

**IMMEDIATE  
ATTENTION**

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September 8, 2008

To: Members of the Executive Board

From: The Secretary

Subject: **Malawi—Poverty Reduction Strategy Paper—Progress Report**

Attached for the **information** of Executive Directors is the progress report on the poverty reduction strategy paper prepared by the government of Malawi. At the time of circulation of this paper to the Board, the Secretary's Department has received a communication from the authorities of Malawi indicating that they consent to the Fund's publication of this paper. It is intended to post this paper on the Fund's external website after **Thursday, September 11, 2008**.

Questions may be referred to Mr. Berg (ext. 38843), Ms. Teferra (ext. 37301), and Mr. Maehle (ext. 36499) in AFR.

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**Government of Malawi**

**Malawi Growth Development Strategy Annual Review  
2006/07 Year**

**SYNTHESIS REPORT**

**An Assessment of the Implementation of the  
Malawi Growth and Development Strategy**

***Ministry of Economic Planning & Development  
M&E Division  
P.O. Box 30136  
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Malawi***

## Table of Contents

|  |            |
|--|------------|
| Glossary of Abbreviations .....                                    | vii        |
| Foreword.....  | x          |
| EXECUTIVE SUMMARY .....  | xi         |
| PART I: INTRODUCTION.....  | 1          |
| <b>CHAPTER 1: REPORT OVERVIEW .....</b>                            | <b>1</b>   |
| 1.1 Background .....   | 1          |
| 1.2 Methodology .....  | 1          |
| 1.3 Report Structure: .....  | 1          |
| <b>CHAPTER 2: COUNTRY CONTEXT.....</b>                             | <b>4</b>   |
| 2.1 The Poverty Dimension .....                                    | 4          |
| 2.2 Macroeconomic Developments and Budgetary Issues .....          | 4          |
| 2.3 Progress on Public Financial Management.....                   | 7          |
| 2.4 Progress on the Millennium Development Goals .....             | 9          |
| PART II: PROGRESS IN MGDS IMPLEMENTATION.....                      | 10         |
| <b>A: MGDS KEY PRIORITY FOCUS AREAS .....</b>                      | <b>10</b>  |
| CHAPTER 3: AGRICULTURE AND FOOD SECURITY .....                     | 10         |
| CHAPTER 4: IRRIGATION AND WATER DEVELOPMENT .....                  | 17         |
| CHAPTER 5: TRANSPORT INFRASTRUCTURE.....                           | 24         |
| CHAPTER 6: ENERGY GENERATION AND SUPPLY .....                      | 31         |
| CHAPTER 7: INTEGRATED RURAL DEVELOPMENT .....                      | 37         |
| CHAPTER 8: NUTRITION, HIV AND AIDS .....                           | 43         |
| <b>B: MGDS THEMATIC AREAS.....</b>                                 | <b>53</b>  |
| <b>CHAPTER 9: SUSTAINABLE ECONOMIC GROWTH .....</b>                | <b>53</b>  |
| 9.1 Trade and Private Sector Development .....                     | 53         |
| <b>CHAPTER 10: FISH MANAGEMENT AND PRODUCTION .....</b>            | <b>61</b>  |
| <b>CHAPTER 11: FORESTRY CONSERVATION AND MANAGEMENT .....</b>      | <b>67</b>  |
| <b>CHAPTER 12: ENVIRONMENTAL PROTECTION .....</b>                  | <b>73</b>  |
| <b>CHAPTER 13: WILDLIFE MANAGEMENT .....</b>                       | <b>77</b>  |
| <b>CHAPTER 14: LAND MANAGEMENT AND HOUSING DEVELOPMENT .....</b>   | <b>81</b>  |
| <b>CHAPTER 15: SOCIAL PROTECTION AND DISASTER MANAGEMENT .....</b> | <b>88</b>  |
| 15.1 Social Protection (Protecting the Vulnerable) .....           | 88         |
| 15.2 Disaster Risk Management .....                                | 88         |
| <b>CHAPTER 16: HEALTH SECTOR.....</b>                              | <b>94</b>  |
| 16.1 Health.....   | 94         |
| <b>CHAPTER 17: EDUCATION SECTOR.....</b>                           | <b>104</b> |
| 17.1 Education .....   | 104        |
| <b>CHAPTER 18: GENDER.....</b>                                     | <b>116</b> |
| 18.1 Gender.....   | 116        |
| <b>CHAPTER 19: TECHNOLOGY AND RESEARCH DEVELOPMENT .....</b>       | <b>124</b> |
| <b>CHAPTER 20: AIR AND RAIL TRANSPORT .....</b>                    | <b>131</b> |
| <b>CHAPTER 21: ECONOMIC GOVERNANCE.....</b>                        | <b>136</b> |
| <b>CHAPTER 22: DEMOCRATIC GOVERNANCE.....</b>                      | <b>144</b> |
| <b>CHAPTER 23: CONTROL OF CORRUPTION.....</b>                      | <b>150</b> |

|   |            |
|---|------------|
| <b>CHAPTER 24: JUSTICE AND RULE OF LAW .....</b>                            | <b>155</b> |
| <b>CHAPTER 25: SECURITY .....</b>   | <b>160</b> |
| <b>CHAPTER 26: HUMAN RIGHTS.....</b>  | <b>167</b> |
| <b>CHAPTER 27: DECENTRALIZATION .....</b>                                   | <b>171</b> |
| <b>CHAPTER 28: TOURISM AND CULTURE .....</b>                                | <b>176</b> |
| <b>PART III: SUMMARY OF EXPENDITURE ACROSS SECTORS .....</b>                | <b>181</b> |
| <b>CHAPTER 29: EXPENDITURE IN KEY PRIORITY AREAS.....</b>                   | <b>181</b> |
| 29.1 Comparison of funding and Expenditure to Priority Areas .....          | 181        |
| 29.2 Budget Implications on Achievement of Key priority Area Outcomes.....  | 183        |
| 29.3 Emerging Issues on Funding and Expenditure to key Priority Areas ..... | 183        |
| <b>CHAPTER 30: EXPENDITURE IN THEMATIC AREAS .....</b>                      | <b>184</b> |
| 30.1 Sustainable Economic Growth.....                                       | 184        |
| 30.2 Social Protection and Disaster Risk Management .....                   | 186        |
| 30.3 Social Development .....   | 187        |
| 30.4 Infrastructure Development .....                                       | 191        |
| 30.5 Improving Governance .....   | 192        |
| <b>CHAPTER 31: RECOMMENDED BUDGET REORIENTATION .....</b>                   | <b>194</b> |
| <b>PART IV: SUMMARY OF MGDS IMPLEMENTATION, M&amp;E ISSUES .....</b>        | <b>198</b> |
| <b>CHAPTER 32: MGDS IMPLEMENTATION, AND M&amp;E ISSUES .....</b>            | <b>198</b> |
| 32.1 Summary of Sector Activity Alignment to the MGDS.....                  | 198        |
| 32.2 Summary Status on Baselines & Targets for the MGDS Indicators.....     | 200        |
| 32.4 Summary on Donor Alignment and Harmonization .....                     | 202        |
| 32.5 Summary of Lessons Learned.....  | 204        |
| <b>PART V: SUMMARY OF POLICY RECOMMENDATIONS &amp; WAY FORWARD .....</b>    | <b>205</b> |
| <b>CHAPTER 33: POLICY RECOMMENDATIONS .....</b>                             | <b>205</b> |
| 33.1 Summary of Policy recommendations for Key Priority Areas .....         | 205        |
| 33.2 Summary of Policy Recommendations for Thematic Areas.....              | 206        |
| 33.3 Policy Recommendations on Donor Alignment & Harmonization .....        | 206        |
| 33.4 Policy Recommendations on MGDS Implementation, M&E issues .....        | 207        |
| 33.5 Way Forward .....  | 208        |
| <b>ANNEXES .....</b>  | <b>210</b> |
| <b>ANNEX 1: MGDS ANNUAL REVIEW TIMELINE.....</b>                            | <b>210</b> |
| <b>ANNEX 2: MGDS Annual Indicator Baselines &amp; Targets .....</b>         | <b>212</b> |
| <b>ANNEX 3: Progress in MDGs Goal Indicators.....</b>                       | <b>228</b> |

## List of Tables

|   |     |
|---|-----|
| Table 1: Macroeconomic Targets for 2006/07 .....  | 8   |
| Table 2: MGDS Annual Indicators-Agric. & Food Security .....                                | 11  |
| Table 3: Progress on Donor Alignment and Harmonization-Agric. & Food Security .....         | 13  |
| Table 4: MGDS Annual Indicators- Water, Irrigation & Sanitation .....                       | 18  |
| Table 5: Irrigation and Water Development Sector Outputs Indicator Performance .....        | 19  |
| Table 6: MGDS Annual Indicators-Transport and Public works .....                            | 25  |
| Table 7: Donor Alignment and Harmonization-Transport and Public Works .....                 | 27  |
| Table 8: MGDS Annual Indicators - Energy Generation and Supply .....                        | 31  |
| Table 9: Donor Alignment and Harmonization- Energy Generation and Supply ..                 | 33  |
| Table 10: Donor Alignment and Harmonization-Integrated Rural Development..                  | 39  |
| Table 11: MGDS Annual Indicator on HIV and AIDS .....                                       | 44  |
| Table 12: Key HIV and AIDS Outputs Indicator Performance .....                              | 45  |
| Table 13: Nutrition and its interaction with HIV and AIDS Output Indicator Performance..... | 46  |
| Table 14: Donor Alignment and Harmonization- Nutrition, HIV and AIDS .....                  | 50  |
| Table 15: MGDS Annual Indicator for Trade and Private Sector Development..                  | 54  |
| Table 16: Sector Outputs Indicator Performance-Trade & Private Sector Development .....     | 55  |
| Table 17: Key Sector Outputs Indicator Performance for Manufacturing .....                  | 55  |
| Table 18: Key Sector Outputs Indicator Performance for Mining .....                         | 56  |
| Table 19: MGDS Annual Indicators for Fisheries Sector .....                                 | 61  |
| Table 20: Key Fisheries Sector Outputs Indicator Performance .....                          | 62  |
| Table 21: Donor Alignment and Harmonization- Conservation of Natural Resources .....        | 64  |
| Table 22: MGDS Annual Indicators for Forestry .....   | 67  |
| Table 23: Key progress on sector output achievement.....                                    | 68  |
| Table 24: MGDS Annual Indicators for Environmental Sector.....                              | 73  |
| Table 25: MGDS Annual Indicators for Wildlife .....   | 77  |
| Table 26: Wildlife Sector Outputs Indicator Performance .....                               | 78  |
| Table 27: Lands and Housing Sector Outputs Indicator Performance .....                      | 82  |
| Table 28: Donor Alignment and Harmonization-Lands and Housing .....                         | 85  |
| Table 29: Annual MGDS Indicators – Social protection & Disaster Risk Management .....       | 89  |
| Table 30: MGDS Annual Indicators for Health and Population .....                            | 96  |
| Table 31: Key Health and Population Sector Outputs Indicator Performance ....               | 97  |
| Table 32: MGDS Annual Indicators for Education .....  | 106 |
| Table 33: Progress on Donor Alignment and Harmonization-Education Sector                    | 111 |
| Table 34: MGDS Annual Indicators for Gender .....   | 117 |
| Table 35: Progress on Donor Alignment and Harmonization-Gender Sector ....                  | 119 |
| Table 36: MGDS Annual Indicators for ICT, Research, Science and Technology .....            | 125 |

|   |     |
|---|-----|
| Table 37: Donor Alignment and Harmonization- ICT, Science, and Technology ..... | 127 |
| Table 38: Key Sector Outputs Indicator Performance-Air & Rail Transport .....   | 132 |
| Table 39: MGDS Annual Indicators for Economic Governance .....                  | 137 |
| Table 40: Donor Alignment and Harmonization under Economic Governance ..        | 140 |
| Table 41: Progress on Annual Indicators for the National Assembly .....         | 145 |
| Table 42: Progress on Donor Alignment and Harmonization.....                    | 147 |
| Table 43: MGDS Annual Indicators for Corruption .....                           | 150 |
| Table 44: Key Corruption Sub-Theme Outputs Indicator Performance .....          | 151 |
| Table 45: MGDS Annual Indicators for Rule of Law.....                           | 155 |
| Table 46: Key Justice/Rule of Law Sector Outputs Indicator Performance.....     | 156 |
| Table 47: MGDS Annual Indicators for Security .....                             | 160 |
| Table 48: Progress on MGDS Annual Indicators – Human Rights .....               | 167 |
| Table 49: Progress on Human Rights Output indicators .....                      | 168 |
| Table 50: MGDS Annual Indicators for Decentralization .....                     | 171 |
| Table 51: Key Decentralization Sector Outputs Indicator Performance.....        | 172 |
| Table 52: Sector Output Indicators for Tourism and Culture .....                | 177 |
| Table 53: Development Expenditure Figures by Funding Source .....               | 194 |
| Table 54: Development Expenditure Figures by Funding Source 2006/07 .....       | 197 |
| Table 55 : Progress made in Sector Activity Budget Alignment to the MGDS...     | 199 |
| Table 56 : Progress made in Establishment of Baselines and Targets.....         | 201 |
| Table 57: Progress made in the Paris Declaration Indicators by Sector.....      | 203 |

## List of Figures:

|   |     |
|---|-----|
| Figure 1: Poverty Head Count.....   | 4   |
| Figure 2: GDP Growth Rate and Per Capita GDP (2000-2007).....                                 | 5   |
| Figure 3: Trends in Inflation Rate, Interest Rate and Bank Rate (2000-2007).....              | 6   |
| Figure 4: Trade Balance.....  | 6   |
| Figure 5: Agric. & Food Security Projects Performance .....                                   | 12  |
| Figure 6: Irrigation and Water Development Projects Performance .....                         | 20  |
| Figure 7: Transport and Public Works Projects Performance.....                                | 26  |
| Figure 8: Energy Generation and Supply Projects Performance .....                             | 32  |
| Figure 9: IRD Projects Performance .....  | 38  |
| Figure 10: Development Projects Results Performance-Fisheries .....                           | 63  |
| Figure 11: Development Projects Results Performance.....                                      | 74  |
| Figure 12: Development Projects Inputs .....  | 84  |
| Figure 13: Education Projects Performance .....   | 109 |
| Figure 14: Development Project Outputs Performance-Gender .....                               | 118 |
| Figure 15: Summary Performance of Development Projects.....                                   | 139 |
| Figure 16: Funding and Expenditure to key priority areas.....                                 | 182 |
| Figure 17: Funding and Expenditure to Private Sector Development .....                        | 184 |
| Figure 18: Funding and Expenditure to Natural Resources .....                                 | 185 |
| Figure 19: Funding and Expenditure to Lands & Housing.....                                    | 186 |
| Figure 20: Summary of Budget Analysis for Social Protection and Disaster Risk Management..... | 187 |

|   |     |
|---|-----|
| Figure 21: Summary of Budget Analysis for Health and Population.....                    | 188 |
| Figure 22: Summary of Budget Analysis for Education .....                               | 189 |
| Figure 23: Summary of Budget Analysis for Gender.....                                   | 190 |
| Figure 24: Summary of Budget Analysis for ICT, Research, Science and<br>Technology..... | 191 |
| Figure 25: Summary of Budget Analysis for Improved Governance.....                      | 193 |
| Figure 26: Development Expenditure by Funding Source – Key Priority Areas               | 195 |
| Figure 27: Development Expenditure by Funding Source – Thematic Areas ....              | 196 |



## **Glossary of Abbreviations**

|        |   |
|--------|---|
| ACB    | Anti-corruption Bureau  |
| ADP    | Agricultural Development Programme                                  |
| ADDs   | Agricultural Development Divisions                                  |
| ADB    | African Development Bank  |
| AGOA   | African Growth and Opportunity Act                                  |
| BARREM | Barrier Removal for Renewable Energy                                |
| BASAs  | Bilateral Air Services Agreements                                   |
| BESTAP | Business Environment Strengthening and Technical Assistance Project |
| CAA    | Civil Aviation Authorities  |
| CIDA   | Canadian International Agency                                       |
| CIP    | Capital Investment Plan   |
| CABS   | Common Approach to Budget Support                                   |
| CSOs   | Civil Society Organizations   |
| CMS    | Central Medical Stores  |
| DAG    | Department of Accountant General                                    |
| DECs   | Distance Education Centres  |
| DHRM&D | Department of Human Resource Management and Development             |
| DPs    | Development Partners  |
| DPP    | Directorate of Public Prosecutions                                  |
| EPA    | Economic Partnership Agreement                                      |
| EBA    | Everything But Arms   |
| EHP    | Essential Health Package  |
| ECD    | Early Childhood Development   |
| EMIS   | Education Management Information System                             |
| FRIM   | Forestry Research Institute of Malawi                               |
| FIMTAP | Financial Management, Transport Accountability Project              |
| GoM    | Government of Malawi  |
| GDP    | Growth Domestic Product   |
| GTZ    | German Technical Cooperation  |
| HADG   | HIV and AIDS Development Partner Group                              |
| ICEIDA | Icelandic International Development Agency                          |
| ICET   | Information Community and Education Technology                      |
| ICT    | Information Communication Technology                                |
| IHS    | Integrated Household Survey   |
| IRD    | Integrated Rural Development  |
| IFMIS  | Integrated Financial Management System                              |
| IMF    | International Monetary Fund   |
| ITN    | Insecticide Treated Nets  |
| IXP    | Internet Exchange Point   |
| JCPR   | Joint Country Programme Review                                      |
| JITAP  | Joint Integrated Technical Assistance Programme                     |
| KIA    | Kamuzu International Airport  |
| LMAFDP | Lake Malawi Artisanal Fisheries Development Project                 |

|        |  |
|--------|--|
| LAMIS  | Local Assembly Management Information System                 |
| MEPD   | Ministry of Economic Planning and Development                |
| MERA   | Malawi Energy Regulation Authority                           |
| MEET   | Malawi Environment Endowment Trust                           |
| MERU   | Monitoring & Evaluation Research Unit                        |
| MAREP  | Malawi Rural Electrification Programme                       |
| MBC    | Malawi Broadcasting Cooperation                              |
| M&E    | Monitoring and Evaluation                                    |
| MIWD   | Ministry of Irrigation and Water Development                 |
| MGDS   | Malawi Growth Development Strategy                           |
| MDGs   | Millennium Development Goals                                 |
| MDHS   | Malawi Demographic Health Survey                             |
| MHRC   | Malawi Human Rights Commission                               |
| MTEF   | Medium Term-Expenditure Framework                            |
| MIS    | Management Information System                                |
| MICS   | Multiple Indicator Cluster Survey                            |
| MoAFS  | Ministry of Agriculture and Food Security                    |
| MoLGRD | Ministry of Local Government and Rural Development           |
| MoF    | Ministry of Finance  |
| MoJ    | Ministry of Justice  |
| MoWCD  | Ministry of Women Child and Development                      |
| Mou    | Memorandum of Understanding                                  |
| MoEST  | Ministry of Education Science and Technology                 |
| MoEVT  | Ministry of Education and Vocational Training                |
| MPRS   | Malawi Poverty Reduction Strategy                            |
| MIRTDC | Malawi Industrial research and Technology Development Centre |
| NAF    | National HIV and AIDS Framework                              |
| NAO    | National Audit Office  |
| NIS    | National Integrity System                                    |
| NESP   | National Sector Education Plan                               |
| NDTPF  | National Development and Trade Policy Forum                  |
| NPP    | National Population Plan                                     |
| NLGFC  | National Local Government Finance Committee                  |
| ODS    | Ozone Depleting Substances                                   |
| ODPP   | Office of the Director for Public Procurement                |
| ORT    | Other Recurrent Transactions                                 |
| OPEC   | Oil Producing and Exporting Countries                        |
| OPC    | Office of the President and Cabinet                          |
| OVOP   | One Village One Product                                      |
| OVCs   | Orphans and Vulnerable Children                              |
| PCAR   | Primary Curriculum and Assessment Reform                     |
| PBAs   | Project Based Approach                                       |
| PIF    | Policy Investment Framework                                  |
| PFEM   | Public Finance and Economic Management                       |
| PIAD   | Presidential Initiative on Aquaculture Development           |
| PRGF   | Poverty Reduction and Growth Facility                        |

|          |  |
|----------|--|
| PER      | Public Expenditure Review  |
| PSIP     | Public Sector Investment Programme                               |
| PSIA     | Poverty Social Impact Analysis                                   |
| PIUs     | Project Implementation Units                                     |
| PMCT     | Prevention of Mother to Child Transmission                       |
| POW      | Programme of Work  |
| RGC      | Clinton Hunter Foundation  |
| SARPCCO  | Southern African Regional Police Chiefs Cooperation Organisation |
| SOFTDP   | Small-scale Offshore Fishery Technology Development Project      |
| SSEEP    | Sustainable Social Economic Empowerment Programme                |
| SWAP     | Sector Wider Approach  |
| SDIG     | Skills Development and Income Generation Project                 |
| TTCs     | Teachers Training Colleges                                       |
| TPW&H    | Transport Public Works and Housing                               |
| TVM      | Television Malawi  |
| TWGs     | Thematic Working Group   |
| NAC      | National Aids Commission   |
| NSO      | National Statistic Office  |
| VCTs     | Voluntarily Counseling Testing                                   |
| WB (ISP) | World Bank Infrastructure Services Project                       |
| WFP      | World Food Programme   |

## Foreword

The Malawi Growth and Development Strategy (MGDS) is the overarching economic programme for the country for a period of five years. All government economic and social programmes are anchored in the MGDS. The proper implementation of the MGDS will ensure the achievement of the vision of His Excellency the President, Dr. Bingu wa Mutharika, and indeed aspirations of all Malawians, of transforming Malawi from a net importing nation into a net exporting nation. The underpinning philosophy of the MGDS is wealth creation through economic growth and infrastructure development.

The implementation of MGDS is through the Government Budget in line with the Medium Term Expenditure Framework (MTEF). Therefore, this first MGDS Annual Review looks at the alignment of the strategies from the MGDS to the Government Budget. In addition, it looks at overall aid harmonisation agenda from various development partners with the budget and resource envelope of the MGDS. There are six key focus areas in the MGDS and the review has analysed the progress in the first year of the implementation of these priority focus areas and five thematic areas. The annual review has also looked at prevailing macroeconomic environment under which the implementation is taking place.

The MGDS Annual Review has shown that there is improved macroeconomic environment with low inflation rate and high economic growth rate. This being the first year of implementation for the MGDS, the sector performance varies across sectors but is generally above average for key priority areas and below average for the other thematic areas in terms of achievement of MGDS outcomes. Nonetheless, some sectors such as: Agriculture and Food Security, Nutrition, HIV and AIDS, Mining, ICT, Economic Governance, and fighting corruption have performed exceptionally well compared to others. In some sectors there is a mixed picture of the performance. It is also noted that lack of data in many instances hindered an effective assessment of performance in some sectors.

I would like to thank all those who worked tirelessly and contributed to this first year MGDS Annual Review report. Special thanks would also go to all partners who technically and financially contributed to the assessment of the first year of MGDS implementation. Lastly, I would like to thank His Excellency the President, Dr. Bingu wa Mutharika, for his vision, direction in the whole MGDS process.



Dr. Ken Lipenga, M.P  
Minister of Economic Planning and Development

## **EXECUTIVE SUMMARY**

The Malawi Growth and Development Strategy (MGDS) is the overarching national development framework covering the period 2006 to 2011, which aims at reducing poverty through sustained economic growth and infrastructure development. The MGDS has specific targets to be achieved by 2011 and the purpose of this Annual Review is to report on progress achieved in the year 2006/07. Monitoring of the annual progress in implementation process is very important because it provides government with the opportunity to review its budgetary priorities in light of outcome achievements on the ground.

The review is focused on the six priority areas of the MGDS as well as the five thematic areas. The six priorities are (i) agriculture and food security, (ii) irrigation and water development, (iii) transport and infrastructure development, (iv) energy generation and supply, (v) integrated rural development and (vi) prevention and management. The five thematic areas are outlined later in the summary.

In order to carry out such a holistic review, a participatory approach was used. Stakeholders were organized into 12 thematic working groups (TWGs) and these held their own meetings and produced their own write-up. These write-ups followed a predetermined format that focused on capturing activities and targeted achievements in each sector. This summary gives an overview of achievements on the six priority areas and the five thematic areas.

The methodology used in the review process is premised on documenting evidence of achievements made under each sector in relation to the annual MGDS Outcome indicators and/or sector outputs. Overall performance (rated as average, below or above average in the executive summary) for each sector is based on the total of sector indicator targets met compared with their 2006/07 achievements. In this regard, targets are considered met if their level of achievement is within 5 percent of the target, while they are not met if level of achievement is above -5 percent of target, and they are exceeded if above 5 percent of target. For purposes of this executive summary, both the targets met and exceeded are reported together but the report provides details on either category. The table that precedes each focus area, namely A) Key Priority Areas, and B) Thematic Areas provides a summary of performance in terms of both the budget and results performance.

This being the first year of implementation for the MGDS, the sector performance varies across sectors but is generally above average for key priority areas and below average for the other thematic areas in terms of achievement of MGDS outcomes. Nonetheless, some sectors such as: Agriculture and Food Security, Nutrition, HIV and AIDS, Mining, ICT, Economic Governance, and Corruption have performed exceptionally well compared to others. Those that have not performed well include: Water although Irrigation has made independent inroads

due to treadle pumps, Wildlife, Lands and Housing and Democratic Governance in general, either because of inadequate funding and/or lack of data. Others provide a mixed picture of performance. The lack of data in many instances hindered an effective assessment of performance in some sectors.

## A. Key Priority Areas

### A Summary of 2006/07 Performance of Key Priority Areas

| Priority Area   | 1<br><i>Agriculture and Food Security</i> | 2<br><i>Irrigation and Water Development</i> | 3<br><i>Transport and infrastructure development</i> | 4<br><i>Energy Generation and Supply</i> | 5<br><i>Integrated rural development</i> | 6<br><i>Prevention and Management of HIV&amp;AIDS, Nutrition</i> |
|---|---|--|--|--|--|--|
| <b>A. Results Performance</b>   |   |  |  |  |  |  |
| MGDS +Output Indicator Targets met  | 4 out 4                                   | 0 out 2                                      | 1 out 4  | 2 out 3                                  | No clear indicators                      | 9 out of 12*   |
| DEVELOPMENT Projects Performance  | 33%                                       | 35%  | 35%  | 50%                                      | 62%                                      | 62%  |
| Overall Performance   | Above average                             | Below average                                | Below average  | Above average                            | Above average                            | Above average  |
| <b>B. Budget Performance</b>  |   |  |  |  |  |  |
| Activity Budget Alignment with MGDS   | 85%                                       | 90%  | 70%  | 78%                                      | 35%                                      | 55%  |
| Budget  | 20,332,004,439                            | 1,135,331,848                                | 5,131,921,794  |  | 654,978,800                              | 310,460,420  |
| Funding   | 19,374,640,896                            | 1,120,061,997                                | 4,162,694,253  |  | 462,913,630                              | 230,460,420  |
| Expenditure   | 16,710,825,390                            | 1,104,089,013                                | 2,499,369,567  |  | 458,008,377                              | 30,367,727   |
| Funding-budget  | -957,363,540                              | -15,269,851                                  | -969,227,541   |  | -192,065,170                             | -80,000,000  |
| Unused amount   | 2,663,815,500                             | 15,972,984                                   | 1,663,324,686  |  | 4,905,253                                | 200,092,693  |
| <b>C. Donor Alignment &amp; Harmonization (Paris Declaration Indicators on AID Effectiveness)</b> |   |  |  |  |  |  |
| On Track  | 4   | No Data                                      | 3  | 2  | 6  | 7  |
| Off Track   | 4   |  | 4  | 7  | 2  | 2  |
| No Data   | 1   | 9  | 2  | 0  | 1  | 0  |

**Note:** \* includes a count of the Output indicators

### 1. Agriculture and Food Security

The sector registered above average performance overall in the year under review. This is because all the MGDS annual indicator performance targets were met and others exceeded annual target. However, out of 24 development projects implemented under agriculture sector, only 8 projects (33 percent) provide evidence for having met their output targets, while 13 of them were below target (54 percent).

