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# DECENTRALIZED DEVELOPMENT FINANCING AND HEALTH OUTCOMES: OPERATIONALIZING HEALTH IN ALL POLICIES THROUGH MALAWI'S CONSTITUENCY DEVELOPMENT FUND

**Boniface France Kalanda, PhD, MPH, MBA**
University of Malawi, Zomba, Malawi
Corresponding author: bkalanda@yahoo.com

**Abstract**

Malawi faces significant socio-economic and health challenges, including poverty, child stunting, limited access to clean water, and under-resourced health and education systems. In 2026, the Government of Malawi introduced the Reformed Constituency Development Fund (RCDF), consolidating sectoral funds and increasing allocations to K5 billion per constituency annually. This study examines the RCDF's potential to advance the social determinants of health (SDH) through a comparative policy analysis of government documents, scholarly literature, and civil society reports. The RCDF pools multiple sectoral funds under local councils and enables community participation in identifying projects in education, health, water, sanitation, and livelihoods. Expected outcomes include improved access to basic services, enhanced food security, and better health and educational outcomes. Comparative evidence from Kenya, Zambia, Uganda, Nigeria, Mozambique, Lesotho, and Zimbabwe reveals both opportunities and risks, including improved service access, corruption, elite capture, and mismanagement. Although the RCDF has the potential to accelerate progress towards SDH and the Sustainable Development Goals, its allocation, approximately 24% of local council transfers, raises concerns about fiscal sustainability. Its success will depend on health-sensitive project selection, strengthened institutional capacity, and robust governance and accountability mechanisms.

**Keywords**: Constituency Development Fund, Health in All Policies, Social Determinants of Health, Decentralization; Community Health Systems, Malawi.

## Introduction

Malawi, a low-income country in Southern Africa, faces substantial socio-economic and health challenges that restrict equitable well-being. Persistent poverty, elevated rates of child stunting, inadequate access to water, under-resourced health systems, and high primary education dropout rates—particularly among girls—constitute major barriers to addressing the social determinants of health (SDH) (IMF, 2026). In response, the Government of Malawi launched the Reformed Constituency Development Fund (RCDF) in 2026, increasing constituency allocations to strengthen investments in SDH-related sectors.

This article examines the role of the RCDF in addressing barriers to the social determinants of health in Malawi. It investigates how the reform, which consolidates sectoral funds and increases financial resources for councils and community committees, may facilitate progress in education, water, sanitation, health, and livelihoods (Malawi Government, 2026). The RCDF is assessed against comparable initiatives in Kenya, Zambia, Uganda, Nigeria, Mozambique, Lesotho, and Zimbabwe to extract lessons to maximize benefits and mitigate risks. The analysis accentuates the importance of resilient governance and health-sensitive project selection to ensure efficacy and sustainability (Kenya Parliament, 2016, Zambia Delivery Unit,2026).

## Theoretical Foundation

The paper is grounded in three interrelated theoretical frameworks: Decentralization Theory, the Social Determinants of Health (SDH) Framework, and the Health in All Policies (HiAP) Approach.

Decentralization theory posits that devolving fiscal and administrative authority to local governments enhances responsiveness, accountability, and efficiency in service delivery (World Bank, 2020). By consolidating sectoral funds into the RCDF, Malawi operationalizes fiscal decentralization, enabling local councils and community committees to prioritize context-specific needs. The theory suggests that proximity to communities improves allocative efficiency and strengthens citizen participation, though risks of elite capture and weak oversight remain (Mapesa &Kibua, 2006).

The SDH framework, as articulated by the World Health Organization (2010), emphasizes that health outcomes are shaped by socioeconomic conditions such as education, water, sanitation, housing, and livelihoods. The RCDF's design—targeting school infrastructure, bursaries, boreholes, health posts, and agricultural initiatives—directly addresses these determinants. Embedding SDH theory provides a lens to evaluate how decentralized financing can reduce inequities and improve population health beyond clinical interventions.

The HiAP approach advocates for integrating health considerations into policymaking across all sectors (WHO, 2010). The RCDF exemplifies HiAP by embedding health-sensitive criteria into community-level investments in education, water, sanitation, and livelihoods. This theoretical lens underscores the importance of cross-sectoral governance and policy coherence, ensuring that constituency-level projects contribute to national health equity goals and the Sustainable Development Goals.

Together, these theories provide a robust foundation for analyzing the RCDF. Decentralization theory explains the governance and fiscal mechanisms; the SDH framework highlights the pathways through which RCDF investments influence health outcomes; and HiAP situates the RCDF within a broader policy paradigm that integrates health across sectors. This triangulated theoretical foundation strengthens the argument that Malawi's RCDF is not merely a financing instrument but a strategic policy tool for advancing equity and resilience in health systems.

