvested enough crops, they could sell their surplus and use the income to "build houses that did not leak and buy decent clothes". It is in this regard that to boost agriculture production, especially among the working poor and marginalised, agricultural products were subsidised (Chagunda, 2021). Banda's government introduced universal agricultural subsidies and price controls from 1964 to 1994, established farmers' clubs throughout the country where credit on agricultural inputs was facilitated and not less than 30% of smallholder farmers were able to access (Chinsinga & O'Brien, 2008). Malawi since 1981 until now has implemented more than 10 SAPS and Fiscal Restructuring and Deregulation Programmes (FRDP), initiated by the International Monetary Fund (IMF) and the World Bank (WB) with the aim of stimulating the economy so that Malawi achieves sustained economic growth and development. It remains to be established as to what extent Malawi's economy benefitted from the SAP's prescriptions and raised the livelihoods of the working class and poor people. This is why this paper attempt to critically discuss the vital effects of the SAPs on the livelihoods of the working class and poor people in Malawi after decades of implementing the SAPs by the government.

1. Structural Adjustment Programmes

The WB and the IMF was founded at the Bretton Woods conference in 1944. The WB exists to share a commitment to reducing poverty, secure financial stability, facilitate international trade, promote high employment, increasing shared prosperity, and promoting sustainable development. At the same time, the IMF's primary purpose is to ensure the stability of the international monetary system and this include the system of exchange rates and international payments that enable nations and their citizens to transact with each other (World Bank, 2022). Having this in mind, in 1981, the SAPs was introduced by the WB and the IMF as a response to the worsening of the Malawian economy due to sharp increases in import prices, severe droughts and rising transportation costs from the disruption of rail lines to the sea through Mozambique due to the Mozambican war (Ng'ong'ola, 1996). As such the SAPs were implemented with the aim of addressing structural weaknesses in the Malawian economy, and regulate the economy to achieve sustainable development growth. According to Frankenberger et al. (2003) the first structural adjustment loan specified an increase in the relative price of maize. The second structural adjustment loan was about enabling agricultural production and marketing becoming liberalized in 1986. The 3rd structural adjustment loan specified the removal of subsidies on agricultural inputs and estate management reform. Malawi witnessed market liberalization from 1987 onwards. Due to this market liberalization, Malawians lost the subsidy for maize seed and fertilizer and the price controls for smallholder crops was also removed, with the exception of maize (Frankenberger et al., 2003).

It was in the 1960s and early 1980s that Malawi registered an average of 6% annual economic growth. This economic growth was short lived due to various challenges such as the oil crisis and the implementation of SAP. Pre-SAPs period, the Malawi's economic growth rate was 5.2%, but declined dramatically to 1.5% during the SAPs period (Ng'ong'ola, 1996). All in all, the performance of the Malawian economy in terms of expansion and national income deteriorated during the SAPs period to such extent that Real Gross Domestic Product fell by 3.3% in 1988 and 7.9% by 1991 (Chilowa, 1998). According to Frankenberger et al. (2003), the SAPs including Rapid agricultural liberalization policies exacerbated poverty by raising prices on food staples for food deficit households.

SAPs of international financial institutions mainly the IMF and WB have had various severe human costs upon social determinants of livelihoods of the working class and poor people in Malawi such as income and food security (Cornia, Jolly, & Stewart, 1987). According to IMF and WB they make available loans to financially struggling countries such as Malawi in return such loan receiving countries are asked to restructure various policies according to a market-led approach (Babb & Kentikelenis, 2018). The loans provided to Malawi among other countries come with various conditions that are associated with neoliberal view of economic development (Kentikelenis, Stubbs & King, 2016). For instance, these conditions include deregulation that involves stipulations in employment relations law and privatisation that leads to the transfer of enterprises from the government to private sector as a way of promoting competition and market productivities (Cornia, Jolly, & Stewart, 1987). IMF and WB loan recipient countries including Malawi as one of the conditions to access the loan, have to cut social spending in order to meet set fiscal targets, in so doing reducing the fiscal space in which livelihoods of the working class and poor people can function (Ismi, 2004). Marphatia (2010) argues that SAPs reform negatively affected the healthcare workforce in the sense that the quality and quantity of healthcare staff available to treat the patients reduces.