In the 2006/07 budget year, the Ministry of Agriculture and Food Security had an

approved budget of about MK20.3 billion, which was equivalent to 14 percent of the total approved government budget. About 87 percent of the Ministry's budget was allocated to other recurrent expenditure (ORT), 5 percent was for development expenditure (Part 2 only) and while 8 percent was spent on personnel emoluments. However the actual funding figures were about MK19.4 billion receiving a discrepancy of about MK1billion. The actual expenditure was about MK16.7 billion. The budget analysis of the sector further showed that it had about MK2.3 billion of unused resources that were made available to the sector. The sector also has a high level of alignment (about 85 percent) of its sector activities are aligned to the MGDS.

## **2. Irrigation and Water Development**

The overall performance of the Irrigation and Water Management sector was below average. Other than the development of a National Sanitation policy, not much was achieved under the water sector. The poor performance is also reflected in the lack of achievement of both its MGDS annual indicators especially as regards improving population access to sanitation, which shows was below the target. In addition, only 9 projects (35 percent) out of the 26 projects implemented by the Irrigation and Water sector met their output targets, while 16 of them were below target (64 percent). Despite the overall poor performance of the sector, it is important to note that one Irrigation project on smallholder irrigation performed exceptionally well because of the distribution of treadle pumps.

In the 2006/07 budget year, Irrigation and Water Development was allocated MK1.13 billion. About 75 percent of the budget was for Development (Part 2) while ORT and PE got 15 Percent and 11 percent of the total budget respectively. The actual funding from Ministry of Finance showed that the sector received about showed MK1.12 billion. The actual expenditure amounted to MK1.10 billion. There is not much discrepancy among approved, funding and actual expenditure numbers. Therefore it is a surprise that the sector was unable to meet its target. The annual review therefore recommends that detailed monitoring and evaluation should be carried out in the sector in order to find out the mismatch between inputs and outcomes. The sector has a high level of alignment (about 90 percent) of its activities with those in the MGDS.

## **3. Transport Infrastructure Development (Construction of Roads)**

The sector's overall performance was also below average for the year under review. The MGDS annual indicator performance targets and projects outputs were below the targets. Out of the 23 development projects being implemented, only 9 projects (39 percent) show evidence for having met their output targets, while 6 of them were below target

In the 2006/07 budget year, the sector was allocated a total budget of about MK5,13 billion and 80 percent of the sectors' budget was for development ( Part 2) while 12 percent was allocated to ORT and PE was allocated 7 percent of the total budget. It is worth to note that the transport sector received substantial amount of resources from the approved budget as government its own contribution towards construction of roads infrastructure. The poor performance for the sector can be explained by the unavailability of data on 8 projects which accounts for about 35 percent of the poor performance. The sector has a moderately high level of alignment (about 70 percent) of its activities with those in the MGDS.

#### **4. Energy Generation and Supply**

The overall performance of the Energy sector can be rated as above average in achieving its targets towards the MGDS outcomes. The sector achieved two out of the three annual targets set for the MGDS indicators in the 2006/07. In addition, out of the four development projects implemented under the sector, two projects namely MAREP IV and BARREM exceeded their targets.

During the period under review, the sector's budget allocation was under Ministry of Energy and Natural Resources. As such, its budget performance is discussed under the natural resources sector and is therefore not reflected in the summary table. The sector has a moderate high level of alignment (about 78 percent) of its activities with those in the MGDS.

#### **5. Integrated Rural Development**

Since IRD does not have clearly stipulated annual MGDS indicators, the assessment of progress made towards achievement of the IRD outcomes was based on the performance of other proxy indicators, which reflect growth in the rural economy such as the income per capita, unemployment rate (rural/urban) and percent of food secure households. There has been an increase in food secure households to about 97 percent for the period under review, and overall per capita income has increased from US \$231 in 2005 (baseline year) to US \$248 in 2006. In terms of project implementation, the sector performance of the development projects was above average because its projects achieved 62 percent of their planned targets.

The sector was allocated a total budget of MK654, 978,800, out of which about 65 percent went to the development activities (Part 2), while PE and ORT consumed 22 percent and 13 percent respectively. The sector has a low level of alignment (about 35 percent) of its activities with those in the MGDS.



## **6. Nutrition, HIV and AIDS**

The sector has performed above average basing on achievement of sector output targets, the development project targets and the one annual MGDS indicator. Triangulation of all the three information sources indicates overall positive performance for the sector. Out of the total of 12 output and MGDS indicator targets, nine were met and/or exceeded. The sector implemented one project namely the National Response to HIV and AIDS, which has 13 outputs. Out of the 13 outputs, 8 outputs met the targets (about 62 percent) which imply that the sector performed above average in terms of its development performance.

In the 2006/07 budget year, the department of Nutrition, HIV and AIDS had an approved budget of MK310,460,420. Out of this, 87 percent was for development budget (Part 2) and 9 percent went to ORT, while the PE allocation was about 5 percent of the total budget. In addition, the sector received MK3.1 billion in donor funding. The sector has a medium level of alignment (about 55 percent) of its activities with those in the MGDS.

The key priority focus areas of MGDS require intensive monitoring and evaluation. The quarterly reports should be submitted to the cabinet for further action on recommendations emerging from the reports.

### **1. Sustainable Economic Growth**

#### **Trade and Private Sector Development**

The sector's performance towards achieving outcomes for trade was average. Only five out of the nine total MGDS and output indicators for trade and private sector development met their targets. Achievements in the sector outputs for manufacturing indicate that none of the two indicators met their targets while the mining sector seems to be progressing towards achievement of its sector outcomes. Projects under trade and private sector performed fairly well with an achievement rate of 50 percent or above. Performance in the mining sub-sector on the one project reported on was quite impressive as level of achievement in the project showed that the actual target was exceeded in all three indicators.

The sector's approved budget was MK232, 491,285. From this budget, 72 percent was for ORT while 25 percent was allocated to PE. Only 2 percent was allocated to development budget (Part 2) under the sector. The sector has a below average level of alignment (about 47 percent) of its activities with those in the MGDS.

## **Conservation of the Natural Resource Base**

### **Fisheries Sector**

Generally the sector did not performed well during the year under review as can be seen from its failure to achieve the MGDS annual indicator performance targets. Similarly, targets of almost all planned outputs were not achieved. In addition, only one development project out of four projects that the sector implemented met its targets.

### **Forest Sector**

The sector performed below average in its key output indicators and development projects where some important targets were not achieved. This implies that the sector is not making good progress towards achievement of the medium-term sector outcomes. The sector failed to implement some of the activities that it had planned while others were not fully implemented

### **Environmental Sector**

Overall project achievement was just average. There was significant reduction in ODPs which is a good indication that the sector is moving towards achievement of the MGDS outcome for environmental protection on compliance with natural resources laws. Out of the six projects implemented by the sector, only three met their targets.

The total budget allocation for natural resources was about MK1,1 billion and 49 percent of this budget was for development while PE and ORT were allocated 40 percent and 11 percent respectively.

### **Wild Life**

The sector's performance during the year under review was poor. The sector output performance was below average. The sector project output performance was also not satisfactory.

## **Lands & Housing**

Based on the performance in the sector output indicator targets, which have been used as a proxy for assessing performance towards MGDS outcomes, the sector registered poor performance in the 2006/07 fiscal year. The sector failed to meet all its output targets for the period under review. Out of the nine projects implemented in the land and housing sector, only four projects (about 44 percent ) provide evidence for having met their output targets while the other four projects (about 45 percent) were below target.

Lands and Housing received a total of about MK1.4 billion for the budget. About 59 percent of this budget was allocated for Development, 36 percent for ORT and 5 percent for PE. The sector has a low level of alignment (about 22 percent) of its activities with those in the MGDS.

## **2.0 Social Protection & Disaster Risk Management**

There is no evidence from this review to indicate progress towards achievement of the MGDS outcomes. Nonetheless, it is worth acknowledging the achievements made in the Disaster Risk management. The sub-sector managed to reach about **4,755** households, affected by floods with relief items and **34,076 MT** of food was distributed to 397,402 households in collaboration with WFP. The sector has a below average level of alignment (about 43 percent) of its activities with those in the MGDS.

## **3.0 Social Development**

### **Health Sector**

Health sector can be said to have performed just above average towards achieving the MGDS outcomes. Three out of the five MGDS annual indicators which had data indicated positive performance. None of the four projects reported under the health sub-sector achieved their targets in terms of implementation.

The sector received a total of about MK9.2 billion in the period under review. Only 4 percent of the total budget was allocated for development budget (Part 2) while 52 percent was for ORT and 43 percent for PE. However, it is recommended that separate evaluation of the Health SWAp performance should be carried out.

### **Education**

The overall performance of the sector was below average despite the fact that most of the indicators did not have adequate data. On development projects within the sector, there was no clear evidence from this review to show that the sectors performance is moving towards achievement of its expected key MGDS outcomes.

The sector received a total budget of MK12.2 billion. The allocation for development (Part 2) was 5 percent while 75 percent was for PE and 20 percent for ORT.

### **Gender**

The performance of the sector to achieve its expected key outcomes was generally below average despite the inadequate data on most indicators. The overall project output performance for the two projects was not satisfactory, only 6 (about 46 percent) of the 13 outputs were met. The total budget for gender

sector was K242,184,239. About 62 percent was allocated to PE and 34 percent to ORT. The development Budget (Part 2) was allocated only 4 percent.

#### **4. Infrastructure Development**

##### **ICT, Research, Science and Technology**

The sector's performance was above average in terms of moving towards achieving the MGDS outcomes. However, the performance under the development projects is unsatisfactory and may derail the anticipated achievements in the MGDS outcomes. Only two projects out of nine under the sector have data which indicates that the performance was above average.

ICT received budget allocation of about MK627,188,000 while Research, Science and Technology got MK162, 753,000 for the year under review. Under ICT, 50 percent of the budget was for ORT while PE and development were allocated 30 percent and 20 percent respectively. For Research, Science and Technology, 50 percent was for ORT while 30 percent went to PE and development was allocated 30 percent of the total budget.

##### **Air and Rail Transport**

Both the Air and Rail sub-sectors performed poorly for the year under review since most of their outputs were not achieved and in most cases their projects also were not implemented. Under Civil Aviation, out of the eight projects in the development only one was funded.

#### **5. Improving Governance**

##### **Economic Governance**

In general, the performance under this sub theme was far above average. Six out of the 8 MGDS annual indicators indicated positive performance. For development projects, six of the eleven projects under the sub sector exceeded their targets while 3 performed below the targets.

The sub sector received a total funding of about MK30.6 billion in the year under review and about 74 percent of the budget was for ORT while 20 percent was allocated for PE. Development budget (part 2) got only 6 percent of the budget.

## Democratic Governance

| National Assembly  | Corruption   | Justice/ Rule of Law   | Security   | Human Rights   | Decentralization  |
|--|--|--|--|--|---|
| The general performance for the sub sector was below average. Most of the MGDS indicators were not achieved. | The MGDS indicators exceeded targets.<br>The performance for the sub-sector was above average. | The overall performance of the sub-sector was below average. About 75% of the targeted outputs were not met. On DEVELOPMENT projects, some positive progress in the expected project outputs was registered. | There are gaps in terms of MGDS annual indicators and sector output performance across the sub sector, making it difficult to make any analysis on the performance of security sector. | The sector did not perform well during the period under review. The output performance of the one project was also below average. Only two out of the five indicators met the targets. | The sub-sector performed poorly since the set annual targets were not met. But many of the sector outputs indicated good positive performance an indication that the sector is more than likely to achieve the MGDS indicators. |

### (A) Key Lessons Learned from MGDS Review

- (1) Lack of understanding of the review process and lack of data in some sectors.
- (2) In some cases there is mismatch between the outputs in the MGDS and activities outlined in the MGDS matrix with those listed in the output based budget.
- (3) There is mismatch between outcome indicators and input indicators.
- (4) Lack of sector review process.
- (5) Lack of monitoring and evaluation in the sector.

### (B) Emerging Issues

- (1) Overall, there is inadequate government funding (part II) for all key priority focus areas except road infrastructure
- (2) Slow in project implementation and lack of accountability in some cases

## **PART I: INTRODUCTION**

### **CHAPTER 1: REPORT OVERVIEW**

#### **1.1 Background**

The purpose of the Malawi Growth Development Strategy annual review is to ascertain whether the Government and its development partners are on the right track in the implementation of the Malawi Growth and Development Strategies. This being the first annual review of the MGDS, it will form the basis for subsequent annual reviews. The review covers the 2006/07 financial year and includes not only the review of progress in the implementation of the strategy but also assesses the extent to which both sectors and donors have aligned their activities and budgets to the MGDS.

#### **1.2 Methodology**

The review is focused on the six key focus areas namely i) Agriculture & Food Security, ii) Irrigation and Water Development, iii) Transport Infrastructure Development, iv) Energy Generation and Supply, v) Integrated Rural Development and vi) Prevention and Management of Nutrition Disorders and HIV/AIDS and five broad themes within the MGDS namely: 1) Sustainable Economic Growth; 2) Social protection; 3) Social Development; 4) Infrastructure Development and 5) Improved Governance. It is important to note that the six key priority areas are components of the five broad themes. For the purpose of the review process the five broad themes were divided into 12 Thematic Working Groups (TWGs). The review format entailed use of a participatory approach by involving all key stakeholders from Government, Donors and Civil Society Organizations (CSOs).

The methodology used in this review is premised on documenting evidence of achievements made under each sector in relation to the MGDS Outputs and the annual MGDS Outcome indicators. In assessing the performance of each sector, the methodology used was to compare the actual achievement in the sector output indicators compared with their 2006/07 annual targets. The lessons learned during implementation and the constraints encountered were documented for each sector.

#### **1.3 Report Structure:**

The report is divided into five parts covering different aspects of the review. Part One provides the background in terms of both the report overview and country context. The latter covers not only the poverty dimensions of the country but also the trend in macroeconomic developments and budgetary issues. Some of this

entails the performance for 2006/07 and the progress made through the Common Approach to Budget Support (CABS) against commitments made toward implementation of the MGDS as a key input to the MGDS Implementation process. Progress made by the Government towards achievement of the 8 Millennium Development Goals (MDGs) through their indicators is also covered as part of the country context as a benchmark of the MGDS.

Part Two to Five covers the current MGDS review in order to discern progress made in the implementation of the MGDS during the 2006/07 financial year within each of the MGDS broad themes and key priority areas. The following write-up is a consolidation of the various sector achievements in terms of outcomes, budget performance and degree of donor alignment and harmonization.

In this regard, Part Two covers presentation of findings in two major categories as A) Key Priority Areas, and B) Other Focus Areas of the MGDS as a synthesis from the detailed sector reports. Details on the respective sectors and the subsequent policy actions taken to achieve their stated MGDS outcomes can be found in separate TWG Reports. The extent of integration of crosscutting issues, which include: HIV/AIDS, Gender, Environment, Science & Technology and Statistics within each area are also examined herein.

The review under each priority area and theme consists of a summary of the following:

- i) the alignment of sector activity budgets to the MGDS and the comparison of budget performance in terms of budget funding versus actual expenditures,
- ii) a summary of donor alignment to the GoM systems in terms of procurement, use of public financial systems and implementation structures and donor aid flows,
- iii) a summary of achievements of outputs and the extent to which they will lead to the MGDS expected outcomes as results performance by sector within their respective key priority areas and themes.
- iv) a review of follow-up made on previous reviews such as the MPRS and the JCPR
- v) Finally, lessons learned and a set of policy recommendations necessary to overcome the constraints observed.

Given the comprehensive nature of the development budget review regarding the various project profiles, the project budget and output performance across all sectors, it was decided that the Annexes be produced as a stand-alone report. Nonetheless, the summary of the development project performance and their contribution to each sector outcomes within each key priority area or theme are presented within the respective key priority area or theme under the results performance section.

Part Three provides the overall performance of public expenditure vis-à-vis funding of the MGDS priority areas, the funding gaps in the recurrent as well as development budgets and to what extent donors have aligned and harmonized their systems to the entire national budget. This section also covers the emerging issues from the review and some recommendation for the budget reorientation.

Part Four provides a summary of policy recommendations across sectors as well as follow-up actions taken on recommendations from previous reviews. This section also outlines the emerging issues from the review as regards the budget and recommendations on its reorientation in support of achieving the key priority areas of the MGDS. A summary of MGDS implementation and M&E issues across all the key priority areas and thematic areas is also presented.

The envisaged MGDS annual review timeline is affixed as part of the Annex to help explain the link of the MGDS review with the budget process and other activities, indicating when the sector reviews should be conducted that feed into the Thematic Working Reviews in a more systematic manner. This section also highlights the link of all these process to the Donor Alignment and Harmonization process and finally outlines other analytical work that needs to be done as an outcome of the various review processes. The comprehensive MGDS baselines and annual targets table is included as part of the synthesis report annex for quick reference.



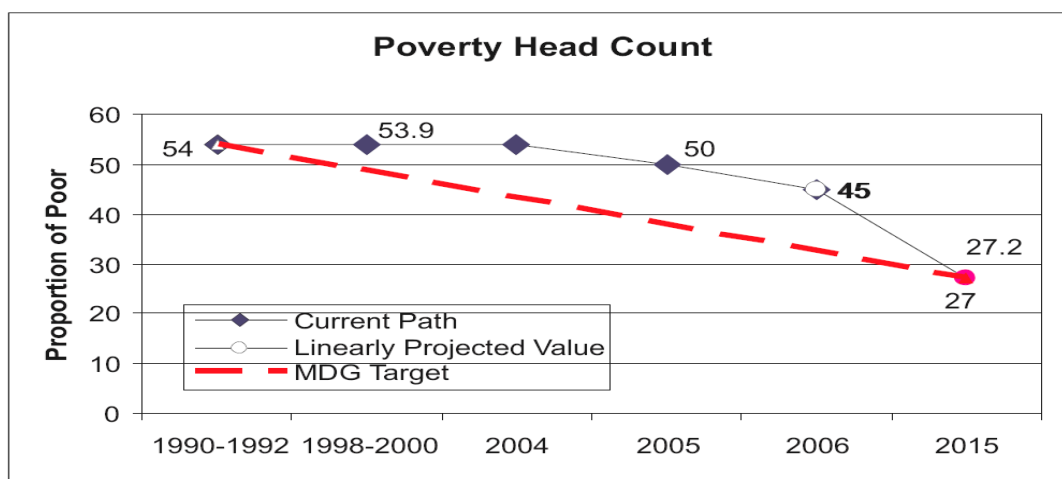
## CHAPTER 2: COUNTRY CONTEXT

The National Statistical Office (NSO) estimated that in 2007 the population for the country was about 12 million people. About 85 percent of the population live in rural areas and are mostly engaged in subsistence agriculture. The main exports are tobacco, tea and sugar.

### 2.1 The Poverty Dimension

The poverty rate for Malawi is estimated at 52.4 percent according to the second Malawi Integrated Household Survey (IHS) 2004. The poverty gap and severity index are estimated at 17.8 percent and 8 percent respectively. About 22.4 percent of people experience ultra poverty. According to most recent estimates<sup>1</sup>, the poverty rate is declining as shown in Figure 1 below.

**Figure 1: Poverty Head Count**



Source: Millennium Development Goal Report 2007

### 2.2 Macroeconomic Developments and Budgetary Issues

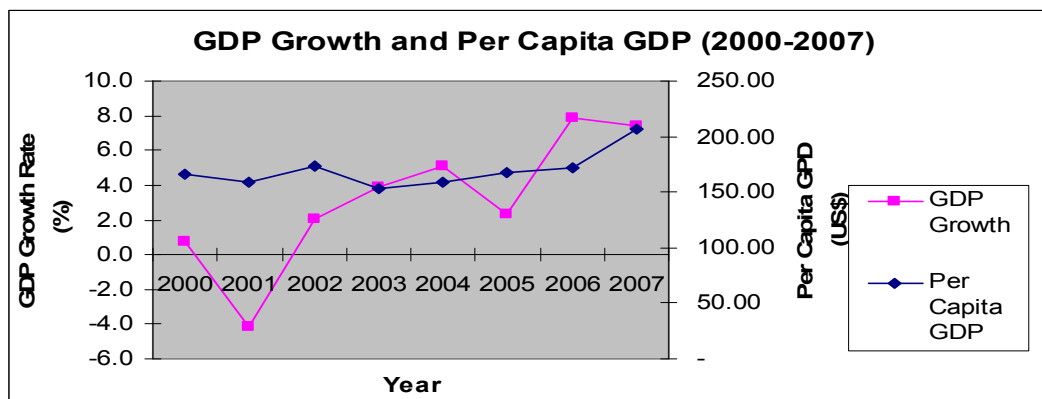
The MGDS recognizes that a favourable macroeconomic environment is necessary condition for sustainable economic growth and wealth creation. The MGDS projects a single digit inflation and interest rates during the implementation period. In addition, the government is expected to pursue fiscal policies that will result in low fiscal deficit as a percent of GDP.

<sup>1</sup> Based on welfare monitoring surveys 2005 and 2006 done by NSO

## GDP Growth

The current Government economic policy is to stimulate economic growth through robust agriculture production in particular food production. In 2005/06 and 2006/07 fiscal years the economy performed well as economic growth was at 7.9 percent and 7.4 percent respectively. The improved growth was as a result of good performance of the agricultural sector, due to the input subsidy programme, favourable weather conditions and intensified irrigation programmes. Figure 2 below shows the trend in GDP growth and GDP per capita before and after the start of the implementation of the MGDS.

**Figure 2: GDP Growth Rate and Per Capita GDP (2000-2007)**



Source: MEPD

## Inflation

As shown in Table 1 as well as in figure 3, the inflation rate measured by consumer price index has been declining over the past two years. The average inflation rate for 2007 was 8.0 percent. The fall in the inflation rate was due to continued drop in food prices and stable exchange rate. However, the rise in fuel prices will eventually push up inflation rate.

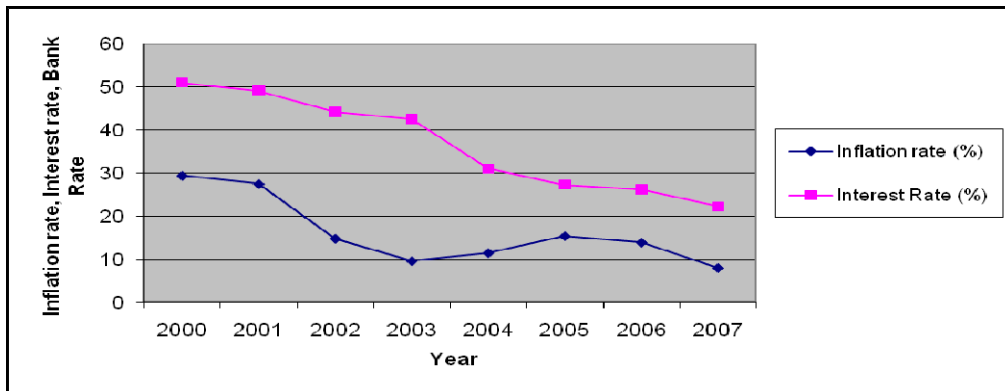
## Interest Rate

Interest rate as measured by the minimum lending rate declined from 27.9 percent in 2006 to 24.2 percent in 2007. The reduction in the interest rate was a result of prudent fiscal policies pursued by the authorities. The fiscal deficit as a percentage of GDP was 1.8 and 0.9 for 2005/06 and 2006/07 fiscal years respectively.

The reduction in the lending rate increased net credit to the private sector. The 2007 Annual Economic Report indicated that the reduction of lending rate to an average of 22.5 percent as of November 2006 increased net credit to the private sector by 58 percent compared to 25.7 percent in the previous year. Figure 3

below shows trends in inflation and interest rates from 2000 to 2007. The high interest rate was as a result of increased government borrowing. But both inflation and interest rate improved in 2005/06 and the year under review as shown below.

**Figure 3: Trends in Inflation Rate, Interest Rate and Bank Rate (2000-2007)**

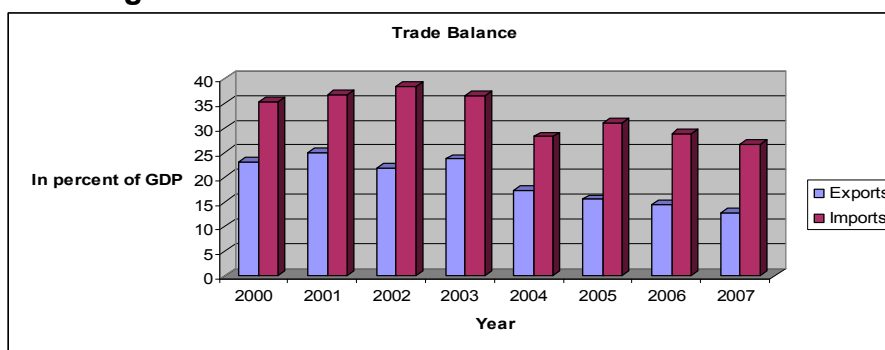


**Source: Reserve Bank of Malawi**

### Trade Balance

The main thrust of MGDS is to transform the economy from importing to exporting merchandise goods and services. The exports as a percentage of GDP have been declining over time from 24 percent in 2003 to about 12 percent 2007 while imports have remained high. There is huge Gap between exports and imports. The MGDS has not yet transformed the country from being an importer nation to exporter nation. The Figure 4 below shows persistent decline in export sector of the economy.

**Figure 4: Trade Balance**



### Exchange Rate

The main trading partner for Malawi is South Africa. However, the nominal exchange rate is analyzed in terms of Malawi Kwacha to United States Dollar. The Malawi Kwacha was trading at about MK 139.9 to one United States dollar in 2007. In 2006 the Malawi Kwacha was trading at MK118.4 per United States

dollar. In nominal terms the kwacha depreciated by 18.2 percent. The strongly managed kwacha has resulted into price stability of most imported goods and hence reduction in the inflation rate.

### **Budget Performance**

The MGDS projected that the overall fiscal deficit would be 0.9 percent of the GDP but the outturn was 2.0 percent of the GDP. The slippage in deficit was as a result of delayed donor in flow. But the deficit was lower than that incurred in 2004/05 which was 4.1 percent. As shown in Table 1, total revenue and grants were 31.2 percent, which were less than the projected 39.7 percent. This was less than the figure recorded in the previous year and 2005/06 as shown in Table1.

According to MGDS, the budget framework pegs expenditure at 40.6 percent of GDP. However, the actual expenditures were 33.2 percent of GDP. Total government expenditure during the review period was less than those of the base year (2005/06) which were 41.5 percent of GDP. This is the case due to continued fiscal discipline being pursued by the government. The recurrent expenditure was 21.5 percent of GDP against the target of 28.6 percent which was lower than those of the base year and 2005/06 which were 32.2 percent and 31.9 percent respectively. On capital expenditure, the MGDS projected expenditure of 12 percent of GDP but the actual expenditure was 10.5 percent of GDP, which was slightly higher than the base year expenditure of 10.4 percent. The 2006/07 capital expenditure was lower than that of 12 percent for 2005/06. The low capital expenditure was as a result of low donor inflows.