## Methods

This study employs comparative policy analysis, integrating government documents, peer-reviewed literature, and civil society reports. The analysis centers on the structure, governance, and implementation of Malawi's RCDF, comparing it with analogous decentralized financing mechanisms in Kenya, Zambia, Uganda, Nigeria, Mozambique, Lesotho, and Zimbabwe. The study evaluates the contributions of these funds to SDH outcomes and identifies shared challenges and lessons pertinent to Malawi's context.

## Results

Malawi's RCDF merges several sectoral funds—including the District Development Fund, Water Resources Fund, Infrastructure Development Fund, and Hospital Rehabilitation Fund—into a single pool managed by local councils. Each of the 229 constituencies receives K5 billion (approximately USD 2.94 million) annually. Project identification is conducted by Village Development Committees (VDCs), Area Development Committees (ADCs), and Ward Committees, with implementation overseen by District Commissioners and Chief Executive Officers (Malawi Government, 2026). Eligible projects encompass school infrastructure, bursaries for vulnerable learners, boreholes, sanitation facilities, health posts, hospital rehabilitation, agricultural initiatives, and youth and women empowerment programmes (Malawi Government, 2026). These investments are anticipated to reduce school dropout rates, improve access to clean water, strengthen health service delivery, and address food insecurity and child malnutrition. Malawi's approach should be informed by evidence from other countries.

## Comparative Experiences of CDFs in Advancing Social Determinants of Health

Other African countries have implemented comparable CDFs with different outcomes. Table I provides a structured comparison, detailing key features, achievements, and challenges of CDFs in Kenya, Zambia, Uganda, Nigeria, Mozambique, Lesotho, and Zimbabwe (Mwangi, 2005; van Zyl, 2010). This comparison facilitates a clearer contextualization of Malawi's RCDF within these broader experiences.

**Education and Human Capital:** The RCDF in Malawiprioritizes bursaries and school infrastructure to reduce barriers to educational attainment. In 2025, the net enrolment rate in primary education was 87%, yet dropout rates among girls remained high (Malawi Government, 2026). The RCDF is anticipated to resolve these challenges, an aspiration supported by evidence from other contexts. For instance, Kenya's

NG-CDF increased secondary school transition rates in Samburu West (Cheruiyot, 2019), while Zambia's CDF reduced classroom shortages, increasing availability by 12% between 2021 and 2024 (Zambia Presidential Delivery Unit, 2026).

**Water and Sanitation:** In 2024, only 67% of Malawians had access to improved water sources (Afrobarometer, 2025). RCDF investments in boreholes and sanitation are expected to reduce the incidence of diarrhoeal disease. Evidence from Uganda demonstrates that its CDF raised rural water access from 62% in 2015 to 71% in 2020 (Uganda Ministry of Health, 2015).

**Health Infrastructure:** The RCDF in Malawi supports hospital rehabilitation and the construction of primary health facilities. In 2025, there were only 0.3 physicians per 10,000 population in Malawi (Malawi Government, 2026). Zambia's CDF helped establish health posts, leading to a 9% increase in antenatal care visits between 2021 and 2024 (Mwanakaba, 2022). Similarly, Nigeria's CDF projects contributed to an increase in the number of maternal health facilities (The Lancet Nigeria Commission, 2022).

**Livelihoods and Nutrition:** Agricultural and empowerment projects supported by Malawi's RCDF can improve household income and food security. In 2025, 37% of Malawian children under five were stunted (Afrobarometer, 2025). Comparative experiences include Zambia's CDF support for cooperatives (Banda, 2019), Uganda's funding of livelihood projects, Mozambique's district investments in smallholder agriculture, Lesotho's council-supported agricultural initiatives, and Zimbabwe's CDF financing of community gardens.

**Community Participation and Governance**

Malawi's RCDF incorporates decision-making at the Village Development Committee (VDC) and Area Development Committee (ADC) levels, promoting local ownership. The Ministry of Local Government has appointed a Chief Executive for the CDF to serve as the principal risk manager and safeguard for the RCDF. However, effective community empowerment requires learning from Kenya's NG-CDF, which encountered elite capture (Mapesa & Kabua, 2016). Similarly, CDF projects in Nigeria were influenced by political patronage (The Lancet Nigeria Commission, 2022), and Zimbabwe's CDF was suspended due to mismanagement.