According to Harvard Institute for International Development (1994) the implementation of the SAPs in Malawi contributed to the worsening of the Malawian economy and people's living conditions. Malawi implemented SAPs as part of the neo-liberal economic policy interventions imposed by the WB and the IMF in the form of reviving Malawi's declining economy so that it could attain sustainable growth (Harvard Institute for International Development, 1994). In reality on the ground there have no proof of attainment of sustainable growth. Contrary to the aims of the SAPs, the continued suffering of many Malawians enabled conclusions to be made that SAPs contributed to the worsening of the Malawian economy and people's living conditions (Harvard Institute for International Development, 1994).

The WB raised concerns pre-1987 about the government of Malawi administering and providing subsidised agricultural inputs and these views were later echoed by more international funding agencies as they argued that food security would be more readily achieved by market liberalisation and promotion of cash-crops (Chinsinga and O'Brien, 2008; Harrigan, 2003). In 1996, the government of Malawi gave in to more pressure from international funding agencies and abolished agricultural subsidies, especially fertiliser and maize. Instantly, the costs of agricultural inputs went up and during the same time the smallholder credit mechanisms had collapsed (Harrigan, 2001). During the same period, there were multiple devaluations of the Malawi kwacha, such as a massive 62 percent devaluation in September 1998 (Chinsinga & O'Brien, 2008). This increased vulnerability and deprivation to the extent that more than 50% of the Malawian population were found to be incapable to provide for their basic needs (Harrigan, 2001). President Peter Muntharika in 2004 wanted to roll-out universal subsidy for the poor just like Kamuzu Banda, but international financial agencies did not approve this plan and the inability to provide universal agricultural subsidies led Malawi to experience hunger and starvation due to the poor harvest of 2004/2005 (Chinsinga & O'Brien, 2008; Chinsinga & Poulton, 2014).

When Joyce Banda was the President of Malawi after President Peter Muntharika died the government of Malawi gave in to extra pressures from IMF and WB to reform the economy and a developmental aid package from IMF and WB was agreed in exchange for devaluing the Malawi currency. As soon as that was done in 2012, Malawi was regressing, and prices of goods went up, transportation became expensive and the price of food was unattainable especially by the poor (Chagunda, 2021). The currency devaluation in Malawi led to a rising real price of food items and this in return increased food insecurity. Market liberalization approaches favoured by IMF and WB threatened the food security of the poor in Malawi due to higher food prices and the removal of subsidies. The devaluation of the Kwacha both in 1998 and 2012 caused a significant shock for Malawians and forced the prices of most basic merchandises to double. As it normally happens, this devaluation of the currency put heavy pressure on indigenous safety nets as families tried to care for each other through umunthu philosophy but struggled to do so. The Malawian government tried to intervene by compensating for the devaluation of the Kwacha, but this did not help at all as people's suffering was far too wide and too deep. Malawi under SAPs witnessed the commercialization of agriculture (for instance tobacco) and as such people coming from households that are dependent on cash crop production suffered greatly due to food price shocks than those dependent on subsistence farming (Wood, Nelson, Kilic, & Murray, 2013). Despite SAPs being implemented between 1990 and 2006, there was evidence of the rising of vulnerability in Malawi (Shaba, 2012). It can be argued that the implementation of the SAPs in Malawi has not inevitably protected wage labourers and poor people's livelihoods, but rather it has aggravated the downward spiral of Malawi's economy and citizens' living standards.

2. Poverty persisted despite the implementation of SAPs in Malawi

It is documented that British Economists had projected that Malawi could have become financially self-sufficient within the decade of attaining independence (Eidhammer, 2017). Towards the end of Dr. Kamuzu Banda presidency, in 1990s the UN funded Situation Analysis of Poverty and this was published in 1993 and the study uncovered deep and pervasive poverty in Malawi (Government of Malawi & United Nations, 1993). In a study that was carried out in 1998, 65% of Malawians lived below the poverty line and were measured chronically food insecure, with the majority of the poor residing in the Southern and Central Regions of Malawi (Frankenberger, Luther, Fox, & Mazzeo, 2003). According to Frankenberger et al. (2003) the poorest households in the Central Region of Malawi in 1998, earned less than 1,000 kwacha per year and as such they could not afford agricultural inputs, had trouble getting access to agricultural seed, they had no livestock, had no horticultural gardens and relied upon piece-works and firewood sales to survive.