### **Monetary Policy**

The monetary policy objective of the government is to achieve low inflation rate and a sustainable low interest rate. It is envisaged that broad money would anchor monetary programme, with foreign exchange sales and open market operations as the key policy instruments. During the period under review, broad money expanded by 17.5 percent as compared to 14.3 percent in 2005 which was due to debt relief resources as well as the reduction in the bank rate implemented by the central bank. The bank rate<sup>2</sup> was reduced from about 25 percent to about 20 percent. Table 1 below shows the changes in selected macroeconomic indicators between the baseline (2004/05) and 2006/07.

### **2.3 Progress on Public Financial Management**

There has been mixed results in as far as progress on public financial management is concerned during the year under review. In terms of budget scrutiny, this has somehow improved although further progress is required as reported by the Budget and Finance, and Public Accounts Committees of

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<sup>2</sup> The Reserve Bank of Malawi lends funds to commercial banks at this rate.

Parliament (CABS Review 2007). Some of the areas that need improvement include parliament's research capacity and provision of adequate time to review budget documents. On public accounting, there was an improvement in the submission of public accounts by the government during the year under review as opposed to 2005/06 when these were not submitted on time. The other indicator that improved during the period under review is the predictability and comprehensiveness of budgetary support from the donors. In the (2005), not all CABS donors provided budget support estimates in the medium term as opposed to 2006/07. Another indicator that improved is the overall macroeconomic programme implemented which shows that the Poverty Reduction and Growth Facility (PRGF) signed in 2005 is on track as of the latest IMF quarterly review. Other areas that showed improvement are payroll management and improved government procurement capacity as shown in Annex 2.

**Table 1: Macroeconomic Targets for 2006/07**

| Variable                              | Baseline (2005) | 2006 | MGDS 2007 Target | 2007 Outturn |
|---------------------------------------|-----------------|------|------------------|--------------|
| Inflation (%)                         | 15.5            | 13.9 | 9.0              | 10.1         |
| GDP growth (%)                        | 2.3             | 8.2  | 5.6              | 7.9          |
| Total revenue and grants (% of GDP) * |                 | 31.7 | 39.7             | 31.2         |
| Exchange Rate (MK/US\$)               | 118.4           | 136  |                  | 139.91       |
| Interest Rate (%)                     | 27.9            | 27   |                  | 24.2         |
| Bank Rate (%)                         | 25.3            | 25   |                  | 20           |
| Grants (% GDP)*                       | 14              | 18.9 | 15.3             |              |
| Total Expenditures (% of GDP)*        | 42.9            | 44.7 | 40.6             | 33.2         |
| Current Expenditure (% GDP)*          | 32.2            | 31.9 | 28.6             | 21.5         |
| Capital Expenditure (% GDP)*          | 10.4            | 12.8 | 12               | 10.5         |
| Overall Balance                       | -4.1            | -1.3 | -0.9             | -2.0         |
| Net domestic debt (% of GDP)*         | 22.3            | 22.6 |                  | 12           |

**Sources: MGDS, MEPD, and Ministry of Finance**

*\* The numbers are in fiscal year July to June while the rest are in calendar year*

## **2.4 Progress on the Millennium Development Goals**

The MGDS, as the overarching medium term development strategy, also aims at achieving the Millennium Development Goals (MDGs). During the year under review, the government reported on the progress made in achieving the MDGs. The report indicated that Malawi is making tremendous progress in reducing child mortality, combating HIV and AIDS and other diseases, ensuring environment sustainability and is developing a global partnership for development. On the other hand, the report noted that the country might not be able to eradicate extreme hunger and poverty by 2015; achieve universal primary education; promote gender equality and empowerment of women; and improve maternal health unless extra resources are made available.

## PART II: PROGRESS IN MGDS IMPLEMENTATION

### A: MGDS KEY PRIORITY FOCUS AREAS

#### CHAPTER 3: AGRICULTURE AND FOOD SECURITY

Agriculture and food security is one of the six priority areas in the MGDS and probably the most important as it employs about 80 percent of the workforce and contributes over 80 percent to foreign exchange earnings (MGDS 2006-11). The sector also contributes significantly to both national and household food security.

##### 3.1 Expected Outcomes

The expected outcomes for the agricultural sector in the MGDS are to increase agriculture's contribution to economic growth, by increasing production for food security, agro-processing and manufacturing for both domestic and export markets as outlined in Text Box 1.

##### Text Box 1: Expected Outcomes for Agriculture and Food Security

- Increased value-added to agriculture by rural farmers and orient smallholder sub-sector toward greater commercialization & international competitiveness.
- Increased smallholder productivity.
- Increased livestock production.
- Increased contribution of agro-processing to GDP.
- Increased food availability for all Malawians in sufficient

##### 3.2 Achievements for the Year

###### 3.2.1 Outcomes

MGDS outcomes on smallholder productivity and food availability can be tracked on an annual basis. However, there are some outcomes in the sector that cannot be tracked on an annual basis. The data has to be collected through surveys and ad hoc studies whose periodicity is of four years to five years.

As can be observed in Table 2 below, the sector registered good performance in the year under review. All of the MGDS annual indicator performance targets were met or exceeded. The main reason behind this success was the implementation of the input subsidy programme as well as favourable weather conditions during the season. There was a general increase in crop production resulting in surplus production of 1.2 million metric tones of maize. This surplus came as a result of an increase in maize productivity from 1800 kg per ha in the previous year to 2,000kg per ha. In turn, this has led to an increase in food secure households from 67 percent in 2005 to 97 percent in the current year. Per capita meat availability has also increased from 6.8 kg last year to 8.0kgs.

**Table 2: MGDS Annual Indicators-Agric. & Food Security**

| Indicator                         | Baseline<br>(2005) | 2006/07<br>Target | 2006/07<br>Actual | Target Achievement   |     |          |
|-----------------------------------|--------------------|-------------------|-------------------|----------------------|-----|----------|
|                                   |                    |                   |                   | Target<br>Not<br>Met | Met | Exceeded |
| Percent of food secure households | 67                 | 74                | 97                |                      |     | Exceeded |
| Per capita cereal availability    | 170 Kg             | 270Kg             | 270Kg             |                      | Met |          |
| Average maize yield per hectare   | 809 Kg             | 1800 Kg           | 2000 Kg           |                      |     | Exceeded |
| Per capita meat availability      | 6 Kg               | 7.7 Kg            | 8.0 Kg            |                      | Met |          |

**Source: TWG on Economic Growth, 2006**

It is noted from the results that the sector performed well on the MGDS outcomes.

### 3.2.2 Recurrent Budget Performance

In the 2006/07 budget year, the Ministry of Agriculture and Food Security received K 21 billion which was 14 percent the total government budget. About 70 percent of the Ministry's budget was allocated to recurrent expenditure and the remaining 30 percent to development expenditure<sup>3</sup>. This review has established that the sector's budget was aligned to the MGDS. Most of the technical activities that were approved in the budget were linked, either directly or indirectly, to the MGDS strategies and focus areas. It is worth to note that it is quite easy to link MGDS to activity based budget. However, there have been difficulties to link to the MGDS support service activities of administration, financial management, and planning in the sector.

In terms of actual expenditure, it is noted that over 90 percent of activities implemented were those that were approved in the budget. However, the level and scope of implementation varies such that the targets attained are not in line with those planned. There are no reasons given for such discrepancies. It is also observed that administrative costs, like a number of ad hoc meetings at headquarters involving management staff in ADDs, may have consumed more than their fair share of resources. The frequent ad hoc meetings were convened due to the need for constant updates by senior management and political authorities regarding progress on the Fertilizer Subsidy Programme.

In aggregate terms, the disbursement and utilization rates for the recurrent budget were more than 100 percent on account of the Inputs Subsidy Programme. These rates are lower for the development budget, especially for the Part 1 (government only) funded projects. The Ministry experienced improved disbursement rates for Part II funded when compared to previous years. At the

<sup>3</sup> Based on Revised budget figures



activity level, there are varied experiences on levels of funds spent compared to planned, with over-expenditures for some and drastic under-expenditures for others. This was largely due to changes in scope of implementation of the activities in comparison with what was planned. The most conspicuous over expenditure was the overrun on the Inputs Subsidy Programme, which was planned at MK 7.6 billion but the expenditure is at MK11 billion (about 45 percent over-expenditure). This was largely due to transport cost escalations as well as expansion of the tonnage procured on the inputs, which were not initially planned.

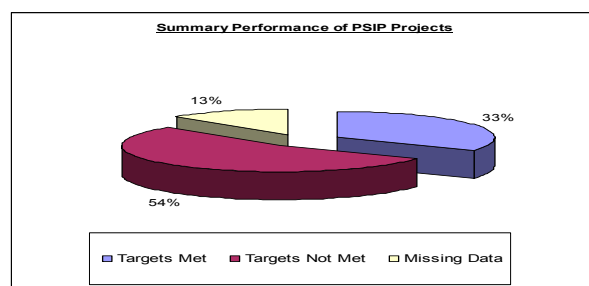
### 3.2.3 Overview of Development Budget

The Ministry of Agriculture and Food Security had 24 projects in the year under review, out of which the Government of Malawi financed 15 projects. The ADB financed three projects, USAID three, the European Union two, and the World Bank one project. The Ministry had a MK6.2 billion development budget, and Part I was allocated MK5.2 billion and Part II MK 0.93 billion.

The disbursement rates for most projects improved in this year, especially for the ADB, which ranged from 35 to 40 percent compared to 4 to 17 percent in 2005-06. The removal of the credit component and reallocation of funds to other components such as capacity building and road construction contributed to the improved disbursement rates.

### 3.2.4 Development Budget Output Performance

Out of the 24 development projects being implemented, only 8 projects (33 percent) provide evidence for having met their output targets, while 13 of them were below target (54 percent) as presented in the Figure 5 below. In terms of project implementation, it can be said that the performance of development projects was generally unsatisfactory.



**Figure 5: Agric. & Food Security Projects Performance**

**Source:** TWG on Economic Growth, 2006

The overall project achievement could be rated at about 33 percent of the planned targets, which was attributed to poor flow of funds in general and the slow and rigid donor procedures related to procurement.

### 3.2.5 Donor Alignment & Harmonization

In assessing how the development and cooperating partners have aligned to country systems and subscribed to the harmonization process in the agricultural sector, the review found out that there exists some development partners who are still using their own financial management procedures and procurement rules for implementing projects and programmes. Furthermore, the review found out that most donors do so because there is limited flexibility in the application of such procedures, which can be modified only with the consent of their respective agency headquarters.

In order to address this challenge, the government agreed with its development partners to use a programme approach through the Agricultural Development Programme (ADP) aimed at achieving better coordination of existing investments and for planning new complementary investment in this sector. The expected results from the ADP are to improve coordination, result orientation, gradual harmonization and alignment, and streamlining of the programme. Therefore, it is through the ADP that procedures will be strengthened and streamlined to accommodate the needs of various development partners. Table 3 below shows the progress for the year under review on donor alignment and harmonization.

**Table 3: Progress on Donor Alignment and Harmonization-Agric. & Food Security**

| Indicators on Track  | Indicators off-Track   | Indicators with Missing Data                                 |
|--|--|--|
| Public Financial Management system in place: <b>IFMIS rolled out</b>                           | Percent of donor capacity-development provided through coordinated programmes consistent with MGDS | Percent of aid provided as programme-based approaches (PBAs) |
| Percent of aid flows to the government sector that is reported on national budget: <b>69%</b>  | Percent of donors and of aid flows that use partner country procurement systems                    | Harmonization of donor procedures                            |
| Percent of donors and of aid flows that use public financial management systems: <b>25%</b>    | Number of parallel project implementation units (PIU's)  |  |
| Percent of aid disbursements released according to agreed schedules: <b>40-50% predictable</b> | Percent of bilateral aid that is untied  |  |
| <b>Source:</b> TWG on Economic Growth, 2006  |  |  |

### 3.3 Constraints in the Analysis

The following problems were encountered in assessing performance in this sector:

- Most of the lower level outputs in Annex 1.1 of the MGDS have no indicators on relevant sections of the agricultural sector. However, using the MGDS Baseline and Annual Targets Annex, it was observed that the indicators

contained in there are mostly focusing on food security component, ignoring the indicators for outputs relating to agro-processing and agricultural productivity as documented in Annex 1.1 of the MGDS.

- Data is not readily available on development project outputs in order to assess their performance as well as on some two indicators on donor alignment and harmonization.

### **3.4 Integration of Crosscutting Issues**

This is a qualitative issue. The observations from technical players in the sector are that the sector has integrated some of the crosscutting issues in all its programs and projects by mainstreaming gender and HIV/AIDS in the work place and farming communities, and by conserving the environment. As regards information on the progress in development, the sector is in the process of finalizing the agricultural statistics data bank, which will contain all agricultural statistics required by different users. However, the sector continues to suffer from the devastating effects of the HIV/AIDS pandemic.

### **3.5 Overall Sector Performance**

Considering the information reported here on the performance of this sector, it can be said that the sector has performed above average in achieving MGDS outcomes. Progress towards achievement of the MGDS medium-term outcomes as outlined in Text Box 3.1, especially on increasing smallholder productivity, increasing livestock production and increasing food availability for all Malawians is evidenced through the positive performance of the annual indicators above. In addition, other sources of data like project evaluation reports show that projects have also made a positive impact on the income, employment generation and food security status of the rural poor farmers. However, most of the evaluation studies have expressed concern over implementing projects through Project Implementation Units, which after the project is completed, leave the Ministry without institutional implementation memory.

### **3.6 Sector Policy Alignment to MGDS**

The available policies - the Food Security Policy and its action plan, and a draft strategic plan for the Ministry of Agriculture and Food Security (MoAFS) 2007-12 are aligned to the MGDS. But there are policy gaps and these are being addressed by the MoAFS which is in the process of developing the national fertilizer policy, contract farming strategies and the national agricultural marketing policy. In order to strengthen partnerships, the sector is also developing an agricultural development programme (ADP). The ADP will provide a basis for improved sector co-ordination, including a joint investment strategy to national programmes.

### **3.7 Follow-up on Previous Reviews & Lessons Learned**

The Malawi Poverty Reduction Strategy (MPRS) and Joint Country Programme Review (JCPR) made a number of recommendations for the agriculture and food security sector. The MPRS proposed two key specific recommendations for the sector, namely advancement of large scale production and increased access to farm inputs and implementation of alternatives to the rain fed agriculture.

In terms of implementing these recommendations, the sector has drafted the Contract Farming and Fertilizer Strategies to facilitate the large scale production while on improving access to farm inputs; the sector is implementing the input subsidy programme which is in the third year running. It is therefore noted that the recommendations are being implemented.

The JCPR on the other hand, made four key recommendations for the sector; namely completion of the roles clarification process for the sector, completion of the Agricultural Development Programme (ADP), strengthening the coordination process in the sector and completion of the Public Expenditure Review.

The sector has made some strides in responding to these recommendations. Regarding the roles, the Ministry is in the third stage of implementing the Core Function Analysis (CFA), which is the major tool for defining the roles of the state and non state actors. On completion of the Public Expenditure Review (PER), the Ministry finalized updating the PER data, and is awaiting joint report writing with the World Bank because the initial report drafted by the Ministry was rejected by the World Bank due to lack of in-depth analysis. The Ministry therefore submitted all the data to the Bank and is waiting for guidance and direction. On the recommendation regarding, coordination issues, the sector is making substantial progress through joint planning meetings for the ADP. It is envisaged that the ADP will assist in improving the coordination process.

#### **Lessons Learned**

- 1) The agricultural objectives cited by the MGDS are broad. The strategy has yet to be transformed into a strategic and operative framework for the agriculture and food security sector.
- 2) The analysis revealed that the MGDS Matrix that was developed to be used for translating the planning process into budgets that is the MGDS and the Budget did not take into account the design and objectives of the Output Based Budget where the cost for the detailed budget are supposed to originate.
- 3) The MGDS Matrix has high outputs which in most cases are at outcome level while the Output Based Budget Document is at very lower level, in most cases, at activity level. This mismatch has resulted into complications in comparing the alignment between the two documents.

There will be urgent need therefore to re-design the two documents so that they are comparable in terms of costs. This will assist in meaningful MGDS reviews in subsequent years.

### **3.7 Policy Recommendations**

- 1) The Government should seek to work with development partners to harmonize their procedures with government practice in line with the Paris Declaration on Aid Effectiveness. The involvement of different agency headquarters may be necessary to change the current situation.
- 2) Cross cutting issues should be given clear performance indicators in order to assist with their measurement within a sector and for comparison on level of integration within sectors.
- 3) Government should develop mechanism to assist capturing data on expenditure for non-state actors especially Non Governmental Organizations for tracking investment within sectors, especially those in the agricultural sector.

## CHAPTER 4: IRRIGATION AND WATER DEVELOPMENT

The Irrigation and water development sector is one of the key priority areas that the government of Malawi has prioritized to improve infrastructure services in the country that would eventually contribute to the sustainable economic growth and development. This sector has been rated as the second key priority area under the Malawi Growth and Development Strategy (MGDS) due to its direct linkages with agriculture and energy generation.

The long-term goal under this sector is to ensure that water resources are well protected and managed to meet agricultural, domestic and industrial demands. The MGDS recognises that in order for Malawi to have a significant impact on social services, it is believed that economic benefits realised from sustainable economic growth will trickle down and generate sustainable means of providing for basic human wants.

Specifically, the overall objective of the irrigation development is to contribute to economic growth and attainment of food security through improved irrigated agriculture. In terms of water development, the overall goal is to achieve sustainable and integrated water resources management and development that make water readily available and equitably accessible to and used by all Malawians in the pursuit of their human development and social-economic advancement of the country's natural ecosystems.

### 4.1 Expected Outcomes

The medium-term expected outcomes for the sector, as stipulated in the MGDS are outlined in Text Box 2.

### 4.2 Achievements for the Year

#### 4.2.1 Outcomes

The performance of Irrigation and Water Development Sector indicates that two out of the four outcome indicators met their targets. The positive performance under the irrigation sub sector is attributed to the increased agricultural land under irrigation, which was over 16,000 ha and benefited over 242,000 households in 2006/07. The major activities implemented include the following:

- 4,870 ha developed under the gravity fed irrigation scheme, which benefited 38,178 households;

#### Text Box 2: MGDS Outcomes for Water & Irrigation

- i. Increased agricultural land under irrigation;
- ii. Reduced dependence on rain-fed agriculture;
- iii. Basic water requirements of every Malawian are met while the country's natural ecosystem is enhanced; and
- iv. Increased access to water within 500m distances.

- 1,140 ha was developed using 591 motorized pumps that were distributed, which also benefited about 18,216 households;
- 6,864 ha was developed using the 47,228 Treadle pumps that were distributed, which also benefited 121, 155 households;
- 3,338 ha was developed using 73,083 watering cans benefiting 64,582 households.

**Table 4: MGDS Annual Indicators- Water, Irrigation & Sanitation**

| Indicator  | Baseline<br>(2005) | 2006/07<br>Target | 2006/07<br>Actual | Target Achievement |     |          |
|--|--------------------|-------------------|-------------------|--------------------|-----|----------|
|  |                    |                   |                   | Not<br>met         | Met | Exceeded |
| % of population with<br>access to safe portable<br>water | 73 %               | 75%               | 74%               |                    | Met |          |
| % of population with<br>access to improved<br>sanitation | 78%                | 89%               | 83%               | Not<br>Met         |     |          |

**Source: TWG on Economic Growth** (Malawi Integrated Cluster Survey Report, 2007)

In the Table 4 above, it can be noted that two MGDS annual indicator targets for Irrigation and Water Development sector were met. As such, the performance under this sector can be said to be above average. This implies that there is an increase in the percentage of the population with access to both portable water and basic sanitation.

The review has also considered the achievements made in some key sector output indicators and the results have been presented in Table 5 below. The sector registered an average performance while the water sub sector performed below average. This is in line with the explanation given above, which indicates that the overall sector performance on MGDS annual indicators was below average. In the water sub sector, the indicator on enhanced water development, improved sanitation capacity and committee trained exceeded its target by a big margin. It can be seen from Table 5, out of the 12 output indicators, only 4 met their targets while one exceeded the target. As such, the performance of the irrigation and water development sector can be rated below average in the period under review.

**Table 5: Irrigation and Water Development Sector Outputs Indicator Performance**

| Output   | Output Indicators  | 2006/07<br>Target       | 2006/07<br>Actual            | Target Achievement |     |          |
|--|--|-------------------------|------------------------------|--------------------|-----|----------|
|  |  |                         |                              | Not met            | Met | Exceeded |
| Irrigation efficiently and effectively managed                                 | Number of schemes rehabilitated                                | 12                      | 10                           | Not met            |     |          |
| Irrigation sufficiently developed  | Developed area and utilization proportion                      | 5169                    | 3928                         | Not met            |     |          |
| Pilot pedaflo pumps installed country wide                                     | Number of pumps  | 5                       | 2                            | Not met            |     |          |
| Dams rehabilitated and their catchments protected                              | Number of dams   | 2                       | 2                            |                    | Met |          |
| Hydrometric stations monitors rehabilitated                                    | Number of data returns   | 4080                    | 2856                         | Not met            |     |          |
| International cooperation on water resources management promoted               | No of operational SADC HYCOS data collection platforms station | 20 SADC HYCOS platforms | 2                            | Not met            |     |          |
| Water schemes constructed and rehabilitated                                    | Number of schemes  | 3                       | 0                            | Not met            |     |          |
| Boreholes rehabilitated and constructed  | No of boreholes rehabilitated/constructed                      | 1200                    | 1132 new/ and 1775 rehabilit |                    | Met |          |
| Enhanced water development, improved sanitation capacity and committee trained | Number of community trained                                    | 1200                    | 3439                         |                    |     | Exceeded |
| Finalise water resources act and policy  | Completed water resources act and policy                       | 1                       | 1                            |                    | Met |          |
| Water points mapped country wide   | No of districts mapped   | 28                      | 4                            | Not met            |     |          |
| Improved participation of men and women in water and sanitation                | No of districts targets  | 5                       | 5                            |                    | Met |          |

#### 4.2.2 Recurrent Budget Performance

The Ministry received a total budget of MK 3.42 billion for both the recurrent (about 10 percent) and development budget (about 90 percent). Part I funding consisted of 87 percent of the development budget, while government contribution (Part II) made up 13 percent.

#### 4.2.3 Overview of Development Budget

The Ministry of Irrigation and Water Development (MIWD) had 26 projects for implementation in 2006/07, out of which over 50 percent were financed by the GoM. The rest were financed by donors who included: ADB, BADEA, IFAD, CIDA and JICA. Although the absorption rate for the funds across all the projects

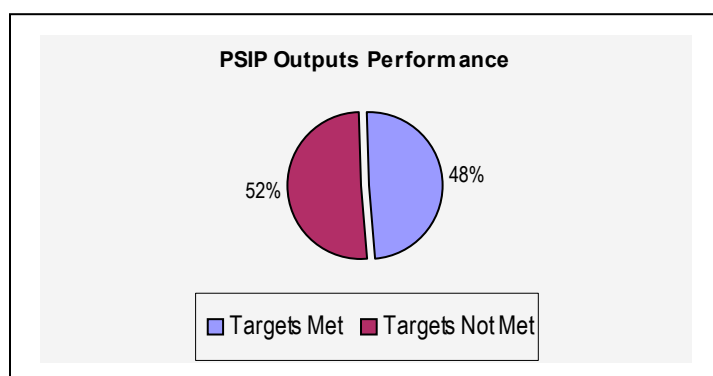


was about 97 percent, individual project performance in terms of outputs was not as high as detailed below under development project output performance.

#### 4.2.4 Development Budget Output Performance

Out of the 21 projects implemented by the Irrigation and Water Development Sector in the period under review, only 10 (48 percent) met their output targets, while 11 performed below their targets (52 percent) as presented in Figure 5 below. Out of the 10 projects that met their output targets, only one (Smallholder Irrigation Project) exceeded in the achievement of its overall outputs by over 600 percent. This extraordinary performance stems from the huge number of treadle pumps (2,300), which were distributed, compared to what had been targeted (250). Although this positive performance was from a single project, it not only contributed to the achievement of the MGDS outcome on increased land under irrigation, but it also corroborates the earlier finding from the sector output performance.

**Figure 6: Irrigation and Water Development Projects Performance**



Source: **TWG on Economic Growth**

However, in terms of project implementation the overall project output performance (Figure 6) can be said to be unsatisfactory because only 48 percent of the PSIP projects managed to achieve their targets.

#### 4.2.5 Donor Alignment & Harmonization

All procurement guidelines, budget reporting, liquidation, etc., for part I financing for each project implemented are in accordance with the respective partner regulations rather than the Government regulations. It is only those projects funded under Part II (Government) that followed the GoM guidelines, rules and regulations in the course of implementing the projects.

### **4.3 Constraints in the Analysis**

The major constraint for the sector is missing data on progress made on the specific donor alignment and harmonization indicators.

### **4.4 Integration of Cross-cutting Issues**

The prevalence of HIV and AIDS in Malawi has an impact on the implementation capacity of both programmes and projects in the irrigation and water development sector. The reality of which has necessitated the Ministry of Irrigation and Water Development (MIWD) to implement risk mitigation measures such as awareness campaigns, VCTs, and prevention mechanisms.

The sector also recognizes the importance of women in enhancing social development in the country. As such, it has ensured that when designing programmes and projects for the sector, women are involved from the very beginning of the planning process. In the 2006/07 financial year, the Ministry implemented a Gender Mainstreaming project with the aim of training Ministry's staff in the districts on issues related to not only gender but also HIV and AIDS (stigma in work places). The project, however, was a pilot covering only five districts of Zomba, Balaka, Ntcheu, Lilongwe and Rumphi.

### **4.5 Overall sector Performance**

On the basis of the sector output performance and poor project outputs performance, it can be concluded that the overall performance of the Irrigation and Water Management sector is below the average. According to this review, there is no evidence to show that any progress is being made towards achievement of the other two MGDS outcomes on making sure that basic water requirements of every Malawian are being met and that of increasing their access to water within 500m distance. All the evidence provided on the part of drilling or maintaining boreholes indicates performance well below the desired targets.

### **4.6 Sector Policy Alignment to MGDS.**

The Ministry of Irrigation and Water Development has aligned its policies and strategies to the MGDS, in that the Ministry Strategic Plan was completed in 2006 and the National Water Policy (2005) was launched on 29<sup>th</sup> August 2007. Irrigation policy (2000) and National Water policy (2005) are also aligned to MGDS. The Ministry is also in the process of formulating the National Sanitation Policy (2006), while the Water Resources Act (1969) is under review. Although evidence shows that there is not much progress on the ground, some of the specific policy actions taken towards achieving the MGDS outcomes include the following:

- i. Construction and promotion of small and medium scale irrigation schemes to enhance food crop production
- ii. Constructing multi-purpose dams that apart from generating electricity will also be used for irrigation, piped water supply, as well as promoting fish farming
- iii. Empowering national authorities to manage water resources using integrated water resource management approaches
- iv. Establishing good monitoring systems
- v. Improving the quality of surface and ground water and developing a system for pollution control
- vi. Improving sustainable access to water supply and sanitation in urban, peri-urban and rural areas by among others establishing water supply and sanitation systems using demand responsive and demand driven approaches
- vii. Establishing contingency water supply reserves and sanitation backups
- viii. Integrating rural water supply with participatory hygiene and sanitation transformation.

#### **4.7 Follow-up on Previous Reviews and Lessons Learned**

There were only three recommendations from the MPRS review concerning the water and irrigation sector. On the recommendation regarding the need to strengthen decentralization of Ministry services through the employment of key personnel at the district level, a functional review has been carried out which is awaiting approval from DHRM&D.