**Table 1: Comparative African Experiences**

| Country | Fund/Instrument | Key Health/SDH Contributions | Challenges |
|---|---|---|---|
| Kenya | NG-CDF (2003, revised 2015) | Built dispensaries, hospitals, bursaries, water projects; improved health access | Elite capture, uneven impact |
| Zambia | CDF (1995, expanded 2021–2026) | Funded classrooms, health posts, maternity wards, and sanitation blocks | Oversight gaps |
| Uganda | Local Government Development Funds | Infrastructure, water, education; SDH focus in HSDP 2015–2020 | Rural-urban inequities |
| Nigeria | Constituency Projects | Health infrastructure, water, sanitation, and maternal health | Corruption, inequitable distribution |
| Mozambique | District Development Funds | Supported water, sanitation, agriculture, and livelihoods | Weak monitoring |
| Lesotho | Community Council Grants | Small-scale water and education projects | Fiscal constraints |
| Zimbabwe | Constituency Development Fund | Financed school blocks, clinics, and boreholes | Mismanagement, suspension |

**Sources**: Tsubura, 2013; Mwangi, 2005; Centre for Trade Policy and Development (2024); and compilation by author from other sources.

**Discussion**

Malawi's RCDF exemplifies both the capacity and challenges of decentralized financing for SDH. Its scale and community-led governance model position it as an important tool for overcoming structural barriers to health equity. Nonetheless, risks persist. Limited institutional capacity may constrain councils' ability to manage substantial funds, and there is a tendency to prioritize politically visible projects over essential but less tangible investments, such as maternal health facilities or nutrition programmes.

Comparative experiences from other African countries give valuable insights. This article compares each country's CDF across scope, impact on SDH, and problems such as elite capture, legislative structures, oversight, and mismanagement. Kenya's NG-CDF demonstrates the potential of bursaries and health facility construction to reduce inequities, while also pointing out risks of elite capture and uneven impact (Kenya Parliament, 2015). Zambia's expanded CDF underscores the importance of increased allocations and robust oversight (Mwanakaba, 2022). Uganda's Local Government Development Funds emphasize the value of aligning initiatives with national health strategies (Auya, 2018). Experiences from Nigeria, Mozambique, Lesotho, and Zimbabwe collectively underscore the imperative for effective monitoring, transparency, and strengthening local governance capacities (ACODE, 2019; NBS, Nigeria, 2024). These comparisons explain the implications of the RCDF within Malawi's context.

**Limitations of the RCDF**

The RCDF consumes a considerable part of Malawi's annual domestic revenue collections. In the 2025/26 Citizen's Budget, total government revenues and grants were projected at K5.58 trillion, while expenditures were projected at K8.07 trillion (UNICEF Malawi, 2026). The RCDF allocation of K42.4 billion represents approximately 24% of local council transfers (≈K42.4 billion out of K178 billion), making it the single largest devolved fund (Malawi Government, 2026). This heavy share limits fiscal space for other critical government expenditures, including health (13%), education (15%), and roads (20%).

Local councils and community committees may lack the technical and managerial capacity required to plan, implement, and monitor projects of this magnitude. Weak procurement systems and limited monitoring capacity heighten the risk of inefficiency and substandard infrastructure (World Bank, 2020). It is essential for Malawi to implement the RCDF alongside a needs-based, comprehensive, and sustained capacity-development strategy targeting local councils and community committees.

Comparative experiences reveal governance challenges. In Kenya, the NG-CDF faced elite capture, with funds diverted to politically visible projects (Mapesa & Kabua, 2016; ISA, Kenya, 2010). In Nigeria, the Independent Corrupt Practices Commission (ICPC) found extensive diversion and mismanagement of constituency project funds, leading to the recovery of billions from inflated or abandoned projects. Agora Policy further described constituency projects as a major source of legislative corruption, often poorly executed or non-existent despite budget allocations (ICPC Report, 2021; 2023 Agora Policy, 2022). In Zimbabwe, the Constituency Development Fund was suspended after repeated cases of misappropriation. Recent arrests of MPs for appropriating funds for personal use illustrate persistent risks of corruption and weak oversight (Transparency International, 2021).

In the absence of explicit health-sensitive criteria, RCDF funds may be allocated to projects that do not directly address social determinants of health. Politically popular investments, such as stadiums and roads, could take precedence over maternal health facilities, nutrition programmes, or sanitation systems that yield greater durable benefits (WHO, 2010). It is recommended that Malawi adopt evidence-based criteria for implementing SDH interventions.

By allocating nearly a quarter of devolved resources to RCDF, the government risks underfunding national priorities. Resources directed to constituency projects could otherwise support tertiary hospitals, climate resilience programmes, or national social protection schemes (UNDP, 2018).

**Conclusion**

The RCDF represents a key milestone in Malawi's decentralization process, providing a government-led, community-level mechanism to address barriers to SDH. For low-income Southern African countries, Malawi's experience demonstrates the potential of decentralized financing to advance health equity, while also emphasizing the need to integrate financial decentralization with resilient governance, accountability, and harmonization with national priorities. When strategically implemented, similar funds could accelerate progress toward the Sustainable Development Goals, especially those related to health, education, and poverty reduction. However, without deliberate safeguards, the effectiveness of such instruments may be compromised by mismanagement, inequity, and unsustainable investments.

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