The Vice President of Malawi Saulos Chilima in 2021 admitted that poverty levels and inequality were high in the country, saying the government should transform structures of the economy from predominantly importing to an industrialised and exporting economy (Mmana, 2021, September 23). Surely the British Economist was not correct about Malawi becoming financially self-sufficient in a decade and the sentiments made by the Vice President Chilima at the launch of the 2020 poverty report, indicates that Malawi is still swimming in poverty since independence. The 2020 Malawi Poverty Report, reaffirmed that most Malawians still swim in poverty as over half of the population live in poverty (Government of Malawi, 2021).

According to the Malawi Poverty Report 2020 (Government of Malawi, 2021) the proportion of the Malawian population that was poor was 50.8% in 2019/2020 versus 51.5% which was reported during 2016/2017; 56.6% of people from rural areas were poor compared to 19.2% in urban areas in 2019/2020; the Central region of Malawi has continued to be poor at 55.8% followed by Southern region at 51.0% and Northern region at 32.9% in 2019/2020. Cumulatively speaking, 20.5% proportion of the population lived in extreme poverty in 2019/2020 compared to 20.1% recorded in 2016/2017. It is still concerning that the level of ultra-poverty in rural areas was higher at 23.6% compared to 3.3% in urban areas in 2019/2020. Poverty continues to be deeper in rural areas sitting at 19.3% compared to 4.4% in urban areas (Government of Malawi, 2021).

Despite of the implementation of the SAPs and other interventions, Malawi has remained in a poverty trap and behind in socioeconomic development. Fiscal policy in Malawi has been a continuing problem in the country until now. From experience in the case of Malawi, through the conditions that come by the Structural Adjustment Programs they pave the way for the implementation of the neoliberal policies "free market" that include privatization and deregulation and the decrease or removal of trade barriers. Even though in principle there is supposed to be an agreement with the loan receiving country, such countries really do not have a choice to the terms and conditions. If the loan receiving nation shows some reluctance to comply, one can be sure of severe fiscal discipline forced upon it. It can be argued that such financial threats to loan receiving nations is in a form blackmail. This explains why it is difficult to see any economic improvement, poverty reduction and improvement in the people's wellbeing since the implementation of SAPs.

3. Malawi National Food Reserve Agency (NFRA)

The Malawian Government in 1979 established concrete silos in Kanengo, Lilongwe and started operational in 1999 under a Trust Deed to assume responsibility for the management and operation of the national strategic grain reserve (SGR) to guarantee the country enough supplies of maize grain at all times (Malawi National Food Reserve Agency, 2021). Maize is the main source of food for Malawians. The Kanengo silos have a holding capacity of 180,000 metric tonnes of maize (Malawi National Food Reserve Agency, 2021). According to the Malawi National Food Reserve Agency (2021), in 2000 the Trust Deed was revised to include the stabilization of prices and the grain market, and grain importation and exportation on behalf of the Malawian Government. This amendment in a way cleared the way for the IMF as later in 2000, the IMF advised the Malawi National Food Reserve Agency to sell off some of the grain reserve to pay off debt (Frankenberger et al., 2003). In 2001, Malawi suffered food insecurity and as such many working poor Malawians and the marginalised went hungry.