Another recommendation required the development of a SWAp partnership for the water sub-sector, which has been developed. Lastly, on the development of an M&E system for the Ministry, a Consultant was engaged to develop the M&E system.

#### **Lessons Learned**

- 1) The activities implemented in the 2006/07 financial year were not linked to activities outlined in the MGDS since the MGDS had not yet been finalized.
- 2) Tables used to capture information were not compatible or user-friendly as such it was very difficult to fill in some information.
- 3) Activities outlined in the MGDS are too broad and very difficult to measure progress of implementation annually. For example, some activities did not have measurable indicators and some require surveys to be done before the actual compilation or reporting.

Funds disbursed from Ministry of Finance to the sector do not match with the required resources on activities as indicated in the MGDS.

#### **4.8 Policy Recommendations & Way Forward**

1. Despite the overall positive performance in project outputs which was due to a few outstanding outputs, results indicated that many outputs were not achieved as planned.
2. Therefore, there is need for MIWD to either improve supervision or step up implementation activities of development projects in order to enhance their achievement of project outputs.
3. There is need to formulate indicators to measure progress towards achieving irrigation outcomes.
4. Existing MGDS outcomes (refer to i and ii) are interrelated where one is an output leading to the other as an outcome. Therefore there is need to drop the stated outcome 1 from the MGDS in future revisions.

## CHAPTER 5: TRANSPORT INFRASTRUCTURE

Transport Infrastructure Development in particular road network development is one of the six priority areas in the MGDS. The state of Malawi's transport infrastructure is characterized by poor road network, poor and limited access to ports, limited air links, freights and rail capacity. The inadequacy of transportation infrastructure results in high cost of production, where transportation represents 55 percent of costs, compared to 17 percent transportation cost in other less developed countries.

### 5.1 Expected Outcomes

The expected outcomes for the Transport Infrastructure Development as outlined in the MGDS are presented in Text Box 3.

### 5.2 Achievements for the Year

#### 5.2.1 Outcomes

Table 5 below shows that most of the MGDS annual indicator performance targets were not met.

Out of the three indicators, only one on lead time on exports/imports remained the same. The indicator on transport costs as a percentage of export/import did not meet the required target of 40, although it moved in the desired direction by 2 percentage points. The percentage of road network in good condition as measured by the International Roughness Index (IRI) for both paved and unpaved roads did not meet their targets. While the indicator for unpaved roads moved in the desired direction, the one for paved roads was worse off compared to the 2005 baseline indicating that the road condition has declined by 4 percentage points.

#### **Text Box 3: Expected Outcomes for Road Infrastructure Development**

- Reduced lead times on exports.
- Decreased cost of domestic trucking.
- Lower costs of cross border and transit trade with neighbouring countries
- Lower cost to reach domestic, regional and international markets
- Improved mobility and connectivity of rural producing communities to markets

**Table 6: MGDS Annual Indicators-Transport and Public works**

| Indicator   |                                 | Baseline<br>(2005) | 2006/07<br>Target | 2006/07<br>Actual | Target Achievement |            |          |
|---|---------------------------------|--------------------|-------------------|-------------------|--------------------|------------|----------|
|   |                                 |                    |                   |                   | Not<br>met         | Met        | Exceeded |
| Percent of road net work in good condition  | (IRI):<br>< 4 for paved roads   | 77                 | 80%               | 74%               | Not met            |            |          |
|   | (IRI):<br>< 7 for unpaved roads | 10                 | 30%               | 22%               | Not met            |            |          |
| Transport cost as percentage of export/import bill                                |                                 | 55%                | 40%               | 53%*              | Not met            |            |          |
| Lead time on export due to transport disaggregated by<br>a) Region<br>b) Overseas |                                 | 7<br>27            | 7<br>27           | 7<br>27           |                    | Met<br>Met |          |

**Source:** TWG on Transport 2006

**Note:** The asterisk implies a negative performance because the desired result was supposed to be less.

## 5.2.2 Recurrent Budget Performance

In the 2006/07 budget year, the Ministry of Transport, Public Works and Housing received MK8.1 billion which was 6 percent of the total government budget. About 90 percent of the ministry budget was allocated to Road Fund Administration and the balance to ministry's recurrent expenditure and for development projects of other modes of transport. The review has shown that most of the activities under the sector were aligned to the MGDS with the exception of those sub-sector activities that were not in the MGDS.

The expenditure was in line with the planned activities except in roads sub-sector for some development and Public Works Programs and projects where there were more activities than planned. The review also shows that under the roads sub-sector, actual expenditures exceeded planned expenditures due to increase in scope of work. Overall, the rate of utilization of resources was good.

### 5.2.3 Overview of Development Budget

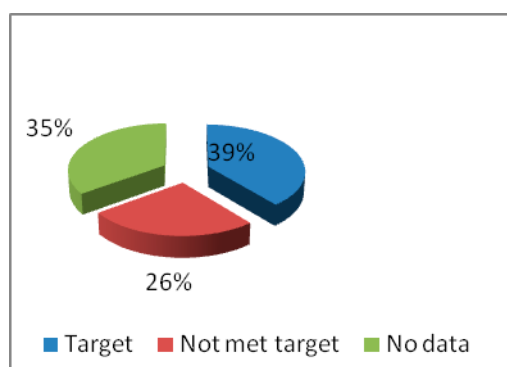
The Ministry of Transport and public Works had 23 projects in the year under review, out of which the government of Malawi financed 16 projects and failed to finance 4 projects. The European Union financed two projects, and one project was financed by Taiwan, China, BADEA, OPEC and Kuwait Fund. The ministry had MK8.1 billion development budget, and part I was allocated MK5.6 billion while part II MK2 billion.

### 5.2.4 Development Projects Output Performance

Out of 23 projects in the sector, only 18 projects were aligned to MGDS. There were four infrastructure projects, two capacity building projects, eight air transport projects, one road transport project and three public works and housing projects. The review indicates that utilization rates improved in some projects but others spent more than was allocated for the year. For instance, MK9.9M was spent on Traffic lights instead of MK6M.

Out of the 23 development projects being implemented, only 9 projects (39 percent) show evidence for having met their output targets, while 6 of them were below target (26 percent) as presented in Figure 7 below. Data was unavailable on 8 of the projects.

**Figure 7: Transport and Public Works Projects Performance**



In terms of project implementation, it can be said that the performance of development projects was generally unsatisfactory. The overall project achievement could be rated at about 39 percent of the planned targets, while 35 percent of projects have no data.

### 5.2.5 Donor Alignment & Harmonization

Several development partners in the sector include European Union (EU), World Bank, BADEA, Kuwait Fund, OPEC, Republic of China, JICA, OPIC, SDI, and African Development Bank. The review in terms of donor alignment shows that all aid flows in the sector are aligned to national priorities as they are reported in the national budget, and those that are not in the budget were agreed to with the National Road Authority and do appear within the development. The review also

found that donors use their own procurement systems although local laws govern the contracts. They also use their own financial management systems. However, the formulation of the transport consultative forum seeks to bring together all players in the transport sector for coordination of activities and progress has been made through the government-led initiative to form the Transport Consultative Forum and the Road Sector Programme. Through these two fora, it is expected that government and donors will come together and approach issues with a shared vision.

**Table 7: Donor Alignment and Harmonization-Transport and Public Works**

| Indicators on Track  | Indicators off-Track   | Indicators with Missing Data                 |
|--|--|--|
| Percent of aid flow to the government sector that is reported on national budget   | Percent of donors and of aid flows that use partner country procurement systems which either (a) adhere to broadly accepted practices <b>or</b> (b) have a reform Programme in place to achieve these.   | Public Financial Management systems in place |
| Percent of donor capacity development support provided through co-ordinated Programmes consistent with GoM's national development strategy (MGDS | Percent of donors and of aid flows that use public financial management systems (GOM) which either a) adheres to broadly accepted good practices or b) have a reform Programme in place to achieve these | Reform Programme in place to achieve outcome |
| Percent of aid disbursement released according to schedules in annual or multi-year frameworks   | Number of parallel project implementation units (PIUs).  |  |
|  | (i)Aid is untied<br>(ii) Budget support  |  |

**Source: TWG on Transport**

### **5.3 Constraints in the Analysis**

The following problems were encountered in assessing performance in this sector:

- Unavailability of data on development projects negatively affected the determination of the true performance of the projects that have met their targets or not met targets.
- There is also missing data on some two indicators on donor alignment and harmonization.



#### **5.4 Integration of Crosscutting Issues**

The sector has HIV and AIDS Policy and sets aside 2 percent of its annual budget to issues to do with mainstreaming of HIV and AIDS. Other issues on environment and gender are well enshrined in the policy document.

#### **5.5 Overall Sector Performance**

Based on the level of achievement of the sector annual indicators and the low achievement of the development project outputs, it can be said that the sector performance was unsatisfactory although most of the planned activities were completed.

#### **5.6 Sector Policy Alignment to MGDS**

The National Transport Policy of Malawi, which encompasses the Road Transport and Traffic, Air Transport, Rail Transport, Maritime Transport, National Rural Transport and Strategic interventions are aligned to MGDS.

#### **5.7 Follow-up on Previous Reviews & Lessons Learned**

**The Joint Country Programme Review (JCPR) made four recommendations for the sector namely:**

- Prioritization of the public transport systems to be reviewed with possible divestiture of loss making entities such as Air Malawi;
- The need to raise the fuel levy and funds available for road maintenance and rehabilitation;
- The need to allocate more funds to improve unpaved road networks with prioritization and planning of spending made on the national basis, as opposed to Programme basis, for the non-transport sector; and
- The need to prepare a Transport Sector Programme in which harmonization of systems can be achieved by targeting the use of sector budget support as financial modality and for the non-transport sector.

The sector has only responded to one recommendation on prioritization of the public transport systems to be reviewed with possible divestiture of loss-making entities such as Air Malawi. In terms of implementing this recommendation, Air Malawi has been listed on the divestiture plan of Government, and the work to identify a strategic partner for the airline underway, carried out studies on the administration of airports and PPP options and recommendation to create an

autonomous Civil Aviation Authority has been made, approval is being sought from cabinet.

The comprehensive review of Malawi poverty reduction Strategy (MPRS) made two recommendations that; 1) government should reduce political interference in the award and management of road construction projects and 2) government should ensure the payment of compensation and settlement of claims be done timely to avoid cost escalations in the road projects. There is no progress that has been provided regarding these two recommendations.

### **Lessons Learned**

- 1) There is need to review the list of projects listed in the development budget and harmonize them with the requirements of the sector in line with the MGDS.
- 2) Funding problems. Most of the projects listed under the development budget were not funded as required, which resulted in lack of progress in implementation.
- 3) It is apparent from the review that sector activities (Civil Aviation) are not properly aligned with MGDS activities; hence cost comparisons were not possible. There is need to align these with the sector budget for easy tracking of progress and identification of funding gaps.
- 4) Other Policy Actions such as Infrastructure Replacement Plan and review of Aviation Act, Regulations and Related procedures are not adequately addressed in the MGDS
- 5) The MGDS outcomes as stated focus mainly on road transport and miss out on those regarding water transport.

### **5.8 Policy Recommendations**

- 1) Not all activities implemented by the sector were aligned to the MGDS except for the roads sub-sector, where some road maintenance activities such as public works programme, routine maintenance, and marine where two projects were aligned to the MGDS. Therefore, the ministry of TPW&H should endeavour to align its activities to MGDS.
- 2) It has been observed that many development projects have no clearly defined performance indicators and this made it difficult to measure performance. The Ministry of TPW&H should work in collaboration with Monitoring and Evaluation Division of MEPD to come up with performance indicators and all future project proposals should have clear performance indicators.

- 3) Ministry of finance should source funds to fund projects such as automation of passenger traffic information project, and feasibility study for Mzuzu Airport.
- 4) The MGDS indicator on lead time on exports needs to be reconsidered in view of the fact that it is affected by exogenous factors beyond the sector's control. There is therefore need to formulate suitable indicators that reflect internal transport network conditions.

## CHAPTER 6: ENERGY GENERATION AND SUPPLY

Energy is a crucial input into any industrial processing and serves as the life-blood for any economy. In the MGDS, energy generation and supply is among the key priority areas which government is currently implementing. The sector has strong linkages with other sub-sectors. Exploiting new potential areas of power generation is critical for economic development.

### 6.1 Expected Outcomes

There are three main outcomes in the MGDS for the energy sector as shown in Text Box 4.

#### Text Box 4: Expected Outcomes for Energy generation and supply

- Reduction in outages(blown outs, black outs)
- Increased access from the current 6% to 10% by 2010
- Biomass-commercial energy mix target of 75%- 25% by 2010.

### 6.2 Achievements for the Year

#### 6.2.1 Outcomes

The annual indicators show that their performance is above their respective set targets. Out of the three indicators, significant achievement was registered on the indicator that measures the number of new trading centres connected to electricity. This was because of connecting a total of 96 trading centres with electricity, which achievement was about 66 percent beyond the set annual target.

**Table 8: MGDS Annual Indicators - Energy Generation and Supply**

| Indicator  | Baseline (2005) | 2006/07 Target | 2006/07 Actual | Target Achievement |     |          |
|--|-----------------|----------------|----------------|--------------------|-----|----------|
|  |                 |                |                | Not met            | Met | Exceeded |
| Number of new trading centres connected to electricity(cumulative) | 45              | 58             | 96             |                    |     | Exceeded |
| Percentage of households with access to electricity                | 6%              | 7%             | 7.5%           |                    |     | Exceeded |
| Proportion of population using solid fuels                         | 94.8%           | 93.0%          | 92.5%*         |                    | Met |          |

**Source:** TWG on Energy Generation and Supply, 2006

The percentage of households with access to electricity also improved from a base of 6 to 7.5 percent in the year under review, an achievement above target. On the population using solid fuel, the percentage has declined from 94.8 to 92.5 percent, which is also a positive performance because it is in the direction of the desired trend, although by a small margin.

## 6.2.2 Recurrent Budget Performance

In 2006/07, the Energy sector budget under the Ministry of Energy and Mines amounted to 861.4 million for ORT and 789.7 Million for development budget. Most of the sector activities were in line with the MGDS activities. The review established that some sector activities are a follow-on from the 2005/06, which include process activities like monitoring and studies that had been budgeted and implemented but are not included in the MGDS.

It is noted that the sector implemented only activities that were in the budget for or 2006/07, the activities implemented were those approved in the budget. The actual budget utilization was at 100% for most of the planned activities. Activities which were implemented according to plans included; rural electrification programme, alternative source of energy studies and monitoring, establishment of MERA, appraisal of investment projects, barrier removal to renewable energy Programme and preparation of energy balances.

The performance of the output-based budget does not directly reflect the budgetary allocations. For the development budget, most of the targets were close or within the budget, which is due to donor funding.

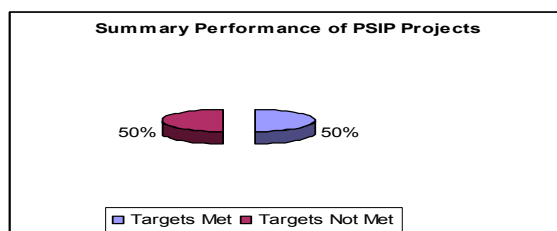
## 6.2.3 Overview of Development Budget

The Energy Department had five projects in the year under review. Four projects were funded through Part I and Part II during the period under review. Government funded two projects namely, Alternative Sources of Energy and Sandama Mini Hydro. The development projects for the sector were allocated a total of MK265.5 million budget under Part I and MK28 Million under Part II.

## 6.2.4 Development Projects Output Performance

Out of the four development projects, which were implemented under Energy Sector, two projects namely MAREP IV and BARREM exceeded their targets by 66 percent and 150 percent respectively. Other two projects, namely Alternative Sources of Energy and Sandama Mini Hydro performed below their targets. In summary, 50 percent of the development projects for the sector met their output targets (Figure 8).

**Figure 8: Energy Generation and Supply Projects Performance**



In terms of project implementation, it can be said that the performance of development projects was average.

## 6.2.5 Donor Alignment & Harmonization

In assessing how the development and cooperating partners have aligned to country systems and harmonization in the energy sector, the review found out that there is very little improvement on the use of common arrangements or procedures. Aid flow to the sector is not on a programme-based approach. Also, no progress has been made on joint country analytical work and diagnostic reviews. Very little progress has been made on percent of aid flows that is reported on the GOM's national budget, number of parallel project implementation units and percentage of bilateral aid that is untied. Each donor is supporting a specific project hence lack of budget support and pooled funding.

Only two out of ten indicators on AID Effectiveness were on track (Table 8). The two indicators include donor and capacity development support as almost all the projects are linked to the MGDS themes; and Percent of aid disbursements released according to agreed schedules as the aid flows were predictable since they were usually action plan based.

**Table 9: Donor Alignment and Harmonization- Energy Generation and Supply**

| Indicators on Track  | Indicators off-Track   | Indicators with Missing Data |
|--|--|------------------------------|
| Percent of donor and capacity development support provided through co-ordinated programmes consistent with MGDS: 50% | Percent of aid flows to the government sector that is reported on the GoM's national budget                        |                              |
| Percent of aid disbursements released according to agreed schedules: 100% <b>predictable</b>                         | Percent of donors and of aid flows that use partner country procurement systems: Less 90%                          |                              |
|  | Percent of donors and of aid flows that use public financial management systems: Less <b>90%</b>                   |                              |
|  | Number of parallel project implementation units  |                              |
|  | Percentage of bilateral aid that is untied   |                              |
|  | Percentage of aid provided as Programme based  |                              |
|  | Percentage of (a) Field missions and /or (b) country analytical work, including diagnostic reviews that are joint. |                              |

**Source:** TWG on Energy Generation and Supply, 2007

### **6.3 Constraints in the Analysis**

The following problems were encountered in assessing performance in this sector:

- The sector does not have up-to-date energy information for reporting due to lack of energy surveys.
- The budget alignment with the MGDS is not very accurate and this made reporting difficult.

### **6.4 Integration of Crosscutting Issues**

The sector has integrated some of the crosscutting issues in its policy and programmes. HIV/AIDS and Gender are being mainstreamed in the planning and implementation of energy programmes and projects. On environment, the sector is implementing the United Nations Conventions, which emphasizes the need to control atmospheric emissions, gases and substances through efficiency in energy production. The sector also promotes the efficient use of energy resources with minimal adverse effects on the environmental and climate change. Energy statistics is also part of the planning process in modern energy planning and modelling. Energy Balances are produced annually and help in determining the energy intensity of the country.

### **6.5 Overall Sector Performance**

The overall performance of the Energy sector can be rated as being above average in achieving MGDS outcomes. The sector achieved the annual targets set on all the three MGDS indicators in the 2006/07. This is an indication that positive progress is being made towards the MGDS medium-term outcomes (outlined in Text Box 4), especially on increased access and biomass-commercial energy mix. The outcome on reduction in outages (blown outs, black outs) is expected to be achieved once the Malawi-Mozambique Power Interconnection project is implemented.

### **6.6 Sector Policy Alignment to MGDS**

The Malawi Integrated Energy Policy is an integration of supply and demand components of the energy sector, and it is aligned to the MGDS. It also reflects the aspiration of the Malawi Vision 2020. There are related policies on forestry, environment and private sector, which are also in alignment with the desired objectives and goals of the energy policies.

## **6.7 Follow-up on Previous Reviews & Lessons Learned**

### **Follow-up on Previous Reviews**

The Malawi Poverty Reduction Strategy (MPRS) proposed one key recommendation for the sector, which was the need for government to ensure that adequate funding for rural electrification is available so that there is a steady supply of materials to the Programme. The review has indicated that Ministry of Finance had been responsive to the needs of the Programme.

The Joint Country Programme Review (JCPR) on the other hand made three key recommendations for the sector; namely gazetting the 2004 Energy Laws and implementation in order to sort out a number of legal challenges, establishment of the Malawi Energy Regulation Authority (MERA), implementation of the Power Sector Reform Strategy of 2003 and the Electricity Tariff Study. The review has established that Energy Laws were published in the gazette on 28<sup>th</sup> December 2007 and also establishment of MERA was finalized and published in the gazette on 28<sup>th</sup> December 2007. On the power sector reform strategy of 2003, tariff proposals are under consideration by the Ministry.

### **Lessons Learned**

During this review, a number of lessons learned have been highlighted and they include;

- 1) Expected outputs do not match the budget funding in the output based budget
- 2) The need to synchronize the sector budget to the MGDS.
- 3) Energy is a priority among other key priorities in the MGDS but its budget is far below that of the other priorities.
- 4) There is a disconnection between the expectations of the MGDS and actual Programmes on the ground for the Energy Sector.

## **6.8 Policy Recommendations**

The following are some of the policy recommendations made for the energy sector;

- 1) The budget allocation to the energy sector should match with the outputs as shown in the output-based budget.
- 2) Donor financial/procurement procedures should be harmonized with those of the sectors. Their funding systems should be made more transparent to avoid parallel implementation structures. A donor/govt forum should be set up to look at the role of donors in donor-funded sectors.
- 3) Ministry should seek approval of Parliament for the Interconnection with Mozambique
- 4) Local electricity generation should still be beefed up to avoid government



- dependency on the mercy of foreign suppliers.
- 5) The GoM needs to provide an enabling environment for the private sector to invest in the energy sector.
  - 6) The energy generation and supply component in the MGDS should be more robust as it currently places more emphasis on electricity generation only.

## **CHAPTER 7: INTEGRATED RURAL DEVELOPMENT**

Broad based economic growth and development cannot be achieved if rural areas with potential for growth are sidelined. It is for this reason that the MGDS identifies Integrated Rural Development among its key priority areas. Through this, Government strives to promote Rural Growth Centres among other things. This is expected to resuscitate the rural economies and transform them into engines for economic growth that will contribute to sustainable growth that will result in redistribution of wealth to all citizens while also mitigating the negative consequences of rural-urban migration.

### **7.1 Expected Outcomes**

It is expected that developed rural growth centres will create employment that will enhance incomes of rural communities and in turn reduce rural urban migration trends. IRD calls for coordinated efforts from a number of areas in particular, the provision of key infrastructure as a pre-requisite if rural growth centres are to develop. The medium term outcome of the IRD are presented in the Text Box 5

#### **Text Box 5: Expected Outcomes for Integrated Rural Development**

- Reduce negative consequences of rural-urban migration.
- Enhance re-distribution of wealth to all citizen

### **7.2 Achievements for the Year**

#### **7.2.1 Outcomes**

Currently the MGDS does not have clearly stipulated annual indicators to measure progress on IRD as a sector per se because of its linkages with all other sectors. As such, the assessment of progress made towards achievement of the IRD outcomes will be based on the performance of other proxy indicators, which reflect growth in the rural economy such as: the income per capita, unemployment rate (rural/urban) and percent of food secure households. The review under Agriculture and Food Security indicates an increase in food secure households to about 97 percent for the period under review, and overall per capita income has increased from US \$231 in 2005 (baseline year) to US \$248 in 2006.

#### **7.2.2 Recurrent Budget Performance**

Based on sector activity budgets vis-à-vis the MGDS, most of the activities under the sector were not aligned to the MGDS with the exception of the following: One Village One Product; Rural Growth Centers; Decentralization activities such as

completion of sector devolution to districts; building institutional capacity; and HIV and AIDS. The sector budget reflects activities on administration and support services that have no direct bearing on MGDS. Although the critical examination of expenditures reflected a full absorption capacity, some of the core functions of the sector were not carried out due to misallocation of resources in the activity based budget and ad hoc activities that emerged during the implementation of the budget. In addition, funding from the treasury did not follow programming of activities in the sectors.

In terms of expenditures versus planned activities, whilst the tables indicate that most of the activities were implemented and expenditure incurred; but in reality this is not the case as some of the activities such as; preparation of training modules for elected members and orientation of newly elected members, waste management inspections, impact analysis, were not carried out. There were other activities too where implementation was not 100 percent such as audit inspections, monitoring visits to assemblies, regional workshops with assembly planning officials, review of the district databank, provision in training for rural development.

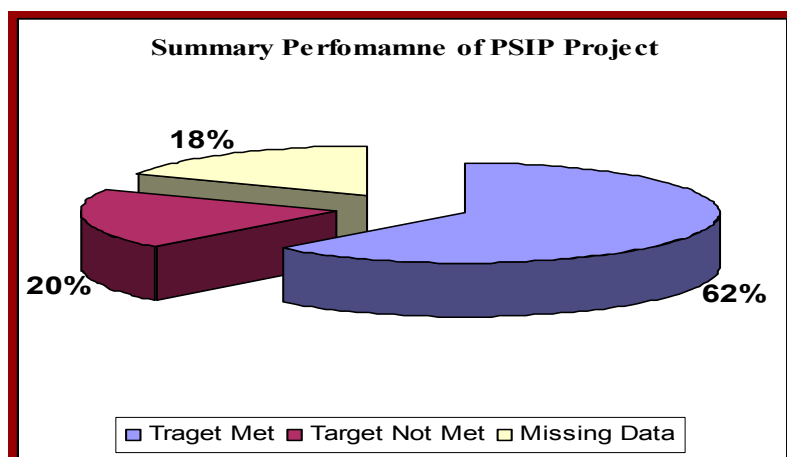
### 7.2.3 Overview of Development Budget

The Integrated Rural Development had registered seven projects in the year under review, out of which the Government of Malawi co-financed 6 projects. The total funding for all projects was MK2.21 billion out of which Malawi Government contributed MK201,897,476.

EU financed two projects JICA financed two projects, World Bank, KfW, Clinton Foundation financed one project, whilst World Vision International financed various projects throughout Malawi.

### 7.2.4 Development Projects Output Performance

Out of the 7 development projects being implemented under IRD, 6 projects (62 percent) provide evidence for having met their output targets, while 2 of them were below target (20 percent) as presented in Figure 9 below. Data on some targets in two projects was unavailable.



**Figure 9: IRD Projects Performance**

In terms of project implementation, it can be said that the performance of the

development projects was generally satisfactory. Overall project achievement could be rated at about 62 percent of the planned targets.

### 7.2.5 Donor Alignment & Harmonization

In assessing how the development and cooperating partners have aligned to country systems and subscribed to the harmonization in IRD, the review found out that there exists some development partners like World Vision International and Clinton Foundation who are still using their own financial management procedures and procurement rules for implementing projects and programmes. They do so because there is limited flexibility in the application of such procedures, which can be modified only with the consent of their respective agency headquarters.

The review found out that donors who are carrying out infrastructure projects in the rural areas like the WB (ISP) JICA (MAREP & OVOP) and Clinton Hunter Foundation (RGC) once in a while share notes on what they want to do in the infrastructure programme. However, there is no formal forum where all donors involved in IRD can meet and work out a coordinated approach to the programme.

**Table 10: Donor Alignment and Harmonization-Integrated Rural Development**

| Indicators on Track  | Indicators off-Track  | Indicators with Missing Data                                 |
|--|---|--|
| Public Financial Management system in place: <b>IFMIS rolled out</b>                                   | Percent of aid disbursements released according to agreed schedules | Percent of aid provided as Programme-based approaches (PBAs) |
| Percent of aid flows to the government sector that is reported on GoM's national budget: <b>80%</b>    | Percent of bilateral aid that is untied                             | Harmonization of donor procedures                            |
| Percent of donors and of aid flows that use public financial management systems: <b>10%</b>            |   |  |
| Percent of donor capacity-development provided through coordinated Programmes consistent with MGDS 20% |   |  |
| Percent of donors and of aid flows that use partner country procurement systems 20%                    |   |  |
| Number of parallel project implementation units (PIU's) 5 PIU out of 8 Donors                          |   |  |

**Source: TWG on IRD, 2006**

### **7.3 Constraints in the Analysis**

The following problems were encountered in assessing performance in this sector:

- Currently, the MGDS indicator handbook does not have a section on IRD, this has made it impossible to assess performance of IRD specifically.
- Data is not readily available on some development project outputs in order to assess their performance as well as on some indicators on donor alignment and harmonization.

