

Annex 5 - Glossary

Agricultural Extension Services: services offered to farmers usually by the government in the form of transmitting information, new ideas, methods and advice about, for instance, the use of fertilizers, control of pests and weeds, appropriate machinery, soil conservation methods, simple accounting, marketing etc. in a bid to stimulate increased agricultural incomes.

Basic Education: Primary education (Std.1-8) and adult literacy.

Crowding Out: an increase in public sector borrowing leads to a fall in private sector borrowing via a shortage of loanable funds and an increase in interest rates.

Decentralisation: the transfer of functions from central to a local authority. There are many forms of decentralisation, notably deconcentration and devolution.

Deconcentration: a form of decentralisation that transfers administrative functions to lower levels of Government without a corresponding transfer of power and accountability

Dependency Ratio: The ratio of dependents (those between the ages of 0-15 and 64+ who are assumed to be economically unproductive) to the productive population (15-64)

Devolution: the delegation of power and accountability especially by the central government to local or regional administration.

Dimba: a small vegetable garden

Exchange Rate: the rate at which central banks will exchange one country's currency for another (i.e. the 'official' rate).

Fertility Rate, General: yearly number of children born alive per thousand women within the child-bearing age bracket (normally between the age of 15 and 49 years).

Fiscal Deficit: a situation where government expenditure exceeds revenue.

Ganyu: part time seasonal piece-work

Gini Coefficient: an aggregate numerical measure of *income inequality* ranging from zero (perfect equality) to one (perfect inequality). It is graphically measured by dividing the area between the perfect equality line and the Lorenz curve by the total area lying to the right of the equality line in a Lorenz diagram. The higher the value of the coefficient the higher the inequality of income distribution and the lower it is the more equitable the distribution of income.

Grant: an outright transfer payment usually from one government to another (*foreign aid*) - i.e. a gift of money or technical assistance that does not have to be repaid.

Gross Domestic Product (GDP): the total monetary value calculated at market prices of all final goods and services produced in an economy over a given period of time, typically one year.

Headcount: the number of people with an identified characteristic e.g. living below the poverty line.

Human Capital: productive investments embodied in human beings. These include skills, abilities, health, etc., that result from expenditures on education, on-the-job training programmes and medical care.

Infant Mortality: the deaths among children between birth and one year of age. *Infant mortality rate* measures the number of these deaths per 1000 live births.

Inflation: a persistent rise in the general price level. In Malawi, it is measured by the Consumer Price Index (CPI).

Interest Rate: the amount that a borrower must pay a lender over and above the total amount borrowed expressed as a percentage of the total amount of funds borrowed – e.g. if a man borrowed K100 for one year at the end of which he had to repay K110, the interest rate would be 10 percent per annum.

Life Expectancy (at birth): time period, normally in years, that a baby is expected to live after it has been born alive. In LDCs, this time period is roughly 48 years for male children and 52 years for female children. In developed countries, it is approximately 70 years for male children and 72 years for female children.

Liquidity Reserve Requirement: A statutory requirement that banks maintain a minimum percentage of their deposits at the Reserve Bank. Adjusting the LRR is a means of realising and withdrawing reserves from the banking system.

Macroeconomy: the relationships between broad economic aggregates such as national income, total volumes of saving, investment, consumption, expenditure, employment, money supply etc.

Malnutrition: a state of ill-health resulting from an inadequate or improper diet – usually measured in terms of average daily protein consumption.

Maternal Mortality: women death associated with pregnancy.

Medium Term Expenditure Framework: a way of doing the Budget process, focussing on activities and outputs rather than inputs.

Open Market Operations: Sales and purchases of securities (Treasury and Reserve Bank Bills)

Pluralistic: a system that has many players and recognizes more than one ultimate principle.

Political Will: a determined, deliberate, purposeful, independent decision, conclusion or choice upon a course of action by persons in the political authority such as

elimination of inequality, poverty and unemployment through various reforms of social, economic and *institutional* structures. Lack of 'political will' is often said to be one of the main obstacles to development and the main reason for the failure of many development plans.

Poverty Line: an arbitrary real income or consumption measure, used as a basis for estimating the proportion of the country's population that exist at base levels of subsistence i.e. those whose incomes or consumption fall below this poverty line.

Planning: the advance prioritisation of scarce resources (financial, organisational, human) so as to achieve national objectives.

Real Effective Exchange Rate: a measure of a country's competitiveness, calculated from the nominal exchange rate adjusted by the inflation differential between foreign and domestic prices.

Rural Development: the broad spectrum of rural development activities encompassing the simultaneous fostering of small-farmer agricultural progress; improvement of levels of incomes, employment, education, health, nutrition and housing for the rural people.

Safety Nets: activities that are designed to improve the quality of life of the most vulnerable, to "catch" those who are unable to benefit from other interventions and or those who suffer from external shocks e.g. drought.

Smallholder: a person who farms on a small holding.

Starter Pack Programme: the programme for free distribution of agricultural inputs and other livelihood items of less than a total of 30kgs.

Under 5-Mortality: the death among children between one year to 5 years of age.