Malawi experienced enduring poverty due to falling terms of trade, the lack of off-farm employment opportunities, and falling applications of agricultural inputs among others created food access challenges (Frankenberger et al., 2003). It cannot be emphasised further that the above factors influenced people's access to food, and joined with low availability of maize in the market, pushed Malawi over the edge. It is not surprising that Malawi had insufficient grain reserves to respond to the growing crisis as they had sold off a large portion of the reserve in 2001 under the directive of the IMF (Frankenberger et al., 2003). The conditions and directives of the IMF on the Malawian economy became very clear as its negative impact on the livelihoods of the working class and poor people in Malawi was wide spread (Chagunda, 2021). For instance, in October 2002, people with livestock began selling them to buy food such as maize, some households indicated a decline in income, terms of trade fell to one-third of their value, asset sales diminished intensely, school dropout rates increased by 25%, people started to migrate to cities and indigenous safety nets began to collapse (Frankenberger et al., 2003). In this instance, how can one state categorically that the implementation of the SAPs in Malawi has protected wage labourers and poor people's livelihoods? Evidence on the ground reveals that the SAPs conditions have exacerbated the downward spiral of Malawi's economy and citizens' living standards.

4. Effects of the SAPs on the livelihoods of the working class and poor people in Malawi

The SAPs program's conditions which are set by the WB and IMF for mainly countries in the global South to qualify for what is known as development loans, in principle they are supposed to reflect the will of the membership but the reality somehow different with many of the changes mirroring the shifting priorities of USA foreign policy towards Africa (Jarso, 2011). From the onset of SAPs during the 1980s and 1990s as governments began the essential task of restructuring and rebuilding their economies, per capita incomes stagnated or declined and SAP has been criticized on different areas where it was implemented due to its inappropriateness (Jarso, 2011). From June 2001 local maize prices rose intensely to the extent that 21% of the population were in need of food assistance between September and

November 2002 and it was expected to rise to 29% of the population between December 2002 and March 2003 (Malawi National Vulnerability Assessment Committee, 2002). This indicates that the implementation of the SAPs was not producing the intended outcome but exacerbating the sliding spiral of Malawi's economy and Malawians' living standards.

In the middle of SAPs implementation, Booth et al. (2006) warn the world about extreme poverty in Malawi to the extent that in October 2006 they feared a real danger that many of the poor in Malawi could die of famine, according the authors such deaths could have been prevented.

According to the Malawi National Statistical Office (2017) rural households were more likely to own agricultural land or farm animals than urban households. This is why most rural inhabitants depend on agriculture for their wellbeing. When the SAPs condition paralyzed the agricultural industry, most people in the rural areas were very vulnerable and had to rely on the working poor to support them in the rural areas. But high food prices, high unemployment rate, falling wages, high transport cost as seen above, the working poor were also struggling thus both urban and rural population were directly affected by the SAPs. Twelve percent of women and 5% of men age 15-49 had no education and nearly 6 in 10 women and men have attended primary school, whereas 23% of women and 32% of men had attended secondary education and it is not surprising that only 3% of women and 5% of men had more than secondary education (Malawi National Statistical Office, 2017). Such low levels of education signals challenges in the country's socioeconomic development which the SAPs intend to improve. The Malawi National Statistical Office (2017) reveal that in Malawi, 29% of adolescent women age 15-19 were already mothers or pregnant with their first child and most of these adolescent women came from the poorest households. Poverty and high unemployment contributed greatly for families not to afford sending their children to school as they were unable to buy school related items even in situations where schools were free.

The livelihoods of the working class in Malawi were adversely affected due to the reform process that started in 1994 with the establishment of the Privatisation Commission of Malawi that in late 1995, the Malawian Cabinet approved the Privatisation Policy Statement (see Essential Group, 2000). The Public Enterprises (Privatisation) Act of 1996 was passed by parliament. By December 1999, 35 out of 100 Public Enterprises were privatized and more had to follow that included Agriculture Development and Marketing Corporation (ADMARC); Commercial Bank of Malawi, Air Malawi, Malawi Telecom, Malawi Rural Finance Corporation, ESCOM Distribution; ESCOM Generation; Blantyre Water Board; Lilongwe Water Board; Tourism Development and Investment Corporation; Malawi Housing Corporation; and Malawi Savings Bank (Essential Group, 2000). These SAPs reforms, take on both in the context of projects and of two IDA adjustment operations, had been aimed at restructuring the role and functions of the Malawian Government and reformation the civil service to improve efficiency. Because of this, the Malawian Government heightened the retirement and retrenchment of employees in low priority functions. As it can be expected many employees lost their employment. The IMF and WB's influence through the SAPs were being entrenched as controls on interest rates were abolished in 1993 and the foreign exchange system was partially liberalized in 1994 (Essential Group, 2000).