### **7.4 Integration of Crosscutting Issues**

The sector budget highlights some cross cutting activities such as HIV and AIDS, ICT and Waste Management. While the HIV and AIDS budget is in line with to the statutory requirement of 2 percent of the budget, the allocation to other crosscutting issues like environment (as illustrated in the Waste Management) is very little according to the IRD Strategic Framework. Like other sectors, the sector continues to suffer from the devastating effects of the HIV/AIDS pandemic.

### **7.5 Overall Sector Performance**

Based on the achievements reported under the development projects for this sector, it can be said that the sector has performed above average towards achieving the MGDS outcomes. Although it is difficult to ascertain progress made on the outcomes of reducing negative consequences of rural-urban migration and re-distribution of wealth to all citizens now, it can be argued that the positive progress in the proxy indicators on per capita income and household food security have a positive bearing on these outcomes.

### **7.6 Sector Policy Alignment to MGDS**

Effective realization of the medium to long-term outputs of Integrated Rural Development requires a robust strategy that will enhance coordination of the various efforts and investments being made by the many stakeholders. To this effect, the Ministry of Local Government has developed an Integrated Rural Development Strategy, which is aligned to the MGDS. However, it is realized that there is no Rural Development Policy in Malawi and therefore a policy has to be developed sooner than later if the objectives of the Integrated Rural Development area are to be attained. However, the Ministry of Local Government and Rural Development has specifically developed a Programme Support Document for Rural Growth Centres.

## **7.5 Follow-up on Previous Reviews & Lessons Learned**

### **Follow-up on Previous Reviews**

Previous reviews did not have any recommendation on Integrated Rural Development.

### **Lessons Learned**

- 1) There is need for clear stipulation of Integrated Rural Development in the MGDS as it is currently not stipulated hence no concerted efforts in development of the monitoring indicators. Activities for IRD in the MDGS are very scanty.
- 2) The analysis revealed that the MGDS Matrix that was developed to be used for translating the planning process into budgets i.e. the MGDS and the Budget did not take into account the design and objectives of the Output Based Budget where the cost for the detailed budget are supposed to originate.
- 3) The MGDS Matrix has high outputs that in most cases are at outcome level while the Output Based Budget Document is at very lower level, in most cases, at activity level. This mismatch has resulted into complications in comparing the alignment between the two documents. There will be urgent need therefore to re-design the two documents so that they are comparable in terms of costs. This will assist in meaningful MGDS evaluation/reviews in subsequent years.

## **7.6 Policy Recommendations**

- 1) The GoM should seek to work with development partners to harmonize their procedures with government practice in line with the Paris Declaration on Aid Effectiveness. The involvement of different agency headquarters may be necessary to change the current situation.
- 2) There is need for the MoLGRD to develop an IRD sector policy to which donors would align their assistance as a pre-requisite through which any funding arrangements would be effected.
- 3) Cross cutting issues should be given clear performance indicators in order to assist with their measurement within a sector and for comparison on level of integration within sectors.

- 4) There is need for clear stipulation of IRD activities in the MGDS to enhance concerted efforts in the implementation of the same. The sector should therefore formulate proper indicators and targets for IRD to form a basis for future performance analysis.
- 5) There is therefore need for discipline in budget implementation in the sectors, thus the need for prudent allocation of ORT resources in the sector. Funding from Treasury should be based on the sector Programme and hence the need to request sectors to prepare quarterly cash flows.
- 6) The costing in the MGDS is not realistic for some of the projects. There is therefore need for serious costing to reflect the real cost of the projects.
- 7) The sector should realign all its activities with the MGDS.

## CHAPTER 8: NUTRITION, HIV AND AIDS

Prevention and Management of Nutrition Disorders, HIV and AIDS is among the MGDS key priority areas because of the high prevalence of nutrition disorders such as stunting, underweight, wasting and micronutrient deficiency disorders mostly among children, pregnant and lactating women, people living with HIV and AIDS and other vulnerable groups. Nutrition related non-communicable diseases are also becoming common in the country. Related to this is the emergence of HIV and AIDS, which has had negative impact with respect to human capital development. Government therefore decided to put these two issues as one of the key priority areas. It was this background that strategies were developed to address nutrition disorders, HIV and AIDS pandemic.

### 8.1 Expected Outcomes

The expected outcomes for this key priority area among others include: expanded access to HIV testing and counselling by improving uptake of and equitable access to testing and counselling; improved nutritional status of key vulnerable population groups through increased coverage of and access to nutrition services for prevention, control, management and care of various forms of nutrition deficiency disorders; and promotion of key optimal nutrition practices. Specific expected MGDS outcomes for both HIV and AIDS, and Nutrition are outlined in Text Box 6.

### 8.2 Achievements for the Year

#### 8.2.1 Outcomes

The current major source of information on nutrition indicators is the Malawi Demographic Health Survey (MDHS) of 2004, and for HIV and AIDS indicators it is the Sentinel Surveillance Survey,

#### **Text Box 6: Expected Outcomes for Prevention and Management of Nutrition Disorders, HIV and AIDS**

##### **A. HIV AND AIDS**

- 1) Behavioural change for those at risk.
- 2) Expanded access to HIV Testing and counselling, prevention of mother to child transmission programme, condoms, STI treatment, blood safety, universal precautions.
- 3) Equitable treatment for PLHIV and health impact mitigation (including ARVs, OIs, CHBC, palliative care, nutrition supplementation).
- 4) Increased access to basic services and psychosocial protection interventions such as education, health, social protection and livelihoods, OVC support, legal protection, and mainstreaming of AIDS in macroeconomic and public expenditure frameworks.
- 5) Effective and efficient implementation of HIV and AIDS response across the public and private sectors.

##### **B. NUTRITION**

- 1) Effective utilisation of quality food, and the biological utilisation of nutrients in the body.
  - a) Reduce the prevalence of stunting in children under five years of age from 48% (MDHS 2004) to 35% by 2011.
  - b) Reduce the prevalence of acute wasting in children under five years of age from 5% (MDHS 2004) to 2% by 2011.
  - c) Reduce the prevalence of underweight in under five children from 22% (MDHS, 2004) to 15.
  - d) Reduce the proportion of pre school aged children with VAD from 60% to 50%, anaemia from 80% to 50% and eliminate iodine deficiency (National Micronutrient Survey, 2001).
  - e) Reduce the proportion of school age children with Vitamin A deficiency from 38% to 25% and anaemia from 22% to 10% by 2011 and eliminate iodine deficiency (National Micronutrient Survey, 2001).
  - f) Reduce the percentage of women of child bearing age with malnutrition (BMI less than 18.5) from 25% to 15%.
  - g) Provide universal school feeding programme by 2011.
- 2) Information is used in decision-making on policies, programme interventions are well coordinated.
  - a) Nutrition, HIV and AIDS information system in place.

##### **C. INTERACTION OF NUTRITION AND HIV AND AIDS.**

- 1) Increased knowledge of the interaction between nutrition, HIV and AIDS.
- 2) Improved and diversified dietary practices for people living with HIV and AIDS.



which is conducted once every two years (last done in 2005). Both of these serve as the baseline years respectively for most of the indicators. In this regard, it is not possible to assess actual performance levels annually in the MGDS indicators listed below:

- Prevalence of under five child malnutrition (stunted, wasted, underweight)
- Prevalence of micronutrient deficiency for: iron, vitamin A and iodine
- HIV prevalence among pregnant women aged 15-24 years
- HIV prevalence among 15-49 age group

### **Achievements for HIV and AIDS for 2006/07**

As explained above, not all MGDS indicators for HIV and AIDS can be tracked on an annual basis except for the percentage of HIV+ pregnant women receiving a complete course of ARV to reduce the risk of MTCT. This is because it is collected through the antenatal clinics and is aggregated on an annual basis in the HMIS. As such, its performance for 2006/07 is presented in Table 10 below:

**Table 11: MGDS Annual Indicator on HIV and AIDS**

| Indicator  | Baseline (2005) | 2006/07 Target | 2006/07 Actual | Target Achievement |     |          |
|--|-----------------|----------------|----------------|--------------------|-----|----------|
|  |                 |                |                | Not met            | Met | Exceeded |
| % of HIV+ pregnant women receiving a complete course of ARV prophylaxis to reduce the risk of MTCT | 5.4%            | 70%            | 73%            |                    | Met |          |

**Source: Nutrition, HIV and AIDS TWG**

It is noted that performance on this indicator shows that the target of reaching HIV+ pregnant women with a complete course of ARV is above target by about 3 percent. It is important to note that this indicator had a baseline of 5.4 percent only for women who were receiving ARV in 2005. However, in 2006/07 a target of 70 percent was projected because of the introduction of a policy on universal access to ARVs.

Instead of assessing the sector performance based on only one annual indicator, some key sector outputs have also been considered in order to assess not only the overall sector performance, but also progress towards the stated outcomes. Findings as presented in Table 11 below indicate that out of the nine sector output indicator targets, seven were met or exceeded. The sector can be said to have performed well towards the achievement of the sector outcomes in the year under review because the findings on output performance corroborates the good performance indicated by the single annual MGDS indicator.

**Table 12: Key HIV and AIDS Outputs Indicator Performance**

| Output  | Output indicators  | 2006/07 Target | 2006/07 Actual     | Target Achievement |     |          |
|---|--|----------------|--------------------|--------------------|-----|----------|
|   |  |                |                    | Not met            | Met | Exceeded |
| Improved STI management   | % of health facilities with STI drugs in stock   | 70%            | 50%                | Not met            |     |          |
| Improved blood safety, injection safety, and health care waste management | % of health facilities that apply national guidelines for screening storage, distribution, and transfusion | 80%            | 98%                |                    |     | Exceeded |
| Improved access to ethically sound VCT services                           | Number of VCT sites  | 300            | 351                |                    |     | Exceeded |
| Life skills training  | Number of young people aged  | 600,000        | 4,995,184          |                    |     | Exceeded |
| Condoms distributed   | Number of condoms distributed  | 35,000,000     | 32,090,879         | Not met            |     |          |
| Reduction in mother to child transmission of HIV                          | % of pregnant women receiving a complete course of ARV prophylaxis   | 70%            | 73%                |                    | Met | Exceeded |
|   | Number of health facilities at least a minimum package of PMTCT services                                   | 135            | 207                |                    |     | Exceeded |
| Increased counselling and testing services                                | Number of people counselled and tested   | 600,000        | 1.4 million tested |                    |     | Exceeded |
| Increased sites offering counselling and testing services                 | Number of counselling and testing facilities   | 250            | 351                |                    |     | Exceeded |

**Source: Nutrition, HIV and AIDS TWG**

### **Achievements for Nutrition, and its Interaction with HIV and AIDS for 2006/07**

Similarly to the case for HIV and AIDS, most of the MGDS outcome indicators for nutrition can only be reported after some comprehensive surveys. Another potential source would be the National Nutrition Surveillance System but it is limited to institutional based tracking of malnutrition. Additionally, some nutrition indicators are also not available because they are either not collected on routine basis and/or are not reported at the national level. For example, iron deficiency and non- communicable diseases require that aggregated data should be collected from the hospitals or built in community monitoring centres in order to determine national averages. There may be need for new surveys for example Micronutrient Survey to be conducted to give a true picture of the progress in

malnutrition levels. Data collected using the various methodologies and sources use different methodologies and hence provide little or no scope for comparison.

As such, nutrition sub-sector performance has also been assessed based on the achievements made at the output level. Table 12 below therefore outlines some general key nutrition sub-sector output indicators and its interaction with HIV and AIDS that give an overview of the achievements towards the expected nutrition outcomes.

**Table 13: Nutrition and its interaction with HIV and AIDS Output Indicator Performance**

| Out put Indicator                                 | Indicator   | Baseline (2005)   | 2006/07 Target  | 2006/07 Actual  | Target Achievement |     |   |
|---|---|---|---|---|--------------------|-----|---|
|   |   |   |   |   | Not met            | Met | Exceeded  |
|   | NUTRITION   |   |   |   |                    |     |   |
| Infant mortality and morbidity rates reduced      | Exclusive breast feeding rates increased from 53% to 80%  | 53 (MDHS, 2004)   | 60%   | 57% (MICS)  | Not met            |     |   |
|   | High coverage of Vitamin A supplementation above 90% for children 6-59 months, 60 % for lactating mothers maintained                | 80% for children 6-59 months, below 40% for lactating mothers | 85% for children 6-59 months, 60% for lactating mothers | Above 90% for children 6-59 months, 70% for lactating mothers           |                    |     | Exceeded  |
| Goitre and cretinism rates reduced                | Number of households using adequately iodised salt to above 90%   | 47% (Micronutrient survey, 2001)                              | 60%   | 70%   |                    |     | Exceeded but still lower than the Universal salt Declaration target |
| Nutritional status improved                       | Number of service providers, caregivers and individuals with adequate knowledge and skills in optimal nutrition practices increased | Not Available   | At least 10,000 people reached in total                 | Over 15,000 reached throughout the country through different programmes |                    |     | Exceeded  |
| Retention rates and performance in class improved | Number of schools with school based nutrition programme increased   |   |   | 5300  |                    |     |   |
|   | Number of children accessing School based nutrition services increased  | 434,948   | Not available   | 3,200,000   |                    |     |   |

| Out put Indicator   | Indicator  | Baseline (2005)  | 2006/07 Target                                  | 2006/07 Actual                            | Target Achievement |     |          |
|---|--|--|---|---|--------------------|-----|----------|
|   |  |  |   |   | Not met            | Met | Exceeded |
| Mortality rate of malnutrition related illnesses decreased      | Cure rate and reduce death rate of children with malnutrition above severe standards increased   | Less than 70% on average cure rate and over 20% death rate       | At least 80% cure rate and below 10% death rate | 86% cure rate and less than 2% death rate |                    |     | Exceeded |
| <b>INTERACTION OF NUTRITION WITH HIV AND AIDS</b>               |  |  |   |   |                    |     |          |
| Recovery period of ARV clients reduced                          | Number of ART sites providing nutrition care and support increased   | 60   | 101   | 257                                       |                    |     | Exceeded |
|   | Number of People living with HIV, TB patients and the chronically ill accessing nutrition treatment, care and support services increased                                 | 12,000   | 24,779  | 309,346                                   |                    |     | Exceeded |
| Consumption diversified nutritious and varied diet increased    | Number of service providers, caregivers and individuals with adequate knowledge and skills to prevent and manage nutrition related conditions and drug effects increased | 30,000 (ART clients, TB patients, service providers, caregivers) | 60,000  | About 80,000                              |                    |     | Exceeded |
| Malnutrition rates reduced                                      | Provision of nutrition support to orphans and other vulnerable children (OVC)  | 150,000  | 350,000   | 650,000                                   |                    |     | Exceeded |
| People living with HIV and AIDS provided with nutrition therapy | Number of PLHIV provided with nutrition therapy  |  | 20,000  | 22,069                                    |                    |     | Exceeded |
| Increased social, financial and legal support for OVCs          | Number of orphans and other vulnerable children receiving care and support   |  | 200,000   | 954,955                                   |                    |     | Exceeded |
| Nutrition Programmes monitored and evaluated                    | Number of monitoring field trips   |  | 2   | 3   |                    |     | Exceeded |

| Out put Indicator  | Indicator   | Baseline (2005) | 2006/07 Target | 2006/07 Actual | Target Achievement |     |          |
|--|---|-----------------|----------------|----------------|--------------------|-----|----------|
|  |   |                 |                |                | Not met            | Met | Exceeded |
| Food and Nutrition Security Information System (FNSIS) improved and harmonized | Food and Nutrition Security Information System in place |                 | 1              | 0              | Not Met            |     |          |

**Source: MICS 2006, Sectoral Management Systems, and Programme Reports**

For the first time in 15 years, mortality rate related to malnutrition has declined drastically which can be attributed to the innovative programmes such as community based therapeutic care that allows early presentation of cases and management.

### **8.2.2 Recurrent Budget Performance**

In the 2006/07 budget year, the Department of Nutrition, HIV and AIDS received MK300 million which was 0.2 percent of the total government budget. Out of the total budget of K300 million, K20 million was allocated to recurrent expenditure and K280 million to development expenditure. This shows that about 93 percent of the Department's total budget was allocated to development activities. This review has also established that the sector budget was aligned to the MGDS. Most of the technical activities that were approved in the budget were linked, either directly or indirectly, to the MGDS strategies and focus areas. However, there are some activities in the output budget estimates that do not perfectly fit in the MGDS activities such as activities associated with operations of the office. The review has also revealed that some activities were not adequately funded due to low ORT as could be seen from the approved budget versus MGDS costing of the same activities. Such being the case, some of the activities in as much as they were in line with the MGDS were not funded.

In terms of the actual expenditure, based on the output-based budget documents, it is noted that over 90 percent of the activities implemented are those that are approved in the budget. However, the level and scope of implementation varies such that the targets attained are not in line with those planned. It must be noted that most of the activities that have been implemented are mostly nutrition activities. The Department lined up a number of activities on HIV and AIDS during the 2006/ 07 financial year some of which have not been implemented. This has been as a result of low funding since the sector's 2006/07 budget represents only 40% of the MGDS costing. This could be the reason why some activities were not implemented. Additionally the Department coordinates the implementation of nutrition, HIV and AIDS programmes, which are very

dynamic as such new issues emerge from time to time resulting from research which calls for immediate response by the government in order to ensure appropriate responses at national level. This may result in the implementation of activities that were not planned at the expense of planned activities.

### **8.2.3 Overview of Development Budget**

The Department of Nutrition and HIV and AIDS has one development programme which is National Response to HIV and AIDS with funds amounting to K10.8 billion of which K280,000,000 is counterpart funding. The project is being funded by Global Fund, pool donor namely World Bank, British Government through DFID, Canadian Government through CIDA, Sweden and Norwegian Governments, United Nations Development Fund and the Malawi Government. The review has shown that disbursement rate was good during the 2006/07 financial year because most of the planned activities have been funded.

### **8.2.4 Development Projects Output Performance**

The Department of Nutrition and HIV and AIDS under the HIV and AIDS sub-sector is implementing one programme namely the National Response to HIV and AIDS, which consists of three projects. Out of the 13 outputs reported, 8 output targets (about 62 percent) met their targets, which imply that the sector performed above average in terms of its development performance.

### **8.2.5 Donor Alignment & Harmonization**

In assessing how the development and cooperating partners have aligned to country systems and subscribed to the harmonization process in the prevention and management of nutrition disorders, HIV and AIDS sector, the review found out that almost all donors in the sector use World Bank procurement system as opposed to government system. However, there has been improved coordination among stakeholders with the establishment of the Department of Nutrition, HIV and AIDS. This move has led to the development of the National Nutrition Policy, which has helped to align different donors to national priorities as outline in the MGDS. Additionally, an HIV and AIDS Development Partners Group (HADG) has been established for greater harmonization and coordination of development partners as well as alignment of support to the HIV and AIDS strategic framework. Table 13 below shows the progress for the year on donor alignment and harmonization.

**Table 14: Donor Alignment and Harmonization- Nutrition, HIV and AIDS**

| Indicators on Track  | Indicators off-Track  | Indicators with Missing Data |
|--|---|------------------------------|
| Percent of donor capacity-development provided through coordinated Programmes consistent with MGDS – 50%     | Percent of donors and of that use country procurement systems – 10%                           |                              |
| Reduce by two thirds the stock of parallel project implementation units- 0%                                  | Percent of aid flows to the government sector that is reported on GOM's national budget – 60% |                              |
| Percent of donors and of aid flows that use public financial management systems: <b>3.5, 5+ respectively</b> | Percent of joint donor missions- 20%  |                              |
| Percent of aid disbursements released according to agreed schedules: <b>90% predictable</b>                  | 100% aid disbursed according to plan  |                              |
| Percent of bilateral aid that is untied – 80%  | All planned activities carried out  |                              |
| Percent of aid provided as Programme based – 90%   | 100% programme activities carried out   |                              |
| Percent of country analytic work including diagnostic reviews that are joint – 100%                          | 10 (100%) planned reviews carried out   |                              |

**Source:** TWG on Economic Growth, 2006

### 8.3 Constraints in the Analysis

The following problems were encountered in assessing performance in this sector:

- Data on the annual MGDS indicators not available hence making it difficult to assess sector progress with respect to achievements of targets as outlined in the MGDS due to lack of baseline especially in nutrition.
- Data is not readily available on some sector outputs, which also makes it difficult to assess performance of the sector annually.

### 8.4 Integration of Crosscutting Issues

Nutrition; HIV and AIDS are cross cutting and multi-dimensional issues in nature and Government looks at them from four perspectives namely; an economic problem, a socio-cultural problem a political problem and a biomedical problem. Therefore, the core business of the Department is to provide policy direction and guidance, coordinate and oversee the implementation of cross cutting programmes in the nutrition, HIV and AIDS sector. This is evidenced by the existence of implementation structures in different Ministries and Departments, NGOs, Civil Society, Development Partners and the Private sector institutions. Gender imbalance and cultural practices that perpetuate gender inequity and exacerbate malnutrition and the spread of HIV are addressed through among

other things deliberate involvement of men and women so as to cater for the needs of both sexes. Harmful cultural practices are identified and modified through involvement of the communities themselves.

## **8.5 Overall Sector Performance**

Assessment of how well the sector has performed basing on achievement of sector output targets, the one development project and the one annual MGDS indicator indicates that is above average. This is because triangulation of all the three information sources indicates overall positive performance for the sector.

## **8.6 Sector Policy Alignment to MGDS**

The sector has aligned most of its activities to the MGDS. The sector developed the National Nutrition Policy (NNP) that has clear strategies; National HIV and AIDS Policy followed by the National HIV and AIDS Action Framework (NAF) and a Business Plan for Nutrition, HIV and AIDS as guiding documents in the fight against nutrition disorders, HIV and AIDS. Implementation of the two policies is through the Integrated Annual Work Plans that outline activities and budgets in a particular financial year based on the MGDS. Some of the policy interventions under the NNP are aimed at ensuring the following: increased access and effective utilisation of a diverse and a variety of nutritious foods from the six food groups for Malawi; increased adoption of proper food choices and combinations; promotion of diversified, varied and nutritious diets.

## **8.7 Follow-up on Previous Reviews & Lessons Learned**

### **Follow-up on Previous Reviews**

The Quarterly and Annual Joint Nutrition and Country Programme Review (JCPR) for HIV and AIDS have made a number of recommendations for the prevention and management of nutrition disorders, HIV and AIDS and these included: the national responses to focus on both prevention and treatment, evidence based data on impact of prevention strategies need to be established through impact studies; effort must be made to minimize over-reliance on donors through mobilization of resources and formulation of financing strategies locally and developing an M&E system to enable the Department through its stakeholders and NAC to track expenditures made by other implementing agencies.

In terms of implementing these recommendations, the sector has developed National Prevention Strategies to accelerate outcome efforts. In addition, Impact assessment studies are currently underway that will provide the actual macro and micronutrient malnutrition status including the non communicable diseases prevalence rates and one is focusing on the Public Sector. The M&E systems are being revised and the process of developing the HIV and AIDS Law was completed that would also enact NAC and give it legal mandate to demand



reports from its implementing partners while the Nutrition Law development process has been initiated. There has been no action taken on the issue of minimizing over-reliance on donor funding. However consultations are taking place to identify ways in which government could raise funds locally for both nutrition, and HIV and AIDS.

## **Lessons Learned**

There is a mismatch between the national budget funding and the MGDS costing to enable the sector to implement all planned activities and achieve their targets.

### **8.8 Policy Recommendations**

- 1) The Department of Nutrition, HIV and AIDS needs to develop a robust management information system (MIS) with milestone indicators as proxies that will enable annual assessment of progress being made in lieu of the long-term indicators towards the achievement of the sector outcomes. In addition, the Department needs to consolidate all the information that is being collected by the various stakeholders into its MIS for ease of access and reporting;
- 2) There is need for the Ministry of Finance to align the monthly funding to scheduled sector activities that are aligned to the MGDS in order to ensure that work plans are implemented in full;
- 3) There is need for the nutrition sub-sector to polish up the set of indicators to be reported at the national level so that progress is tracked and reported frequently to show the results of the various interventions implemented;
- 4) All Government Ministries should include annual sector reviews in relation with the implementation of the MGDS in their work plans to ensure that they allocate adequate time for this activity in their schedules.

## **B: MGDS THEMATIC AREAS**

### **CHAPTER 9: SUSTAINABLE ECONOMIC GROWTH**

Sustainable Economic Growth is central to Malawi's ability to create wealth and achieve the MGDS goals. Without economic growth, Government will be unable to deliver its vision of creating wealth and employment for all the people of Malawi, transforming from a consumption-based economy to a production-based economy. This Chapter therefore is supposed to cover three out of five economic growth sectors, which include: Tourism<sup>4</sup>; Mining; and Trade and Private Sector Development. The other two sectors of Agriculture and Food Security; and Irrigation and Water Development are among the six key priority areas of the MGDS, and have already been covered under Part II, Chapter 3 and 4 respectively.

In addition, the MGDS also highlights a sub-theme on Economic Empowerment under Sustainable Economic Growth. While this sub-theme has not been directly addressed within this chapter, it should be noted that Government through the Ministry of Economic Planning and Development is in the process of developing a National Economic Empowerment Roadmap (NEER). The main objective of the NEER is to guide the implementation of economic empowerment activities in the country. Nonetheless, issues related to economic empowerment in this review have been examined under Chapter 6 that dealt with the key priority area of Integrated Rural Development. Other aspects of economic empowerment dealing with safety nets among other things are reflected in Chapter 15, which is a review of Social Protection and Disaster Risk Management.

#### **9.1 Trade and Private Sector Development**

The MGDS strongly features Industry and Trade issues as key elements for sustained economic growth, and places private sector at the heart of driving economic growth in Malawi as shown in Text Box 7. Industry and trade initiatives undertaken in this respect are aimed at improving private sector investments that will in

##### **Text Box 7: Expected MGDS Outcomes for Trade and Private Sector Development**

- 1) Increased business enterprises that contribute positively to economic growth and increase domestic market supply;
- 2) Increased foreign direct investment;
- 3) Improved private sector competitiveness;
- 4) Increased number of businesses accessing the international markets with products;
- 5) Increased productivity of rural communities/businesses and their contribution to economic growth;
- 6) Increased contribution of the manufacturing sector to economic growth;
- 7) Increased number of local firms producing goods that are competitive at regional and international markets;
- 8) To increase production output and value added by small, medium and large-scale businesses.

<sup>4</sup> Tourism sector was unable to provide any progress report in terms of achievements.

turn spur economic growth and employment creation. This will ensure that Malawi has productive investments to support its drive to being a net exporter of competitive goods and services and hence ensure that predominance of imports is averted.

## 9.2 Expected MGDS Outcomes

The expected MGDS outcomes for Trade and Private Sector Development are outlined in Text Box 7. It is important to note that Manufacturing and Mining sectors are part of the potential growth sectors, whose outcomes are embedded within the review of Trade and Private Sector Development Outcomes.

### 9.2.1 Achievements for the Year

#### Outcomes

The MGDS annual measurement indicator for Trade and Private Sector Development are outlined in the Table 15 below. The sector has only one indicator whose level of achievement was below target. To complement this analysis, it is imperative that we consider other output indicators. As for Manufacturing and Mining, the MGDS links key indicators for potential growth sectors to GDP growth rate and income per capita.