The reforms demanded by the IMF and WB on reduction in the number of lowest grades in the civil service staff such as watchmen, cleaners, workmen, messengers were imposed on Malawi as such it had weak public support for implementation of reform programmes (Mabomba, 2012). It has to be noted that while reforms are very significant for the progress of a professional civil service, advance the quality of public services which in return are vital to the promotion of sustainable economic and social development but such reforms need proper job evaluation and adequate retrenchment packages (Mabomba, 2012). Most of the people that lost their employment meant the loss of their livelihood and that of their dependants. As it has been stated above that 85% of the Malawians live in rural areas where they depend on subsistence agriculture and when things are hard in the rural area, they depend on their extended family members in the urban area. With SAPs most of such people lost their source of income and that increased the population suffering in Malawi. The Malawian Government has acknowledged the continued suffering of most of the Malawians and intend to improve the wellbeing of the people. One way to do this, is changing the modus operandi as it can be seen with Malawi 2063.

5. Malawi 2063

Having critically analysed the challenges that Malawi continues to go through mainly because of the SAPs among other reasons with more than half of the Malawian population residing in poverty, is it possible to turn things around? The vision for Malawi 2063 argues that it is possible to have Malawi that is an Inclusively Wealthy and Self-reliant Nation as the country's resolution states (National Planning Commission (NPC), 2020):

> We as Malawians desire and resolve to be an inclusively wealthy and self-reliant industrialized upper-middle-income country by the year 2063, so we can fund our development needs primarily by ourselves. Our manufacturing industry shall have strong forward and backward linkages with the sectors that will drive it. We shall achieve this Vision through collective effort and shall not allow any state or non-state actor to derail us.

Anything is possible to improve the people's wellbeing and develop Malawi's economy but for Malawi 2063 to achieve its vision, there must be determination, commitment, corruption free, sacrifice and discipline so that external debt is paid up. Further to this, there has to be minimal or no further bowing down to the WB and IMF as their conditions keep the country in bondage. Without these commitments, achieving an inclusively wealthy and self-reliant industrialized upper middle-income country; a vibrant knowledge-based economy with a strong and competitive manufacturing industry that is driven by a productive and commercially vibrant agriculture and mining sector (National Planning Commission, 2020). Having world-class urban centers and tourism hubs across the country with requisite socio-economic amenities for a high-quality life; a united, peaceful, patriotic and proud people that believe in their own abilities and are active participants in building their nation; effective governance systems and institutions with strict adherence to the rule of law (National Planning Commission, 2020). A high-performing and professional public service; a dynamic and vibrant private sector; globally competitive economic infrastructure; a globally competitive and highly motivated human resource and an environmentally sustainable economy might the dream that will never be realised. As a precursor to Malawi 2063, the government has set itself to attain the low middle-income status by 2030 (National Planning Commission, 2020).

Malawi 2063 acknowledges that despite all efforts by external bodies such as the WB and IMF, poverty has continued to increase and as such Malawi's development efforts focusing on poverty reduction that is driven by development aid or loan must come to an end. Malawi ought to shift the trajectory from dependency to the concept of wealth creation and self-reliance (National Planning Commission, 2020).

The World Bank in Malawi (2022) paints a gloomy picture for Malawi going forward as the headline inflation picked up to 12.1% in January 2022; food inflation reached 14.2%, largely due to a rise in maize prices; non-food inflation edged up to 9.6%, driven largely by rising global commodities and the ascendent adjustment in domestic fuel pump prices. Further to this, The World Bank in Malawi (2022) argues that the Malawi Kwacha-USD exchange rate has steadily depreciated by about 6% from January 2021 to January 2022. Gross reserves have declined to 1.6 months import cover as of January 2022 and net reserves have been negative since February 2021. Finally, debt vulnerabilities have significantly increased in recent years. The December 2021 Debt Sustainability Analysis indicates that Malawi's external and public debt are both at high risk of debt agony and the debt is unsustainable. Mounting domestic financing and borrowing from regional development banks have hugely increased Malawi's public debt from 32 percent in 2013 to 55 percent of GDP in 2020 (The World Bank in Malawi, 2022). Following history how the WB and IMF dictate the SAPs, time will tell if this type of assessment is preparing Malawi for additional SAPs to fix the Malawian economy from their perspectives.

6. Social Protection System in Malawi

The failure of SAPs to boost sustainable growth, reduce poverty and promote people's wellbeing in Malawi, the government had to come up with other interventions to assist the poor. Kalomo Social Cash Transfers from Zambia was used as a model in designing the Mchinji Social Cash Transfer in Malawi in 2005. Kalomo Social Cash Transfers was considered to be a successful programme within Southern Africa and it attracted positive attention of various donors (Miller et al., 2010). The Mchinji social cash transfer after its design in 2005 was first implemented in 2006 with huge success. In the same year when the Mchinji social cash transfer was being implemented, the African Union (AU) held a conference on social protection system in Livingstone in Zambia, whereby the AU leadership paid an educational visit to the Kalomo Social Transfers Scheme (African Union, 2006). According to the African Union (African Union, 2006) the visit to Kalomo Social Transfers Scheme by the AU leadership signalled the new birth for Africa to adopt social policy policies pushing for social protection strategies.

After the AU Livingstone Call for Social Protection Policies in Africa Conference in March 2006, donors and Non-Governmental Organisations assisted the Malawi government to formulate a Social Protection Policy (Government of Malawi, 2009). The social protection policy covers the provision of welfare support to vulnerable groups, protection of people's assets, promotion of livelihoods and policy linkages within government. When the government of Malawi in 2008 specifically the cabinet interacted with the social protection policy draft, they decided to replace "social protection policy" with "social support policy" as they did not want to create the impression that beneficiaries can depend on the state for provision (Government of Malawi, 2009). The Malawian social protection system is coordinated by a Social Protection Unit in the Ministry of Economic Planning and Development. This unit functions under a National Social Protection Steering Committee. Represented on this committee are government representatives from key ministries, leadership of donor organisations and representatives of civil society organisations (World Bank, 2007).

The intensification of social policy in Malawi happened under president Peter Muntharika. Social transfers which is the component of social policy and part of the Social Protection System refer to social welfare payments provided by the state or international organisations to beneficiaries that pass the means test so that they are able to meet their minimum basic needs including food security (Chagunda, 2014). Cash transfers have played a significant hunger prevention role in Malawi (Maliro, 2011).

It was during President Joyce Banda led government that they agreed an aid package from IMF and WB in exchange for devaluing the Malawi currency. After devaluation of the Malawi Kwacha in 2012 instead of progressing, Malawi was regressing and prices of goods went up, transportation became expensive and the price of food was unattainable especially by the poor. The long awaited National Social Support Policy was approved by the Malawian Cabinet in July 2012 and in 2013 an implementation plan was developed (Hamer & Seekings, 2017). The WB, that was supposed to finance the implementation of Social Cash Transfer put some conditions as expected.

According to Maliro (2011), the Malawian Social Transfer Programme started by cantering mainly on public works programme (PWPs) which was the major social safety net. And this was implemented as a cash transfer-based safety net pilot in response to income poverty and food insecurity that started in 1996 through 2004/2005. As a PWP project, it is a labour-intensive venture as they build, rehabilitate community roads, dams, forests etc. (Maliro, 2011). Cash transfers in Malawi continue to play a critical role among the poor to promote their wellbeing.

7. The impact of SAPs on the social policies and social rights in Malawi

SAPs have negatively affected social policies and social rights in Malawi leading to the insufficient social interventions on the livelihoods of the working class and poor Malawians. Social policies can be understood as a Malawi's intervention that unswervingly affects social welfare, social institutions and social relations. Some social policy fundamentals include direct government provision of social welfare that comprise of education and healthcare, subsidies, social security, labour market interventions and other redistributive policies (Mkandawire, 2005). Malawi's social policy was formulated and implemented in different historical eras. Social policy choices and decisions in Malawi are mainly influenced by cultural, institutional, ideological forces and conditions that come with SAPs which have direct relationship to social policy responses, social problems and the meeting of the needs of Malawians. Social rights are intended for people to meet their basic needs which are vital for human welfare (Chagunda, 2021). This is why O'Connor (2018) correctly points out that government should provide its people with a foundation, in terms of material conditions, that would permit people to make more choices in their lives and feel materially secure.