**Table 15: MGDS Annual Indicator for Trade and Private Sector Development**

| Indicator                                   | Baseline (2005) | 2007 Target | 2007 Actual | Target Achievement |     |          |
|---|-----------------|-------------|-------------|--------------------|-----|----------|
|   |                 |             |             | Not met            | Met | Exceeded |
| Private Investment as % of GDP <sup>5</sup> | 1.7%            | 1.6%        | 1.5%        | Not met            |     |          |

Source: Thematic Working Group

In order to measure the performance towards the MGDS outcomes, this review has also analysed the achievements made in some key sector output indicators for the period under review (2006/07). It is noted in Table 16 below that only one output indicator under performed while 3 out of 4 output indicators met targets. This implies that performance towards achievement of the sector outcomes was well above average. Contrary to the findings of the MGDS annual indicator, the positive output indicator performance means that a single annual indicator is not sufficient to assess overall performance in this sector.

<sup>5</sup> This data is based on a calendar year

**Table 16: Sector Outputs Indicator Performance-Trade & Private Sector Development**

| Output  | Output indicators  | 2006/07<br>Target | 2006/07<br>Actual | Target Achievement |     |          |
|---|--|-------------------|-------------------|--------------------|-----|----------|
|   |  |                   |                   | Not met            | Met | Exceeded |
| Improved marketability of products to international markets | Data on Exports, Imports, Re-Exports, SMEs cooperatives & investment | 3                 | 2                 | Not met            |     |          |
| Increased firms that take advantage of export opportunities | Number of firms involved in export trade                             | 10                | 10                |                    | Met |          |
| Reduced lead times on export and improved efficiency        | No. of trained exporters and producers                               | 40                | 40                |                    | Met |          |
| Maximised trade benefits through better knowledge           | No. of trained officials   | 20                | 20                |                    | Met |          |

**Source:** TWG on Trade and Private Sector Development

Achievements in manufacturing sector indicate that none of the two indicators met their targets as shown in Table 17 below.

**Table 17: Key Sector Outputs Indicator Performance for Manufacturing**

| Output  | Output indicators  | 2006/07<br>Target | 2006/07<br>Actual | Target Achievement |     |          |
|---|--|-------------------|-------------------|--------------------|-----|----------|
|   |  |                   |                   | Not met            | Met | Exceeded |
| Improved marketability of products to international markets   | Data on Exports, Imports, Re-Exports, SMEs cooperatives & investment | 3                 | 2                 | Not Met            |     |          |
| Increased value addition and reduced import content in existing export products, and improved export products with high potential for domestic value addition | Number of rural existing entrepreneurs supported in value addition   | 28                | 6                 | Not Met            |     |          |

**Source:** TWG on Trade and Private Sector Development

In Mining sector there is positive progress towards achievement of its sector outcomes as shown in Table 18 below, where both its sector outputs exceeded the set annual targets.

**Table 18: Key Sector Outputs Indicator Performance for Mining**

| Output   | Output indicators                            | 2006/07<br>Target | 2006/07<br>Actual | Target Achievement |         |              |
|--|--|-------------------|-------------------|--------------------|---------|--------------|
|  |  |                   |                   | No<br>t<br>me<br>t | Me<br>t | Exceede<br>d |
| Increased value added by small scale miners and integration into markets | Small and medium scale mines target coverage | 62%               | 64%               |                    | Me<br>t |              |
| Improved technology for mining and processing                            | Percent of small scale mines with equipment  | 7%                | 12%               |                    |         | Exceede<br>d |

**Source:** TWG on Trade and Private Sector Development

### 9.2.2 Recurrent Budget Performance

For Trade and Private Sector Development, the analysis shows that sector activities have been aligned to the MGDS. The general observation is that there is a variation in terms of funding between the Output Based Budget and the MGDS. Despite the funding gap, the sector was able to achieve most of its outcomes (75 percent as illustrated above. The utilization of budget funds under this sector was well over 95 percent. However, for the Manufacturing outcome, none of the sector outputs achieved the set targets.

Nonetheless, the funding gap was realised where MGDS costing for approximately 81.3 percent of the activities generally exceeds the sector approved budget. It was also observed that the sector approved budget exceeded the MGDS costing in some instances. About 12.5 percent of the activities were funded in excess of the MGDS costing whilst around 6.3 percent of the activities were not costed at all but funding was approved.

It should be noted that not all activities planned for the year under review were implemented. This was mainly due to delays in funding, and under budgeting. However, certain activities that were not planned were implemented because some of the activities required urgent intervention.

For the Mining sector, the analysis demonstrates that sector activities were in alignment with the MGDS. However, there is a variance between the approved sector output budget and the MGDS costing of activities. It was noted that 6 out of 12 (50%) of the sector activities approved budget were less than the MGDS costing. Only one activity had approved funding even though the MGDS did not cost it. This is the inclusion of minerals sector in international protocols / agreements where the mineral sector participated in regional and international

mining investment forum. The remaining 5 out of the 12 activities had approved funding in excess of the MGDS costing. In terms of sector activity implementation, the utilisation of the budget was 100 percent.

### **9.2.3 Overview of Development Budget**

Out of the 13 projects listed in the development, the Trade and Private Sector Development sub-sector reported on only six projects in 2006/07. These include: 1) Rural Industrialisation; 2) Private Sector Development Programme; 3) Trade Policy Advisory Services and Capacity Building for Trade Integration; 4) National Development and Trade Policy Forum (NDTPF); 5) National Export Strategy and 6) Joint Integrated Technical Assistance Programme (JITAP). It was observed that from the six projects, only one was funded by Government, two were funded by donors and three were co-financed by Government and Donors. A total of MK 418,538,000 was allocated to the Ministry of Trade and Private Sector Development of which MK 401,538,000 was under part 1 funding and MK 17,000,000 under part 11 funding.

The Mining sub-sector has seven projects, out of which, one project namely the Graphite Mining and Pencil Manufacturing is listed under Part I, and four projects are listed under Part II funding as follows; a) Lime Making Project, b) Coal Exploration, c) Gold Exploration in the Kirk Range, and d) Development of Appropriate Technology for Lime Making. The remaining two projects are listed under both Part I and Part II, which include the Institutional Strengthening of the Department of Mines and Re-mapping of geology in Malawi. Total funding received for all the seven projects was MK 91,000,000 under Part II funding, while their Part I funding is not in the development budget because some projects are implemented through parallel structures. The sector reported on only one project, the development of appropriate technology in lime making.

### **9.2.4 Development Projects Output Performance**

On average, the projects reported under this sector performed fairly well with an achievement rate of 50 percent or above. However, two projects in particular the NDTPF and the rural industrialization project did not achieve their targets. In spite of the poor performance in the latter project outputs, it must be noted that the Ministry was instrumental in resuscitating the canning industry in Malawi through support to Mulanje Peak Foods and in extending Export Processing Zones Programme. Also, among other things, the Ministry was responsible for overseeing the establishment of the Thyolo nut factory, which will soon begin production for the Japanese market.

Performance in the Mining sub-sector for the one project reported on was quite impressive as level of achievement in the project showed that the actual target was exceeded in all three indicators. The report also indicated that the actual

cost per output utilized was less than the planned cost per output. This project was funded from Government resources.

### **9.2.5 Donor Alignment & Harmonization**

There was no analysis to indicate donor alignment and harmonization in the sector.

### **9.3 Constraints in Analysis**

- The sector does not have many annual MGDS indicators, which makes it difficult to assess overall sector performance towards outcomes.
- Several development projects had more than one output, but no data was provided for some of the outputs. This implies that assessment of overall sector project performance was understated.

### **9.4 Integration of Crosscutting Issues**

By launching a project on the prevention and support to the welfare of HIV/Aids victims within its workforce, the Ministry of Industry and Trade has ensured mainstreaming HIV/AIDS issues through trainings conducted for counsellors and peer-educators. The Ministry has also integrated gender issues through on going initiatives to ensure that gender disparities are minimized. Other cross cutting issues include science and technology which are an integral part of the Industry policy.

### **9.5 Overall Sector Performance**

The Trade and Private Sector Development sector has only one MGDS indicator, which not only performed slightly below target was also not sufficient to evaluate overall sector performance. By using sector output indicators as a proxy to complement this single measure of performance, the results indicate that three out of four output indicator targets were met for the Trade and Private Sector Development sub-sector, both outputs for the Manufacturing sub-sector indicate poor performance, while the Mining sub-sector indicators demonstrated good performance. Therefore, the overall sector performance for the sector in the year under review can be said to be above average.

### **9.6 Sector Policy Alignment to MGDS**

The review indicates that policies implemented in trade and private sector development are aligned to the MGDS in terms of addressing almost all the issues outlined within the sector outcomes. The policy responses being implemented include the following:

- *Integrated Trade and Industry Policy;*

- *Investment Policy;*
- *SMEs policy;*
- *Microfinance Policy;*
- *Competition Policy;*
- *Cooperative Policy and Law;*
- *Anti-counterfeit policy.*

These policies are supported by strategic documents such as the National Export Strategy, Private Sector Development Strategy, and Cotton Strategy. In order to realize its strategic ambitions, the Ministry undertook various policy actions in order to achieve the outcomes as defined in its 2006-2010 strategic plan. Major highlights of these initiatives include: Multilateral, Regional and Bilateral trade commitments; Economic Partnership Agreements (EPAs); Everything But Arms (EBA); African Growth and Opportunity Act (AGOA); Competition Policy and Law; and Business Environment Strengthening and Technical Assistance Project (BESTAP), just to mention a few.

## **9.7 Follow-up on Previous Reviews & Lessons Learned**

### **Follow-up on Previous Reviews**

For the Trade and Private Sector Development sector, the previous review on MPRS made the following recommendation:

- Government should encourage synergy in the implementation of policies and Programmes in sectors that are directly linked to the promotion of external trade.

The JCPR made the following recommendations for this sub-sector:

- 1) Need to reduce bureaucracy by implementing the Single Business License in order to improve the business environment.
- 2) Need to improve Malawi's competitiveness in order to attract foreign investment.
- 3) Need to rationalize extra-budgetary commitments, following a full and transparent Public Expenditure Review.
- 4) Need to institute a mechanism for strengthening cross Ministry coordination.

However, the sector has not illustrated any follow-ups made on these previous review recommendations.

### **Lessons Learned**

- 1) From the analysis, it has been demonstrated that there is a mismatch between the MGDS costing and the Output Based Budget. In most cases,



the MGDS costs exceeded the approved sector budget whereas it was believed that the MGDS matrix will be used to translate into budgetary ceilings.

- 2) In the sector report, projects listed in the development are not reflected as they appear or they are not reflected at all. These should therefore be harmonized so that the review can clearly evaluate development projects implementation.

## **9.8 Policy Recommendations**

For trade and private sector development, the current review made the following recommendations:

- 1) There is need to redefine MGDS indicators for the sector as this would help in assessing the impact of sector activities on MGDS outcomes.
- 2) There is need to improve technical and financial assistance towards trade and private sector development by Government. \
- 3) The Ministry of Finance should increase the budget ceiling so that it is in tandem with MGDS for the sector to fully implement its activities as outlined in the MGDS.
- 4) From the preceding review findings, it is strongly recommended that a review of the MGDS costing is done to determine whether the costing was realistic or if indeed there is under funding in terms of budgetary allocation.
- 5) The capacity of planning departments needs to be enhanced in order for them to effectively monitor MGDS based activities. Ministry of Economic Planning and Development could assist in developing capacity of planning officers so that they effectively monitor MGDS activities.
- 6) The Ministry of Economic Planning should consider instituting MGDS desk officers for respective sectors or ministries to ensure effective implementation of the Strategy.
- 7) In future reviews, the sector should undertake an analysis of donor alignment and harmonization.

## CHAPTER 10: FISH MANAGEMENT AND PRODUCTION

The main goal is to improve the management of fish species. Fish is a source of livelihood especially to communities living along the lakeshores and riverbanks. As such, it is important that the resource is being used in a sustainable manner if people who depend on fishing are to continue deriving their livelihood from it. The fisheries sub-sector exists to provide professional services to ensure sustainable fisheries resources utilization and enhanced aquaculture through principals of good governance. The sector goal will be achieved through promoting fisheries entrepreneurship, updating policy and legislation inline with other national policies and strengthening institutional capacity for fisheries resource management and governance.

### 10.1 Expected MGDS Outcomes

There is only one specific expected medium-term outcome for fish management as shown in Text Box 8.

#### Text Box 8: Expected MGDS Outcomes for Conservation and Management of Fish Production

##### A) Fisheries:

1. Fish availability for food and nutrition security and income generation sustained.
  - a. Increased productivity of small and large scale fisheries

### 10.2 Achievements in Fisheries Outcomes

As can be observed in Table 19 below, the sector has not performed well during the year under review. The two MGDS annual indicator performance targets were not achieved. The reason being that annual target used is on the assumption that the fish environment will be good. However, it is difficult to predict fish stocks and fishing efficiency.

**Table 19: MGDS Annual Indicators for Fisheries Sector**

| Indicator                     | Baseline (2005) | 2006/07 Target | 2006/07 Actual | Target Achievement |     |          |
|-------------------------------|-----------------|----------------|----------------|--------------------|-----|----------|
|                               |                 |                |                | Not met            | Met | Exceeded |
| Total amount of fish produced | 950MT           | 1,500 MT       | 1,200 MT       | Not Met            |     |          |
| Total fish landing            | 55,000 MT       | 56,000 MT      | 52,000 MT      | Not Met            |     |          |

**Source:** TWG on Conservation of Natural Resources

In addition to the production figures shown above, this review has also considered the achievement made in some key output indicators for the period under review (2006/07) as shown in Table 20 below:

**Table 20: Key Fisheries Sector Outputs Indicator Performance**

| Output  | Output indicators  | 2006/07 Target | 2006/07 Actual | Target Achievement |     |          |
|---|--|----------------|----------------|--------------------|-----|----------|
|   |  |                |                | Not met            | Met | Exceeded |
| Increased productivity of small and large scale fisheries           | 1.Number of fishers adopting the new fishing technology              | 74             | 12             | Not met            |     |          |
|   | 2.Number of communities trained in modern fish processing methods.   | 170            | 239            |                    |     | Exceeded |
|   | 3. Number of fish landing facilities                                 | 7              | 0              | Not met            |     |          |
| Increased number of communities benefiting from fisheries resources | 4. Number of beneficiaries mobilized and linked to MFI and got loans | 2500           | 1560           | Not Met            |     |          |
| Increased fish farm production                                      | 5. Number of government fish ponds rehabilitated                     | 5              | 5              |                    | Met |          |
|   | 6. Fish farming manual produced                                      | 1              | 1              |                    | Met |          |
|   | 7. Number of farmers trained   | 500            | 400            | Not met            |     |          |

**Source:** TWG on Conservation of Natural Resources

Table 19 above also indicates that 4 out of 7 output indicators failed to meet their targets. As such, on average the performance for the sector output is negative for the year under review. The poor achievement in sector outputs corroborates the negative sector performance based on the annual MGDS indicators, which implies that the sector is not making good progress towards achievement of the medium-term sector outcomes. However, it is important to note that the indicator on number of communities trained in fish processing methods exceeded its target by about 40 percent, which is likely to contribute to the achievement in the MGDS outcome on increased productivity of small and large-scale fisheries to some extent.

### 10.2.1 Recurrent Budget Performance

The review indicates that only 36 percent of activities implemented during the year under review are in alignment with the MGDS, out of which the sector only implemented a few. Some of the key activities not implemented include a review of policy legislation and provision of laboratory facilities to competent authority for accreditation.

As regards actual expenditures on planned activities, the review has shown that expenditures incurred on activities were in line with planned expenditures. The only set back was that some sector activities received less funding than what was required because the monthly funding from the Ministry of Finance was below the anticipated costs of the planned activities.

### 10.2.2 Overview of Development Budget

The sector's development budget for the 2006/07 fiscal year amounted to MK186,021,993 for the implementation of four development projects. These included:

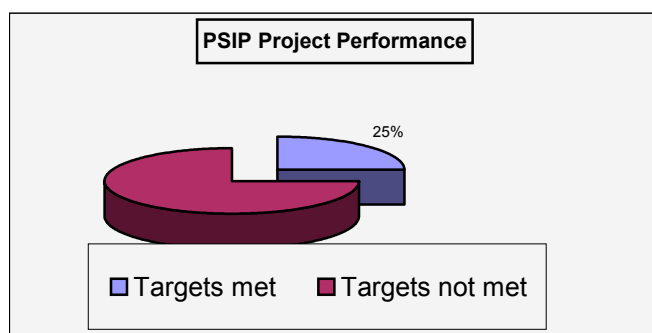
- Lake Malawi Artisanal Fisheries Development Project (LMAFDP) funded by the African Development Bank (ADB);
- Small-Scale Offshore Fishery Technology Development Project (SOFTDP) funded by the Icelandic International Development Agency (ICEIDA);
- Sustainable Fisheries For Food Security funded by the Canadian International Development Agency (CIDA);
- Presidential Initiative on Aquaculture Development (PIAD) funded by the Government of Malawi (GoM)

By June 2007, about MK119, 567,859 had been received, which represents 64 percent of the total annual development budget. However, implementation of the projects was faced with a number of problems some of which include inadequate Part two funding, delays in procurements and undertaking of civil works.

### 10.2.3 Development Budget Output Performance

Out of the four projects implemented, only one met its output targets as shown in Figure 10. The reason behind this unsatisfactory performance is mainly due to insufficient flow of funds to the projects, which is due to delays in transfer of funds to the project holding accounts. In addition, Part II financing was limited compared to the actual approved project budget estimate, which also led to delays in the implementation of major activities since expenditures could not be effected under Part I in the absence of counterpart funds.

**Figure 10: Development Projects Results Performance-Fisheries**



### 10.2.4 Donor Alignment & Harmonization

In assessing how the development and cooperating partners have aligned to country systems and subscribed to the harmonization process in the fisheries

sector, the review found out that 100 percent of aid provided to the sector is programme-based and that government is involved in almost all missions and analytical work done in the sector. Progress made on donor alignment and harmonization by the sector regarding the other indicators is presented in Table 21 below for the year under review.

**Table 21: Donor Alignment and Harmonization- Conservation of Natural Resources**

| Indicators on Track   | Indicators off-Track  | Indicators with Missing Data  |
|---|---|---|
| Percent of aid provided as Programme based – 100%                         | Percent of donors and of that use country procurement systems – 66%                           | Percent of donor capacity development support provided through coordinated Programmes |
| Percent of donors that use public financial management systems: <b>5+</b> | Percent of aid flows to the government sector that is reported on GOM's national budget – 67% | Percent of aid flows that use public financial management systems                     |
| Percent of joint field missions- 100%                                     | Percent of joint donor missions- 20%  | Number of parallel project implementation units                                       |
|   |   | Percent of aid disbursements released according to agreed schedules                   |
|   |   | Percent of joint analytical work  |
|   |   | Percent of bilateral aid that is untied   |

**Source:** TWG on Conservation of Natural Resource, 2006

### 10.3 Constraints in Analysis

- Lack of data from the field stations. Most of the reports received from the stations do not contain updated data to assist in compiling consolidated national data as a result of data recording and analysis system being used in the fisheries sector.

### 10.4 Integration of Crosscutting Issues

The sector fully supports women's participation in aquaculture development and in the capture of fisheries activities. The on-going Lake Malawi Artisanal Fisheries Development Project (LMAFDP) targets at least 40 percent of the beneficiaries to be women. In terms of HIV and AIDS, the fisheries sector has developed an HIV and AIDS Strategy with support from FAO. The strategy focuses on both mainstreaming HIV and AIDS within the Department of Fisheries, as well as on mitigating HIV and AIDS impacts among fishing

communities. This is in realization that most of the active fishers and fish traders are within the age group that is highly vulnerable to HIV and AIDS.

Additionally, the sector through the same project has a programme of restoring the terrestrial environment through the Watershed Management component that promotes afforestation along the main river catchment areas of Mangochi, Salima, Nkhatakota and Nkhata Bay districts. Further to this, all aquaculture development ventures, be it pond or cage culture is subject to environmental impact assessments.

### **10.5 Overall Sector Performance**

Generally the sector did not perform well during the year under review as can be seen from its failure to achieve its MGDS annual indicator performance targets. Similarly, targets of almost all planned outputs were not achieved. In addition, only one development project out of four projects that the sector implemented met its targets. From the analysis, it can be deduced that the sector has not done well when it comes to progress towards of the MGDS outcomes.

### **10.6 Sector Policy Alignment to MGDS**

To ensure that activities implemented in the sector are in line with the MGDS, the sector has done the following:

- Developed a fish marketing policy to improve fish marketing for fish farmers and fishers to strengthen food security base in the country by focusing on infrastructure development and information availability;
- Developed an information and strategic policy that has enabled the sector to embark on fisheries research programmes in order to generate information on status and composition of fisheries resources, biological and chemical characteristics of aquatic and level of involvement in fisheries activities.

### **10.7 Follow-up on Previous Reviews & Lessons Learned**

#### **Follow-up on Previous Reviews**

Reviews conducted in the past have not made any recommendations for the fisheries sector. However, the sector has taken action on some general recommendations from the recent Joint Country Programme Reviews (JCPR) and recommendations on crosscutting issues from review of the Malawi Poverty and Reduction Strategy. The two general recommendations from the JCPR that the sector has taken action on are: sector wide approach should be adopted in all sectors to improve coordination of aid and alignment to government programmes and frequent sectoral donor–government (stakeholders) meetings should be

instituted for coordinating the development programmes. In terms of implementing the first recommendation, the sector issues have been mainstreamed in the Agriculture Development Programme, which acts as a SWAp tool and joint programme meetings are being undertaken.

The MPRS on the other hand made recommendations on cross cutting issues and these are: successor to MPRS to address issues pertaining to environmental conservation and protection, afforestation, and waste management and government to intensify implementation of programmes that can influence positive behavioral change in order to combat HIV and AIDS. On crosscutting issues, watershed management is being promoted to conserve the environment. The sector has also developed an HIV and AIDS policy and strategy to combat effects of HIV and AIDS pandemic.

### **Lessons Learned**

- 1) Budgets are produced from output based work plans. However implementation is based on monthly funding which are not in line with costs of planned activities. As a result implementation is based on reprioritization of activities based on available funds which affect achievement of the overall targets.

### **10.8 Policy Recommendations**

Recommendations made on the current review from the fisheries sub-sector are as follows:

1. There is need for the sector in collaboration with MEPD to enhance internal monitoring of resource utilization and activity implementation to ensure that planned targets are achieved;
2. There is need to enhance constant assessment of the sector's contribution to achievement of the MGDS outcomes;
3. There is need to enhance capacity of the sector to implementing cross cutting issues
4. There is need to strengthen and build institutional capacity in data collection and analysis if sectors contribution to MGDS is to be assessed.
5. The sector, in collaboration with MEPD, is required to improve MGDS indicators and targets to reflect fish productivity.

## CHAPTER 11: FORESTRY CONSERVATION AND MANAGEMENT

The MGDS recognizes the need to manage forest resources for improved and equitable livelihoods. This is against a background of high rate of deforestation and uncoordinated management of forestry resources due to lack of policy coherence. Increased deforestation has led to increased soil erosion and decline of natural resource based livelihoods. The long-term goal of the sector is to reduce this environmental degradation as presented in Text Box 9.

### 11.1 Expected MGDS Outcomes

The medium term outcome for the forestry sector is to ensure sustainable use and management of forestry resources. In order to achieve this outcome, the MGDS outlines a number of key strategies and these include:

- Improving productivity and value added by the industrial forestry sector, while balancing it with sustainable practices;
- Increasing reforestation efforts for key areas;
- Improving enforcement of regulations for forestry management;
- Initiating afforestation and environmental rehabilitation Programmes in priority areas; and
- Introducing incentives for private sector participation in forestry.

#### Text Box 9: Expected MGDS Outcomes for Forestry Conservation and Management

1. Forestry sustainable use and management
  - a. Private sector manages forest resources for the long term profitability of the sector and sustainability
  - b. Forest coverage as % of total land
2. Reversal in deforestation

### 11.2 Achievements for the Year

In terms of annual MGDS indicators, the forestry sector has got one indicator which is “forest area as a % of total land” as shown in the Table 22 below. However, to measure progress on this indicator requires a forest resources mapping, biomass assessment in order to establish how much area is under forest. This is conducted once every 5 years. The annual process indicator should be number of trees planted every year.

**Table 22: MGDS Annual Indicators for Forestry**

| Indicator                      | Baseline (2005) | 2006/07 Target | 2006/07 Actual |
|--------------------------------|-----------------|----------------|----------------|
| Forest area as % of total land | 27.2%           | Not available  | Not available  |

**Source:** TWG on Natural Resources

Due to lack of data on the indicator, the review looked at achievements made in some key sector outputs. Table 23 below shows progress on these key sector outputs:



**Table 23: Key progress on sector output achievement**

| Output   | Output indicators   | 2006/07<br>Target | 2006/07<br>Actual | Target Achievement |     |          |
|--|---|-------------------|-------------------|--------------------|-----|----------|
|  |   |                   |                   | Not met            | Met | Exceeded |
| Increased number and type of value adding wood producing and processing establishments | Number of value adding wood producing and processing establishments |                   |                   |                    |     |          |
|  | Type of value adding wood producing and processing establishments   |                   |                   |                    |     |          |
| Increased private sector involvement in industrial forestry development                | Number of private firms managing forest resources.                  |                   |                   |                    |     |          |
| Increased planting   | Area replanted and rehabilitated with softwood in ha                | 1,000 ha softwood | 1,204 ha          |                    |     | Exceeded |
| Increased patrols in plantations and forest reserves                                   | Number of regional patrol teams in place                            | 3                 | 3                 |                    | Met |          |
|  | Number of roadblocks  | 15                | 10                | Not met            |     |          |

**Source:** TWG on Natural Resources

For the three indicators out of seven output indicators where data is available, two indicators met their target. However, in terms of output performance, only the one on increasing planting measured by “area planted and rehabilitated with softwood” was achieved while on average the one on increasing patrols in plantations was not. Although this achievement in output targets implies a mixed picture of performance, it can be argued that increased planting will more likely lead to achievement of the forestry sub-sector MGDS outcome on reversing deforestation.

### **11.2.1 Recurrent Budget Performance**

The review showed that during 2006/07, 62.5 percent of the MGDS activities were aligned to the sector budget activities. The activities include: industrial wood plantations; forestry law enforcement; forestry training and education; provision of direction and management services; and international cooperation. In terms of funding gaps, about 33 percent of the activities were under-funded.

### **11.2.2 Overview of Development Budget Projects**

The sector is implementing two development projects and these include: Improved Forestry Management for Sustainable Livelihoods Programme; and Forestry Replanting and Tree Nursery. The first project started in March 2005 and is supposed to end in March 2009 with a total budget of about 9.9 million Euros with the Government of Malawi contributing 0.9 million of the total budget. The objective of this project is to contribute to increased household income and improved food security in areas of intervention through more sustainable management of natural resources. The second project started in July 2005 and is supposed to end in July 2010 with an initial funding of about MK47 million. The objective of this project is to address deforestation and meet future timber requirement by replanting in government owned plantations.

### **11.2.3 Development Budget projects Output Performance**

The Improved Forestry Management for Sustainable Livelihoods Programme, which is located in 12 districts, had mixed results in terms of achievements. One of the targets was the development of forest laws in all the 12 districts by 2006/07. Another target that was achieved was the development of sustainable forest management standards and planning guidelines. The targeted of households engaging in tree planting as an economic activity was also exceeded by 20 percent. However, the rest of the targets were not achieved. For the Forestry Replanting and Tree Nursery Project, the target of replanting in industrial timber was exceeded by 20.4 percent because out of the planned 1,000 hectares for replanting and rehabilitation, 1,204 hectares were replanted and rehabilitated.

### **11.2.4 Donor Alignment & Harmonization**

The review indicated that progress in donor alignment and harmonization indicators shows a mixed picture. For instance, in terms of aligning aid flows on national priorities, there is no progress because the donor manages the funds. On strengthening capacity by avoiding parallel implementation structures, the opposite is happening as parallel implementing structures are used. The review also indicates that the sector also experiences aid unpredictability. However, in terms of the procurement system, although the donor in this sector uses its own system but invites government staff during procurement for example when opening tenders. On strengthening capacity by coordinated support, forestry is implementing one donor-funded project, which is consistent with government priorities. The sector also conducts analytical work, including diagnostic reviews jointly with donors. On use of common arrangements, aid is provided in Programme-based approach whereby support is specific to sector strategies.

### **11.3 Constraints in Analysis**

The following are some of the constraints that hindered a comprehensive analysis of proper progress in this sector:

- It is difficult to get data from some stakeholders working in the forest sector as they work independently. The Department of Forestry sometimes does not know who is doing what and where, and this lack of collaboration is creating problems when it comes to compiling data and other information.
- There is also unwillingness on the part of most stakeholders to give information on financial resources spent.
- Other stakeholders are not aware that they are required to submit information for compilation.
- Data collection is limited due to high operational costs.

### **11.4 Integration of Crosscutting Issues**

The sector has undertaken the following measures aimed at integrating crosscutting issue:

- Strategy for HIV and AIDS for the sector has been developed.
- In all forestry Programmes and projects, issues of gender, and HIV and AIDS are tackled.
- Research on tree breeding, seed germplasm and indigenous forest management are conducted.

### **11.5 Overall Sector Performance**

Since there was no data available on the MGDS annual indicator regarding “forest area as percentage of total land”, key output indicators and development project output performance was used to determine overall sector performance for the period under review. Based on available evidence, it can be said that the sector is performing below average especially regarding the development projects where some important targets were not achieved for the Improved Forestry Management for Sustainable Livelihoods Programme.

In terms of activity implementation, the sector failed to implement some of the activities that it had planned while others were not fully implemented. Some of the reasons given that contributed to the activities not being fully implemented and/or not implemented were inadequate human capacity; lack of infrastructure, and ceilings put on the budget for various activities.

### **11.6 Sector Policy Alignment to MGDS**

To achieve the medium term outcomes for the forestry sector, a number of policies are in alignment with the MGDS. These include existing policies aimed at achieving the MGDS outcomes such as the National Forestry Policy,

supplement to National Forestry Policy: Community Based Forest Management; National Forestry Programme; Decentralization in Forestry- Moving Forward Together; and Standards and Guidelines for Participatory Forestry in Malawi. These entail some of the following policy actions:

- The Initiation of reforestation/replanting and rehabilitation programme in government industrial wood, fuelwood and poles plantations.
- Conservation and development of natural woodlands on customary land and forest reserves.
- Development/integration of reforestation/replanting programme into public works Programmes for communities (local assemblies) timber, fuelwood/poles plantations.
- Improvement of Tree Seed Centre at Forestry Research Institute of Malawi (FRIM) for the supply of seed for the reforestation/replanting programme in government and community (Local Assembly Plantations).
- Improvement of human resource capacity in the forestry sector (technician training).
- Enforcement of forestry law

## **11.7 Follow-up on Previous Reviews & Lessons Learned**

### **Follow-up on Previous Reviews**

The previous review on the MPRS made one recommendation which was that the successor to the MPRS (in this case the MGDS) should address issues pertaining to afforestation. The follow up has been the incorporation of several key strategies and policy actions aimed at addressing forestry management in general and afforestation in particular which have already been discussed above.

### **Lessons Learned**

- 1) The money allocated to the forestry sector is inadequate to fulfill the mandate of the sector within five years.
- 2) The activities planned for implementation in the sector were not fully covered in the output-based document despite the fact the sector provided adequate information.
- 3) It is difficult to get resources spent on forestry from other institutions in the sector.
- 4) The MGDS has created false hopes as outputs/outcomes or activities were formulated with an anticipation of increased funding to achieve the targets yet the 2006/07 budget allocation was not improved.
- 5) Some outputs indicated in the MGDS for the forestry sector are difficult to achieve. This shows that there was not enough consultation within the sector in formulating the outputs.

## **11.8 Policy Recommendations**

The following are some of the recommendations made because of findings from the current review:

- 1) There is need to revise the outputs for the sector as some are not achievable or are difficult to measure.
- 2) The budget increase in forestry sector is based on percentage increase from Treasury (e.g. 10 %) where as in an ideal situation; the budget should be based on the activities planned for that financial year, this therefore has created a big gap in terms of the achievements of the outputs.
- 3) Reforestation was designed to be done by the private sector yet the privatisation of the plantation was suspended and this has an implication on how the outputs can be achieved. There is need to reconsider the idea of involving the private sector in reforestation programmes.
- 4) The sector should work towards promotion of indigenous forest reserves where the problem of deforestation is rampant.
- 5) The planned outputs for the sector should be fully reflected in the government output-based budget.

## CHAPTER 12: ENVIRONMENTAL PROTECTION

The sector has been mandated to ensure that environment and natural resources are protected and used in a sustainable manner. This is done through promoting collaboration in sound utilization and management of the environment and natural resources, promoting implementation and compliance of environment and natural resource policies, Programmes, legislation and other related instruments. The sector also exist to promote capacity building in environment education, public awareness, and participation in sound Environment and Natural Resources Management practices at levels.

### 12.1 Expected MGDS Outcomes

The expected medium-term outcome for the environment sector is outlined in Text Box 10.

#### Text Box 10: Expected MGDS Outcomes for Environmental Protection

##### Environment Protection

- 1 Compliance with natural resources laws increased
  - a. Areas or national parks protected

### 12.2. Achievements for the Year

There is only one MGDS annual performance indicator for measuring progress towards the environment protection, which is “Total mass reduction in the use of ozone depleting substance” as shown in Table 24 below. Although the indicator is collected once every five years through a national survey, there is remarkable reduction in the use of ozone depleting substances from 32.7 OPD tonnes in the baseline year to 3.6 ODP tonnes in 2006. This is because of the phasing out of the use of methyl bromide, reduction on importation and use of ozone depleting fridges, air conditioners and fire extinguishers among others.

**Table 24: MGDS Annual Indicators for Environmental Sector**

| Indicator  | Baseline (2005) | 2006/07 Target | 2006/07 Actual | Target Achievement |     |          |
|--|-----------------|----------------|----------------|--------------------|-----|----------|
|  |                 |                |                | Not met            | Met | Exceeded |
| Total mass reduction in the use of depleting substance | 32.72 ODP Tones | 8.5 ODP Tones  | 3.6 ODP Tones  |                    |     | Exceeded |

**Source:** TWG on Conservation of Natural Resources

#### 12.2.1 Recurrent Budget Performance

The analysis indicates that about 63 percent of the activities that were implemented during the year under review were aligned to the MGDS despite the fact that MGDS has only emphasized on policy and legislative review of waste, sanitation and Persistent Organic Pollutants. The majority of environmental issues such as biodiversity, climate change, desertification need to be reviewed

to be in line with the framework of environmental policy and legislation. Hence the sector implemented some activities, which were not in the MGDS that were deemed important

In the 2006/07 budget, the sector had an approved budget of MK13, 471,008 from a budget estimate of MK155,500,000. The sector perceived the budget to be too low to enable it implement all planned activities.

As regards actual expenditures on planned activities, the review has shown that expenditures incurred on activities were in line with what was planned. The only set back was that some sector activities were funded less than what was required because monthly funding from the Ministry of Finance was not in line with costs of planned activities.

### 12.2.2 Overview of Development Budget Performance

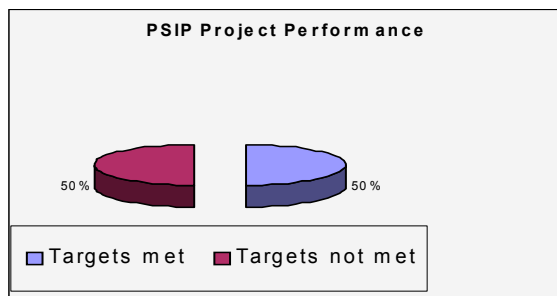
The sector's development budget for the 2006/07 fiscal year amounted to MK290,050,190 for the implementation of six development projects namely:

- Second National Communication of United Nations Framework Convention on Climate Change
- Institutional strengthening project
- Partnership for the Development of Environmental Law and Institutions in Africa
- Environmental micro- projects
- Development of National Legal Databases on Environmental Law and Policy in Africa
- National Implementation Plan for Management of Persistent Organic Pollutants

It must be noted however that out of a total development budget of K290,050,190, only 26 percent of the development funds were disbursed to the sector during the year under review. Because of low disbursements, most project activities were not implemented.

#### 12.2.3 Development Budget project Outputs.

**Figure 11: Development Projects Results Performance**



Out of the six projects implemented by the sector, only three met their targets. As such, overall project outputs achievement is average. Some of the reasons that may have led to this poor performance include low funding, inadequate human capacity and

delays in government procurement procedures.

#### **12.2.4 Donor Alignment & Harmonization**

There is no information from the sector on donor alignment and harmonization.

#### **12.3 Constraints in Analysis**

- Lack of data on cost of activities that were implemented.
- Lack of provision of data on key sector output indicators as opposed to activities implemented.

#### **12.4 Integration of Crosscutting Issues**

The sector has integrated HIV and AIDS into its Programmes it is implementing by conducting sensitization workshops to staff on HIV and AIDS. Furthermore, the sector has a budget allocation for support to staff who are infected with HIV and AIDS. However, apart from HIV and AIDS other cross cutting issues such as gender, science and technology are yet to be integrated.

#### **12.5 Overall Sector Performance**

The significant reduction in ODPs is a good indication that the sector is moving towards achievement of the MGDS outcome for environmental protection on compliance with natural resources laws increased. Through the reduction in importation of equipment that use ODS among other things, this demonstrates evidence towards compliance.

#### **12.6 Sector Policy Alignment to MGDS**

To ensure that activities implemented in the sector are in line with the MGDS, the sector has done the following:

- Developed environmental standards with support from the Malawi Bureau of standards for soil, water, air and noise, which provide the basis for action on any environmental degradation. Through the same legislation, the sector has developed regulation to control the importation of ozone depleting substances and equipment.

#### **12.7 Follow-up on Previous Reviews & Lessons Learned**

##### **Follow-up on Previous Reviews**

Review of the Malawi Poverty Reduction Strategy (MPRS) recommended that successor of the MPRS should address issues of environment conservation and protection, afforestation, and waste management. The Joint Country Programme



Review on the other hand recommended that a bill on environment should be enacted, and M&E system for the sector should be developed for ease of monitoring sectoral activities and that government should use the National Council for the Environment and revamp donor government meetings for better coordination of actions in the sector.

In terms of implementing these recommendations, the environment draft bill has been submitted to the Ministry of Justice and the National Council on environment is in place and operational. However, the MGDS has not adequately covered environment issues. The M&E system is not yet in place because it is awaiting approval of the proposed structure of Environmental Affairs Department. Similarly, donor- government meetings have not been activated because of movement of the department from Ministry of Mines, Energy and Natural Resources to Ministry of Lands and Natural Resources.

## **12.8 Policy Recommendations**

Recommendation made on the current review from the environment sub-sector is as follows:

- 1) There is need for the government to consider environment as one of the priority sector by increasing its budgetary allocation if the sector is to embark on sound environmental management initiatives. It is currently treated as a crosscutting issue, which makes it secondary to other sector activities.
- 2) There is need for the sector to formulate additional MGDS annual indicators which will better reflect sector's performance.

## CHAPTER 13: WILDLIFE MANAGEMENT

Wildlife is one of the key areas under conservation of the natural resources base, whose implementation is coordinated by the Department of National Parks and Wildlife. The goal for the sector is to conserve and manage protected areas and wildlife and to provide for their sustainable use through equitable access to, and fair sharing of benefits to present and future Malawians. Wildlife also forms a key component of tourism development and promotion and therefore is key to effective and sustainable tourism growth.

### 13.1 Expected MGDS Outcomes

The MGDS outcomes for the sector are outlined in Text Box 11. Wildlife forms a big percentage of tourism attraction in Malawi. The sector works to conserve, manage and develop wildlife resources to effectively contribute towards sustainable development of biodiversity and tourism industry in Malawi.

**Text Box 11: Expected Outcomes of Wildlife**  
Conservation and protection of Parks and Wildlife: increased wildlife animal species

1. Strengthened collaborative management
2. Reduced human/animal conflict
3. Trade and Marketing of wildlife products strengthened
4. Research and monitoring strengthened

### 13.2. Achievements for the Year

The sector has two indicators in the MGDS that measure the percentage increase in key wildlife species as well as the revenue from ecotourism operations in Protected Areas as shown in Table 25 below.

Findings indicate that the sector registered good performance in the year under review. Both MGDS annual indicator targets were and/or exceeded. For the indicator on revenue on ecotourism, the results exceeded the set target, which was in part attributable to visitations to wildlife areas, revenues generated from entrance figures and concession management.

**Table 25: MGDS Annual Indicators for Wildlife**

| Indicator  | Baseline (2005) | 2006/07 Target | 2006/07 Actual | Not met | Met | Exceeded |
|--|-----------------|----------------|----------------|---------|-----|----------|
| Percentage increase in key wildlife species in protected areas | 50%             | 55%            | 53%            |         | Met |          |
| Revenue from ecotourism operations in Protected Areas (MK)     | 5,000,000       | 18,718,740     | 19,490,763     |         |     | Exceeded |

In addition, the review has also considered achievements made in selected sector output indicators for the period under review as presented in Table 26 below:

**Table 26: Wildlife Sector Outputs Indicator Performance**

| Output   | Output indicators   | 2006/07<br>Target | 2006/07<br>Actual                           | Target Achievement |     |          |
|--|---|-------------------|---|--------------------|-----|----------|
|  |   |                   |   | Not met            | Met | Exceeded |
| Protection of National Parks Wildlife Reserves and Nature Sanctuaries enforced | KM of protected area roads improved                                   | 486               | 610   |                    |     | Exceeded |
|  | KM of fence constructed   | 45                | 38  | Not met            |     |          |
|  |   | 110               | 50  | Not met            |     |          |
|  | Number of staff employed  | 200               | 10  | Not met            |     |          |
|  | Litres of Grossinet   | 332               | 409   |                    |     |          |
|  | Number of arrests   | 77                | 59  | Not met            |     | Exceeded |
|  | Number of anti poaching campaigns                                     |                   |   |                    |     |          |
| Threatened and extinct wildlife species reintroduced                           | Number of animals restocked   | 3,000             | 1750  | Not met            |     |          |
|  | Number of animals translocated  | 20                | 11  | Not met            |     |          |
| Benefit sharing scheme implemented   | Production of Benefit guidelines                                      |                   | Produced                                    |                    | Met |          |
| Wildlife outreach programs supervised and best CBRNM practices disseminated.   | Type of outreach programmes and best CBRNM Practices                  |                   | Legal community structures formed in 5 PAs. |                    | Met |          |
| Co-management of wildlife resources with stakeholders and CBOs promoted        | Percentage of functional CBOs in co-management of wildlife resources. |                   | 50% of CBOs functional                      |                    | Met |          |

Findings show that almost all sector outputs met their set targets except for the reintroduction of the threatened and extinct wildlife species. The output on enforcement of protection of the National Parks and nature sanctuaries had two of its indicators that exceeded their target with the rest failing to meet their target. This corroborates the performance as measured by the two MGDS indicators. As such, the sector performed well during this period.

### **13.2.1 Recurrent Budget Performance**

The analysis indicates that most of the activities that were implemented during the year under review were aligned to the MGDS. Only a few other activities under the Wildlife Education and Extension are not included in the MGDS in addition to other routine activities. Key wildlife indicators on animal census and restocking of some protected areas as well as fencing was not done during the period under review because of budgetary constraints. Restocking, fencing and animal census require huge funding which was not available in the budget under the review period.

There was a large variance in funding between the Budget and MGDS. The budget had less funding for activities on wildlife management and large funding on wildlife education and extension. Nonetheless, most of the planned activities were implemented but the actual achievement was below target due to low allocation of funds. However, the utilization of the budget was at 100 percent since all the budget was used to implement the planned activities.

### **13.2.2 Overview of Development Budget Performance**

In the 2006/07 budget year, the sector had only one development project which was construction of electric fences at Lengwe, Liwonde and Kasungu National Park. The total funding for the project was MK50 Million which included MK40 Million for part I and MK 10 Million under part II funding.

#### **13.2.3 Development Projects Output Performance**

Through Government funding (part 2), the sector planned to construct 10 Kms of fence line but the actual achievement made was 8 Km, which is 20 percent below target. Under part 1 with funding from Malawi Environment Endowment Trust (MEET), a total of 35Km fence line was expected to be constructed but only 30 Km was constructed representing an under-achievement of by about 14 percent. This implies that the sector project output performance was unsatisfactory.

The other programme is the Zambia-Malawi Trans-frontier Conservation Area (TFCA) which seeks to develop and promote wildlife management between the two countries for protected areas that are shared between them. The Peace Parks Foundation (PPF) is supporting this project.

### **13.2. Donor Alignment & Harmonization -**

There was no analysis to indicate donor alignment and harmonisation in the sector.

### **13.4 Integration of Crosscutting Issues**

The sector has integrated crosscutting issues like HIV/AIDS, Gender, Environment and Science & Technology in its policy. Different departments have been given responsibilities to take lead in the implementation of these cross cutting issues.

### **13.5 Overall Sector Performance**

Based on the positive results of both the annual MGDS indicators and the sector outputs, the sector has performed above average towards achieving its expected MGDS medium-term outcomes as outlined in Text Box 2. However, on one of the outcomes regarding strengthening trade and marketing of wildlife products, there is no evidence to show progress.

### **13.6 Sector Policy Alignment to MGDS**

The review indicates that policies implemented in the wildlife sub-sector are in alignment with the MGDS in terms of addressing almost all the issues outlined within the sector outcomes. The implementation of activities is guided by:

- The wild policy of 2000
- The parks and wild Act of 2004, amended form 1992 to take care of issues collaborating management and
- Strategic plan developed for 2007 to 2012 to focus on implementation of issues as put in the MGDS.

### **13.7 Follow-up on Previous Reviews & Lessons Learned**

Under wildlife, the previous review on the Malawi Poverty Reduction Strategy (MPRS) and JCPR did not make any recommendation to be followed.

#### **Lessons Learned**

- 1) There were a number of data gaps which need to be rectified by headquarters
- 2) The analysis met a lot of constraints due to financial limitation as experienced by the sector making reporting on Annual MDGS Indicators difficult.

### **13.8 Policy Recommendations**

For the wildlife sub-sector, one key recommendation from the current review is as follows:

- 1) Although most activities planned were actually implemented despite the funding gap, particular activities in the MGDS were not fully implemented and should be considered in the next year's budget. The sector is large and allocation needs to be in line with the demands of the sector.

## CHAPTER 14: LAND MANAGEMENT AND HOUSING DEVELOPMENT

Land and Housing is sub-theme six under Sustainable Economic Growth in the MGDS. Land is a basic factor of production as well as an important source of livelihood for most Malawians. Inadequate access to land has been identified as one of the critical factors contributing to poverty in the country. The land sector impacts on poverty in three main ways: inadequate access to productive resources and processes; unequal land distribution; and land tenure insecurity. Similarly, housing is a fundamental basic right for every human being and plays a significant role in the overall national economic development through two main ways: employment generation in the construction and management process and the production of building materials; and improving the living conditions, particularly provision of a healthy living environment which leads to improved productivity of work force. The Integrated Housing Survey (IHS 1997/98) and the Qualitative Impact Survey (QUIM 2000) indicated that lack of proper housing is a form of poverty. That is, poor housing leads to the following: increased health burden from infectious and parasitic diseases and accidents; decreased disposable incomes as a result of frequent maintenance carried out on temporary houses; increased insecurity, hence reducing income earning activities; and decreased productivity, leading to low incomes and therefore, low capacity to save.

### 14.1 Expected MGDS Outcomes

The specific expected medium-term outcomes for the Land and Housing sub-theme in the MGDS is as outlined in Text Box 12. These are expected to among others achieve the following goals:

- 1) The efficient use of land and land based resources
- 2) Equitable access to land and housing by all productive Malawians and other investors
- 3) Provision of a conducive framework for improved access to adequate housing.

### 14.2 Achievements for the Year

The findings presented in Table 27 below indicate that the Land sub-sector has performed poorly during this first year of MGDS implementation whereas targets for the housing sub-sector were met. While some specific indicators under the output of providing a conducive framework for improved access to adequate housing services and that of sustainable land use were actually met, the overall

#### Text Box 12: MGDS Expected Outcomes for Land and Housing:

##### A. Land

- 1) Equitable access to land for various uses including agricultural production and settlement.
- 2) Enhanced land tenure security to Improved Livelihoods.
- 3) Sustainable Land Use.

##### B. Housing

- a. Equitable access to adequate housing by all Malawians.
- b. Establish a conducive framework for housing delivery.

output performance for each output targets were not met. On the basis of these findings, it can be said that the Housing sub-sector performed above average, whereas the Lands sub-sector is not making good progress towards the achievement of its expected MGDS outcomes.

**Table 27: Lands and Housing Sector Outputs Indicator Performance**

| Output   | Output indicators                              | 2006/07 Target | 2006/07 Actual | Target Achievement |     |          |
|--|--|----------------|----------------|--------------------|-----|----------|
|  |  |                |                | Not met            | Met | Exceeded |
| Conducive framework for improved access to adequate housing services                       | Draft National Housing Policy and Act Document | 1              | 1              |                    | Met |          |
|  | -No. of office blocks                          | 1              | 1              |                    | Met |          |
|  | number of buildings                            | 634            | 634            |                    | Met |          |
|  | number of loans granted                        | 50             | 30             | Not met            |     |          |
| Enhanced land tenure security to improve livelihood  | number of districts automated                  | 28             | 0              | Not met            |     |          |
|  | number of areas adjudicated                    | 250            | 100            | Not met            |     |          |
|  | number of leases                               | 2000           | 1500           | Not met            |     |          |
| Sustainable land use   | number of meetings and cases resolved          | 5              | 3              | Not met            |     |          |
|  | number of development application processed    | 2480           | 1863           | Not met            |     |          |
|  | number of urban structure plans                | 4              | 4              |                    | Met |          |
|  | number of special plans                        | 16             | 12             | Not met            |     |          |
| Equitable access to land for various uses including agricultural production and settlement | number of plot applications processed          | 2550           | 2000           | Not met            |     |          |

**Source:** TWG on Land and Housing.

#### 14.2.1 Recurrent Budget Performance

Land and Housing sector was allocated a total budget of MK2.9 billion, out of which MK1 billion was for recurrent expenditure (MK0.164 billion for personal emoluments and MK0.815 billion for ORT) and MK1.8 billion was for development budget. Within the development budget, donor funded projects (part I) comprised of MK 1.7 billion while MK0.105 billion was for government funded projects (part II)).

However, it is worth noting that MK0.650 billion (representing almost 80% of the sector's ORT) was meant for paying rents for government institutions and residential houses for selected government institutions leaving only about

MK0.165 billion for its operations.

In addition, most of the activities reflected in the output-based budget were omitted in the MGDS and yet they were critical for the achievement of the sector outputs. For example, preparations of land use plans, cadastral surveys, plot allocation, the entire administration and support services were not reflected. For those activities that were included, they have been aligned to the MGDS although they reflect huge funding gaps.

The review of the 1999 National Housing Policy was not carried out due to resource constraints, as it could not be funded through the ORT budget. This review was aimed at realigning the policy to the new National Land Policy, Decentralization Policy and other international instruments and Government protocols. Additionally, the sector could not mobilize enough resources from different development partners to meet varying housing demands, particularly rental housing for the low income and vulnerable groups.

The comparison of actual expenditure with planned activities has been quite difficult because the budget estimates are output-based while budget funding was not necessarily linked to particular activities.

#### **14.2.2 Overview of Development Budget Performance**

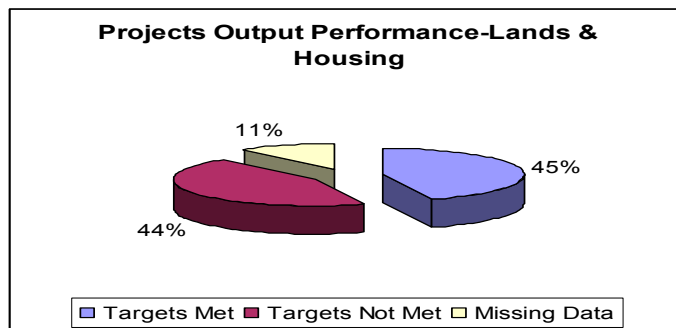
Land and housing had nine development projects in the 2006/07 fiscal year. Out of these, five were financed by the Government of Malawi. The European Union (EU) funded one project (development of a Land Use Policy), the World Bank, Iceland, Nepad and UNDP financed one project each while EU and Iceland co-financed a project each with the Government of Malawi. One project under the African Development Bank (ADB) went unfunded. The sector had a total development budget of MK1.9 billion out of which, MK1.7 billion was Part I and MK0.105 billion was part II.

Furthermore, the Government funded some projects under the housing sub-sector, which include maintenance of the government buildings and construction of regional government offices (South). However, it is worthy noting that in the period under review, no funds were allocated towards the construction of chiefs' houses and offices.



### 14.2.3 Development Projects Output Performance

**Figure 12: Development Projects Inputs**



As shown in Figure 12, out of the nine projects implemented in the land and housing sector, only four projects (about 44 percent) provide evidence for having met their output targets while the other four projects (about 45 percent) were below target. Data was not available for one of the projects. It can be said therefore,

that the project implementation performance of the sector was below average.

### 14.2.4 Donor Alignment & Harmonization

Donors in the Land and Housing sector base their overall support on the country's national development strategy and that all development partners in the sector channel their funding to government. In terms of procurement and financial management all donor recommend use of their prescribed rules and procedures except in isolated cases where threshold are set. However, the sector has no programme reform that would ensure that all development partners would fully use government systems. The only key success relating to donor alignment and harmonisation in the Land and Housing sector is the setting up of Donor Committee on Land Reform, which is a platform through which joint assessments are made; mission reports and studies on land reform are shared. It is noted that some indicators have missing data and one indicator is off track as shown in Table 28 below.

**Table 28: Donor Alignment and Harmonization-Lands and Housing**

| Indicators on Track   | Indicators off-Track  | Indicators with Missing Data   |
|---|---|--|
| Percent of aid flow to the government sector that is reported on GOM's national budget  | Percent of donors and of aid flows that use partner country procurement systems | Public Financial Management systems in place   |
| Percent of donor capacity development support provided through co-ordinated Programmes consistent with GoM's national development strategy (MGDS) |   | Reform Programme in place to achieve outcome   |
|   |   | Percent of aid disbursement released according to schedules in annual or multi-year frameworks   |
|   |   | Percent of donors and of aid flows that use public financial management systems (GOM) which either a) adheres to broadly accepted good practices or b) have a reform Programme in place to achieve these |
|   |   | Number of parallel project implementation units (PIUs)   |
|   |   | (i)Aid is untied<br>(ii) Budget support  |

**Source:** TWG on Lands and Housing, 2006

### 14.3 Constraints in Analysis

- One development project has no data on outputs to assess its performance and thus may have affected the whole picture on projects performance.
- The sector does not have specific annual MGDS performance indicators within the MGDS.