In 1996 and 2004 as seen above, the government of Malawi abolished agricultural subsidies and Malawi kwacha was devalued by 62 percent in September 1998 as per the SAPs conditions (Harrigan, 2001; Chinsinga and O'Brien, 2008). This increased vulnerability and deprivation to the extent that Malawian population was incapable in providing basic needs for their households (Harrigan, 2001) and Malawi experienced hunger and starvation due to the poor harvest of 2004/2005 (Chinsinga & Poulton, 2014). Malawi as one of the conditions to access the loan, had to cut government social spending and this reduced the fiscal space in which livelihoods of the working class and poor people function (Ismi, 2004). SAPs reform negatively affected the healthcare workforce as the quantity of healthcare staff to take care of the patients reduced (Marphatia, 2010). SAPS also come with cutting of health programs budget and as a consequence the medical workforce reduces of, they feel despondent and migrate or join the private sector thus letting the majority of poor Malawians suffer including dying pre-maturely.

Retrenchments forces Malawian poor working people to struggle buying educational essential items such school books, uniform, transportation, sanitary pads and even feeding them. This leads to school dropout and as such it contributes to uneducated population (Malawi National Statistical Office, 2017). The reduction of medical care staff due to retrenchments and brain drain, contributes to an increase of sicker population that in return increases unproductive Malawians. The more the sicker population increase the lesser healthy and productive people are available to contribute to socioeconomic development.

SAPs have had severe human costs such as income and food security that has prevented people to make more choices in their lives and feel materially secure (Cornia, Jolly, & Stewart, 1987). One of the dominant SAPs conditions includes privatisation that leads to the transfer of enterprises and resources from the Malawi government to private sector and in return social service provisions such as health, education and social protection programmes are adversely affected (Cornia, Jolly, & Stewart, 1987). For the advocates for SAPs, privatization among others intend to intensify investment while decreasing Malawi's government spending. This is why state-owned entities and resources are traded whether they generate a fiscal profit or not, does not really matter to them. When it comes to the critics of SAPs, they argue that privatization hinders the effective social policy intervention. Since water was privatised in Malawi, the Malawian poor people have been unable to access such basic necessities because they are incapable to pay for them.

In 2000, the Malawi Government sold off some of the grain reserve to pay off debt as per SAPs conditions and as such in 2001, Malawi suffered food insecurity and many poor people went hungry (Malawi National Vulnerability Assessment Committee, 2002; Frankenberger et al., 2003). The social rights to basic needs such food was severely curtailed.

Concluding remarks and the way forward

This paper has interrogated the implementation of the SAPs in Malawi, with a focus on its impacts on the livelihoods of the working class and poor Malawians. The imposition of SAP on Malawi by the WB and IMF for the country to recover from its ailing economy and put it on a path to sustainable development and recovery has done the opposite. This paper has critically discussed some main effects of the SAPs on the livelihoods of the working class and poor Malawians after decades of implementing the SAPs by the government. It has been shown that the implementation of the SAPs in Malawi has increased the suffering of wage labourers and poor people's livelihoods and as such SAPs have exacerbated the downward spiral of Malawi's economy and citizens' living standards. Even though the government provides cash transfers to help the poor but this is not enough aggressive measures are needed to fix the economy and improve people's wellbeing.

As Malawi moves forward in the years to come, it is significant for it to highlight the supremacy of social imperatives in economic development activities in a nation. Malawi, if need be, should borrow money from the World Bank and the International Monetary Fund (IMF) for investment and not for consumption (African Development Bank Group (ADBG), 2021). The Malawian government officials should learn basic socioeconomic principles, avoid taking loans that will be paid back by the generations to come and promote self-sustenance mechanism within Malawi. Malawian government must ask itself why the interest they pay on the loan from IMF and WB is not on the same level like those in developed nations? Time to wake up is yesterday and time to fix Malawi for a better tomorrow it is today.

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