### 14.4 Integration of Crosscutting Issues

The land policy recognises the importance of mainstreaming cross cutting issues such as gender, environment, HIV and AIDS, Science and Technology and as such these have been incorporated where relevant, within land reform programme. The sector will ensure that cross cutting issues are integrated in the planning and implementation of the Land Reform Programme and will be monitored accordingly. Furthermore, the 1999 National Housing Policy currently

undergoing the review process will mainstream crosscutting issues such as gender, environment, HIV and AIDS with proper monitoring mechanisms.

#### **14.5 Overall Sector Performance**

Based on the performance in the sector output indicator targets, which have been used as a proxy for assessing performance towards MGDS outcomes, the sector registered poor performance the 2006/07 fiscal year. On provision of conducive framework for improved access to adequate housing services, performance was on average 10 percent below target. On Sustainable land use, it was about 23 percent below target. On enhancing equitable access to land for various uses agricultural production and settlement was about 22 percent below target; and 4) Enhanced land tenure security to improved livelihood missed their targets by 62 percent. Overall, results indicate that the sector failed to meet all its output targets for the period under review.

#### **14.6 Sector Policy Alignment to MGDS**

The review indicated that the strategic plan for the land sub-sector and national land policy that is being implemented were aligned to the MGDS. The sector is currently in the process of developing a national land use and management policy that will also be aligned to MGDS. However, the strategic plan for the housing sub-sector has not yet been align to the MGDS but plans are underway to align it to the Ministry of Transport's strategic plan as well as the MGDS in the near future.

#### **14.6 Follow-up on Previous Reviews & Lessons Learned**

##### ***Follow-up on Previous Reviews***

There were no previous recommendations on land and housing sector because the MPRS failed to articulate clearly issues relating to land and housing.

##### **Lessons Learned**

- 1) The sub theme six: land and housing only highlight issues relating to land only.
- 2) The Lands and Housing in MGDS have been over summarized, and mainly focus on implementation of the land reform Programme. Other core functions and support services of the sector such as land administration, valuation, estate management, land surveying and management are not included in the MGDS.
- 3) The budgeting is output-based while budget funding is itemized and not linked to particular activities which renders the comparison between the actual

- expenditure and planned activities difficult.
- 4) Where attainment of project results has been threatened due to lack of capacity in government, implementation through a PIU should be encouraged if supported by the donor but management should be done by the government.
  - 5) Donor community should move away from individual project funding towards general budget support, which will ensure greater government ownership as well as donor alignment and harmonisation within the sector Programmes and systems.

#### **14.7 Policy Recommendations**

Key recommendations for the Lands and Housing sector from the current review include:

- 1) The entire chapter of land and housing sector in the MGDS should be reviewed to reflect the core functions of the sector in totality considering that land is a critical factor of production for every sector. Furthermore, housing issues need to be clearly articulated in the MGDS under a separate sub-heading to reflect its importance. This should be done by the Ministry of Economic Planning and Development in collaboration with the Ministry of Lands and Natural Resources, and the Ministry of Transport, Public Works and Housing;
- 2) Those activities not in the MGDS but crucial for the attainment of MGDS goals under this sub-theme should be reviewed by Ministry of Lands and Natural Resources and Ministry of Transport, Public Works and Housing in collaboration with the Ministry of Economic Planning and Development for incorporation in the MGDS addendum; and
- 3) The Village Housing Scheme should be coordinated by the Department of Housing and not the Ministry of Economic Planning and Development as is the case at present.

## **CHAPTER 15: SOCIAL PROTECTION AND DISASTER MANAGEMENT**

Social Protection and Disaster Risk Management is the second theme in the MGDS. The recent poverty and vulnerability study noted that 95.0 percent of households surveyed reported at least one economic shock in the past five years, with most households experiencing more than one type of shock. Coupled with the findings that there was a 30 percent fluctuation in poverty between 1998 and 2005, the need to have Programmes that keep the non-poor from falling into poverty is essential. Thus, the overall goal under this theme aims at improving the socioeconomic indicators of the most vulnerable and to reduce the socioeconomic impact of disasters. As mentioned under Chapter 9 on Sustainable Economic Growth, aspects of economic empowerment are reflected here under social protection.

### **15.1 Social Protection (Protecting the Vulnerable)**

The main objective of social protection sub-sector in Malawi is to address chronic poverty and chronic vulnerability, so as to secure households against livelihood collapse and ensure that all citizens are able to meet minimum consumption needs. Social protection sub-sector provides welfare support to those that are unable to construct a viable livelihood through the following strategies: protecting the assets and improve the resilience of poor and vulnerable households; increase the productive capacity and asset base of poor and vulnerable households in order to move them above the poverty line; and it establishes coherent and progressive social protection synergies by ensuring strong positive linkages to influence economic and social policies, and disaster management.

### **15.2 Disaster Risk Management**

Disaster Risk Management sub-sector's overall objective is to reduce the socio-economic impact of disasters as well as building a strong disaster management mechanism. Disaster risk management aims at coordinating the implementation of disaster risk management Programmes in the country, such as, disaster preparedness, prevention, mitigation and emergence relief programmes, integration of disaster risk reduction into development plans.

### **15.3 Expected MGDS Outcomes**

#### **Text Box 13: MGDS Outcomes for Social Protection & Disaster Risk Management**

- 1) Increased assets of the poor to enable them to meaningfully engage in sustainable growth and contribute to poverty reduction.
- 2) Improved health and nutritional status of under five children, school age children, orphans, pregnant and lactating mothers, destitute families ,
- 3) Increased income for the poor
- 4) Reduced impact of disaster through improved disaster risk management.

The expected medium-term outcomes of the sector combine both those for social protection and disaster risk management, which are presented in Text Box 13 above.

### 15.3.1 Achievements for the Year

#### Outcomes

While the sector has put in place policy and institutional arrangements, there is lack of data to assess progress being made towards achievement of MGDS outcomes. This is mainly because the coordinating unit is new and does not have a clearly spelt out mandate as well as mechanisms to effectively keep track of activities in the sector. As such, there have not been any tracking on the annual MGDS indicators outlined in Table 29 below to assess performance. In addition, the disaster and risk management sub-sector does not have any indicators.

**Table 29: Annual MGDS Indicators – Social protection & Disaster Risk Management**

| Sub-Theme                              | MGDS Output/<br>Outcome Indicators   | Baseline<br>(2005) | 2006/07<br>Target | 2006/07<br>Actual | Target<br>Achievement |
|--|--|--------------------|-------------------|-------------------|-----------------------|
| 1.1<br>Protecting<br>the<br>Vulnerable | Proportion of disadvantaged receiving conditional and unconditional cash transfers | 4%                 | 7%                |                   |                       |
|  | Percent of h/hs reached by PWP, TIP, TNP DTP, per Programme                        |                    |                   |                   |                       |
|  | Percentage of beneficiaries who graduated out PWP, TIP, TNP DTP per Programme      |                    |                   |                   |                       |
| 1.2 Disaster Risk Management           | No indicators were defined in the MGDS   |                    |                   |                   |                       |

### **15.3.2 Recurrent Budget Performance**

Out of the 11 activities implemented under the sector, most of them were process activities like planning and consultation meetings, which are not part of the actual implementation activities included in the MGDS. Out of the three activities that are included in the MGDS, two of them were not costed and these included activities on monitoring and evaluation as well as formulation of the Social Protection Policy. There was over costing of the one activity included in the MGDS. For most of activities, the Approved Budget Estimate and the Actual Budget Funding are in tandem, however there is no break down in terms of the actual expenditure hence making it impossible to track the utilization of funds. The three activities were not done despite having an allocation of funds. This was because the actual disbursements of funds was not effected to the sector. In addition, there was shortage of staff to carry out the implementation.

### **15.3.3 Overview of Development Budget Performance**

Most of the social protection activities/Programmes are implemented by other sectors, especially within the Social Development Theme. An example of these activities include school feeding Programmes and Nutrition Programmes (Therapeutic care for OVCs and under five children) and as such the progress on their implementation will be covered under the relevant sectors. However, during the year under review, the sector had two projects included in the development, namely; Humanitarian food aid and flood disaster management which were not funded hence there was no any execution.

### **15.3.3 Development Projects Output Performance**

As indicated above, the projects in this sector were not implemented due to unavailability of funds.

### **15.3.4 Donor Alignment & Harmonization**

In the absence of clear coherent national social protection programme, alignment of donor programmes to the sector is proving to be difficult. Government in consultation with stakeholders including development partners is in the process of defining social protection including the scope and boundaries of social protection, social protection framework, policy and a national programme. Currently, interventions remain project-based and are stand-alone, which are largely designed and funded by development partners.

## **15.4 Constraints in Analysis**

- Data on the 2006/07 achievements of the output indicators for the sector is not available

- No data is readily available on development project and the outputs in order to assess their performance,
- Data on the MGDS Output/Outcome Indicators for the sector is also missing

### **15.5 Integration of Crosscutting Issues**

The sector does not have specific policies on HIV and AIDS, gender, environment and other crosscutting issues. However, many beneficiaries of social protection interventions are coincidentally affected by the HIV and AIDS pandemic in one way or another. Many of these people are poor and vulnerable, to a larger extent, because of the HIV and AIDS pandemic. This justifies why National AIDS Commission (NAC) is committed to financing the social protection interventions in the pilot districts and beyond. In addition, beneficiaries of social protection include women, men, boys and girls. There is a fair representation of different gender groups in the intervention communities and to a larger extent care is taken such that targeting criteria are not compromised.

### **15.6 Integration of Crosscutting Issues**

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### **15.7 Overall Sector Performance**

In general, there cannot be a plausible conclusion on the performance of this sector due to unavailability of data on MGDS annual indicators as well as Sector Activities and output achievements. There is no evidence from this review to indicate progress towards achievement of the MGDS outcomes.

Nonetheless, it is worth acknowledging the achievements made in the Disaster Risk management. Since in this sub-sector activities are mostly incidental, there cannot be any benchmark for comparison. Evidently, 4,755 households, affected by floods, were reached with relief items and 34,076 MT of food was distributed to 397,402 households in collaboration with WFP. However there is no indication on whether the quoted households were the only ones in need of intervention (which would mean a 100% achievement) or may be other households were not reached.



It is evident that the disaster risk management is lagging behind because this sub-sector is not being given equal focus and attention to balance the overriding significance of the sector and hence it's not producing results.

### **15.8 Sector Policy Alignment to MGDS**

The main activity on social protection in 2006/07 had been the development of the National Social Protection Policy. The policy aims at guiding and controlling social protection interventions in such a way that programmes are well designed and meaningfully meet the needs of various categories of poor and vulnerable households. The Social Protection Policy will be operationalised by the Action Programme that intends to achieve the overall policy goal and objectives in line with the MGDS.

### **15.9 Follow-up on Previous Reviews & Lessons Learned**

In the previous reviews, there were three recommendations from the JCPR and none from the MPRSP. The following were the recommendations:

- a) Need to define the boundaries of the sector, and develop a National Social Protection Programme, with long term funding commitments to facilitate alignment, predictable and reliable social protection interventions.
- b) The Government needs to operationalise the Social Protection Fuel Levy.
- c) There is need to establish a joint Monitoring and Evaluation Framework for the sector.

On the definition of the boundaries of the sector, there have been Social Protection stock taking, a Roadmap, Framework and drafting of the Social Protection Policy. These will be followed by the social protection programmes as a way of operationalising the policy. However to date, nothing have been done on the Social Protection Fuel Levy due to the absence of an endorsed policy in the sector. The need to have a joint M&E system has been included in the draft Social Protection Policy. The M&E system is expected to be developed alongside the National Programme on Social Protection.

### **Lessons Learned**

- 1) The pilot social cash transfer schemes provided a good learning platform.
- 2) Programmes continue to be mostly funded by donors due to lack of a national policy, strategy and programme.
- 3) Social Protection Unit is in the Ministry of Economic Planning and this affects the operations and progress in the implementation of the activities.
- 4) Disaster risk management is a new phenomenon; there has been more emphasis/focus on disaster response and preparedness than disaster impact mitigation and reduction.
- 5) There was a good coordinated effort by the development partners in ensuring the development of a social protection policy.

- 6) The move from Safety Nets Unit to Social Protection Unit is a critical way forward in ensuring re-orientation and effectiveness in addressing poverty and vulnerability issues. The composition of National Steering and Technical committees has the potential to provide better coordination and alignment of a partners' long-term support to the sector

#### **15.10 Policy Recommendations**

- 1) The process activities need to be comprehensively costed as part of the Programming
- 2) Social protection should be evidence-based and draw on solid data
- 3) The Social Protection Policy needs to be finalized.
- 4) There is need to increase funding for the Social Protection Unit in the Ministry of Economic Planning in order for implementation of activities to be effected.
- 5) The MGDS should clearly articulate issues on vulnerable groups such as persons living with disabilities, youth, orphans, and the elderly among others. These issues need to be incorporated in the MGDS addendum.
- 6) There is need for the sector to formulate additional MGDS annual indicators for social protection sub-sector.
- 7) There is need to formulate indicators for measuring disaster risk management.

## **CHAPTER 16: HEALTH SECTOR**

The health sector is one of the areas in the theme of Social Development within the MGDS. It is widely recognized that there is a very close and strong correlation between health status and the level of development to the extent that as countries develop, health indicators improve. As a result, Government is using a multifaceted approach through health and population strategies to improve the health indicators for the country

### **16.1 Health**

The long-term goal for the Health Sector is “To improve health status of people at all levels in a sustainable manner”, while the main objective of the Population sector is to contribute to the overall national development agenda, with emphasis on socio-economic growth by balancing population growth with available resources .

For the health sector, priorities for the implementation of activities in the sector revolve around the provision of the Essential Health Package (EHP) as part of the MGDS. While population programmes cut across all sectors, the focus on health revolves around sexual and reproductive health programmes. Others include education programmes, gender programmes, HIV/AIDS programmes and agriculture food security programmes.

### **16.2 Expected MGDS Outcomes**

The expected medium-term outcomes for the health sub-theme in the MGDS are expected to among others achieve the following:

- 1) Improved provision of essential health care services;
- 2) Reduced infant mortality rate from 76 to 60 per 1,000 live births;
- 3) Reduced child mortality rate from 133 to 99 per 1,000 live births; and
- 4) Reduced maternal mortality rate by 50 percent from 984 deaths per 100,000 live births.

For the Population sub-theme, the specific expected MGDS outcomes include the following:

- 1) Reduced annual population growth rate
- 2) Increased life expectancy at birth from 40 to 45.
- 3) Increased number of facilities providing family planning services across the country

The combined medium-term outcomes for health and population are outlined in Text Box 14 below:

**Text Box 14: Expected MGDS Outcomes for Health & Population**

1. People have better access and use of qualified care for essential health care issues:
  - a. Decreased cases of preventable diseases;
  - b. Improved TB cure rates to over 70%;
  - c. Improved use of ORT for diarrhea control;
  - d. Modern contraceptive use;
  - e. ARV treatment regimes are followed;
  - f. Decrease incidence of malaria by 50%;
  - g. Increase vaccination rates;
2. Central hospitals provide satisfactory level of referral services and able to financially self-sustain;
  - a. Reduce incidence of occupational hazards and diseases;
3. Reduction in incidence of water borne diseases;
  - a. Reduction in deaths due to diarrhoea especially in children under 5 years of age.
4. Increase in Life expectancy at birth
  - a. Reduction in population growth rate
5. Effective and efficient implementation of HIV and AIDS response across the public and private sectors.

**16.2.1 Achievements for the Year**

As indicated in Table 30 below, not all health indicators can be tracked on annual basis since they are obtained through the Demographic Health Survey (DHS) that is conducted only once in 4-5 years. The inherent population figures are also obtained through the national census that takes place only once in 10 years. Out of the 5 indicators available annually (highlighted in red), 3 indicators show good performance beyond the set annual targets for 2006/07 for the TB cure rate, doctor/population ratio, and OPD service utilization per 1000 population. Two indicators: the percent of national contribution to health and nurse population ratio indicate poor performance in terms of their failure to achieve the set annual targets.

For the achievement made in the long-term indicators such as the maternal mortality ratio, infant mortality ratio, and many others, this review will consider progress made in achievement of the health sector milestones. The latter is best tracked through reviewing other available data collected through interim surveys such as the Multiple Indicator Survey (MICS) over their baseline<sup>6</sup>. All the long-term indicators indicate positive performance over the baseline except for the infant mortality rate and under-five mortality rate, which fell short of achieving performance above their baselines.

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<sup>6</sup> An important assumption made here is that data collection methods used for getting the data in the MICS is similar and/or comparable to the main surveys through which the baseline data was collected.

**Table 30: MGDS Annual Indicators for Health and Population**

| Indicator  | Baseline<br>(2005)  | 2006/07<br>Target   | 2006/07<br>Actual   | Target<br>Achievement |         |              |
|--|---------------------|---------------------|---------------------|-----------------------|---------|--------------|
|  |                     |                     |                     | No<br>t<br>m<br>et    | M<br>et | Exceed<br>ed |
| Life Expectancy at birth   | 40 years            |                     | Not available       |                       |         |              |
| Maternal Mortality Ratio (MMR)   | 984/100,000         |                     | 984/100,000*        |                       |         |              |
| Infant Mortality Rate (IMR)  | 76/1000             |                     | 69/1,000*           |                       |         |              |
| Under 5 mortality rate   | 133/1000            |                     | 118/1,000*          |                       |         |              |
| Percentage of pregnant women who slept under insect site treated net the previous night  | 14.7%               |                     | 26%                 |                       |         |              |
| Percentage of children <5 yrs who slept under insecticide treated net the previous night | 14.8%               |                     | 25% (x MICS 2006)   |                       |         |              |
| TB Cure rate   | 74%                 | 76%                 | 77%                 |                       | M<br>et |              |
| Total Fertility Rate   | 6.0                 |                     | 6.3*                |                       |         |              |
| Proportion of 1 year-old children immunized against measles                              | 82%                 | 83%                 | 85.2%*              |                       |         | Exceed<br>ed |
| Proportion of births attended by skilled personnel                                       | 38 %                | 42%                 | 53.6%*              |                       |         | Exceed<br>ed |
| OPD service utilization per 1000 population  | 800/1000 population | 850/1000 Population | 918/1000 Population |                       |         | Exceed<br>ed |
| Nurse/population ratio   | 1:4,000             | 1:3,500             | 1:3,653             | No                    |         |              |

|  |          |          |               |
|--|----------|----------|---------------|
| Doctor/population ratio                                      | 1:62,000 | 1:60,000 | 1:44,458      |
| Percent of national budget contribution to the health sector | 11.1%    | 11.5%    | 8.7%          |
| EHP coverage   | 9%       | 15%      | Not available |

|                    |              |
|--------------------|--------------|
| t<br>m<br>et       | Exceed<br>ed |
| No<br>t<br>m<br>et |              |

Source: TWG on Health and Population

**Note:** The figures marked with an asterisk denote data collected through MICS 2006. The indicator on EHP coverage, is awaiting the completion of the facility survey to be completed by the later half of the 2007/08 financial year.

To complement the above long-term indicators, this review has also considered the achievements made in some key sector output indicators for the period under review (2006/07) in order to corroborate performance towards the MGDS outcomes. The latter assessment is presented in Table 31 below:

**Table 31: Key Health and Population Sector Outputs Indicator Performance**

| Output  | Output indicators  | 2006/07<br>Target | 2006/07<br>Actual | Target Achievement |     |          |
|---|--|-------------------|-------------------|--------------------|-----|----------|
|   |  |                   |                   | Not met            | Met | Exceeded |
| Increased number of qualified health workers  | Attendance of trained health workers                     | 38%               | 40%               |                    | Met |          |
| Increased availability of drugs at health facilities                                      | -No. of ITNs sold/distributed in the country in the year | 1,500,000         | 1,324,921         | Not met            |     |          |
| Improved diagnosis and treatment at health care facilities, especially maternity services | % equipment budget utilized                              | 100%              | 75%               | Not met            |     |          |
| Good monitoring, supervision and utilization of health care facilities developed          | % districts reporting                                    | 100%              | 91%               | Not met            |     |          |

Source: TWG on Health & Population

Contrary to the positive performance indicated by using the long-term indicators, achievements in the sector outputs indicate that only 1 out of the 4 output indicators above met its target. This implies that performance towards achievement of the sector outcomes is better reflected through use of the long-term annual indicators compared to relying on output indicators that tend to be short-term in nature.

### **16.2.2 Overview of Recurrent Budget Performance**

The analysis indicates that all activities that were implemented during the year under review were aligned to the MGDS activities. However, there is some variance between the list of activities in the Output-Based Budget and the MGDS. Specifically, the review indicates that some routine activities especially those at the service delivery level are not reflected in the MGDS. These include the following: provision of IT services, financial management, nutrition and food, environmental management, media and information, which form part of the Pillar 5 of the Health SWAp that are conspicuously left out. Other activities that contributed to the variance in expenditure were due to the implementation of the Capital Investment Plan, and Central Medical Stores (CMS) reforms. As such, this affected the quality of analysis regarding whether the sector output budgets actual expenditures were in line with the planned activities.

In the population sub-sector, most of these activities planned for 2006/07 were not implemented due to lack of funding and coordination. The activities are all within the National Population Plan (NPP), which is yet to be endorsed by cabinet. In addition, there are no funds attached to the population activities in the MGDS.

### **16.2.3 Overview of Development Budget Performance**

In the 2006/07 budget year, projects under the health sub-sector were implemented according to the Capital Investment Plan (CIP). The aim of the CIP is to improve physical access to quality EHP services through rehabilitation, upgrading, and construction of health facilities and provision of necessary equipment sets. However, budget performance in a number of projects cannot be verified because they are implemented through parallel Project Implementation Units (PIUs), whose records were not readily available. Only the following projects were funded through the development budget:

- Dowa and Phalombe District Hospitals
- Balaka District Hospital
- Nkhata-Bay District Hospital
- Emergency Medical Laboratory Services

#### **16.2.4 Development Projects Output Performance**

None of the four projects reported under the health sub-sector achieved their targets in terms of implementation. For example, the Dowa and Phalombe District Hospitals project has only initiated procurement procedures, while the Balaka District hospital project is still awaiting approval of funds in the new financial year although plans were finalized. The Emergency Medical Laboratory Services project is supposed to benefit seven district hospital laboratories, out of which only the one for Mchinji District Hospital has been completed. The rest, namely, Bwaila Hospital, Kasungu, Nkhata-Bay, Mangochi, Mwanza, and Rumphu, are still pending.

#### **16.2.5 Donor Alignment & Harmonization**

All the partners in the sector indicate a clear commitment to the principles of harmonization, alignment and transparency. On the part of government stakeholders, the Ministry of Health, Ministry of Finance and Ministry of Local Government have all expressed clear political commitment in implementing a sector-wide approach (SWAp), supported by decentralization processes and good budget management. In addition, commitment by the donor community is also evidenced through channeling of funds through government systems, alignment of their procedures with government disbursement, accounting, reporting, auditing, and procurement systems.

Furthermore, Malawi is one the few countries where a Memorandum of Understanding (MOU) between the Government and Development Partners exists, which outlines the principles and operational guidelines of their relationship with regards to support for the health sector. The governance structure, as outlined in the MOU operational annexes, is in line with best practice as experienced in other sectoral Programmes that rely heavily on working through partnership.

Finally, Malawi has been in line with the best practice of conducting both the mid-year and annual reviews for the health sector. These have been important mechanisms for allowing a wide cross-section of stakeholders, from MOH decision makers, the public and private service providers to health service users in reviewing progress of the health sector strategy.

There is not enough tracking of the donor activities in the population sub-sector, although there are many donors contributing to the sector. In addition, the Programmes being funded by UNFPA are almost at a standstill due to untimely release of funds as well as the reduction in the amount of funds allocated.



### **16.3 Constraints in Analysis**

- Data on the 2006/07 achievements of the output indicators for the health sub-sector is missing, which has made it very difficult to corroborate their current performance with some of the positive findings from past surveys such as the MICS.
- There is also no data readily available on development project outputs in order to assess their performance, other than the fact that implementation has not taken place.

### **16.4 Integration of Crosscutting Issues**

By launching and disseminating the HIV/AIDS Policy and Programme in the workplace in October 2007, the Ministry of Health has ensured the integration of HIV and AIDS issues through the Programme, information and awareness meetings on workplace policies and Care for the Carer Programme for all staff. The Ministry also procured and distributed HIV prevention supplies/condoms and IEC materials on HIV related issues.

The sector does not have a specific policy on gender, environment and other crosscutting issues. However, it is understood in the spirit of the SWAP that all partners are expected to align themselves to agreed principles of the MOU<sup>7</sup>.

### **16.5 Overall Sector Performance**

Given that 3 (60 percent) out of the 5 MGDS annual indicators whose data is available annually indicated positive performance (Table 21a), the health and population sector can be said to be performing just above average towards achieving the MGDS outcomes. This coupled with the poor performance in achievement of sector outputs indicates that the overall performance for health sector is not that good for the period under review.

However going by the long-term indicators (data is available from the MICS 2006), only 2 out of the 7 indicators fell short of their baseline levels. The performance of health sector towards achievement of the MGDS outcomes takes a while to translate into positive outcomes. As such, use of only quantitative performance indicators may not be sufficient to understand health sector outcomes and it is therefore necessary to complement annual reviews with other evidence and/or qualitative assessments. For instance, in the case of MGDS outcome number 1 of people having better access and use of qualified care for essential health care issues, evidence available includes:

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<sup>7</sup> By virtue of being a member of the UN and an active participant in international agreements, Malawi is compliant to many conventions.

- Almost 500 percent increase over the baseline in percentage of children under five who slept under insecticide treated nets the previous night thus the likelihood of decreasing the incidence of malaria by 50 percent.
- An increase of 41 percent over the baseline by proportion of births attended by skilled personnel, although this is coupled with no change in maternal mortality ratio (MMR) of 984,000/100,000 population, still indicates better access and use of qualified care.
- An achievement of 1.3 percent over target in the TB cure rate in one year indicates a positive trend in improving TB cure rates to over 70 percent 2011.
- A slight increase over the baseline (0.6 percent) in the proportion of 1 year-old children immunized against measles as a reflection of increase in vaccination rates.

There is not much evidence from this review to indicate progress towards achievement of the other four MGDS outcomes for the combined Health and population sector. Instead, there is evidence of negative performance towards achievement of MGDS outcome No. 4 regarding increase in life expectancy at birth. The increase in the total fertility rate from 6.0 per woman in 2005 to 6.3 in 2006, if used as a proxy measure of population growth rate indicates negative performance towards achievement of the latter outcome.

## **16.6 Sector Policy Alignment to MGDS**

The review indicates that policies implemented in the health sub-sector are in alignment with the MGDS in terms of addressing almost all the issues outlined within the sector outcomes. The policies include the following:

- Scaling plan for HIV, developed guidelines for pediatric HTC, the New Malaria policy, dACSD policy, IMCI Strategic Plan, ARI policy, Revision of the NTP manual, National reproductive health strategy, and RH operational standard finalized.
- The Ministry initiated ITN re-dipping campaigns and 60 nets were re-dipped and distributed.
- Conducted bi-annual immunization child health days; and scaled up IEC activities related to immunization.
- Central Hospitals underwent rehabilitation of various units and departments; and there was strengthening of Planning through Central Hospital Implementation Plans
- Central Hospitals became autonomous
- Water quality monitoring in 21 districts and quarterly supervision initiated

For the population sub-sector, the national population policy is also in alignment with the MGDS since it addresses issues of curbing population growth across all sectors. However, the policy gap noted is due to the lack of progress in its implementation due to lack of funding as already indicated under budget performance.

## **16.7 Follow-up on Previous Reviews & Lessons Learned**

### **Follow-up on Previous Reviews**

For the health sub-sector, the previous review on the Malawi Poverty Reduction Strategy (MPRS) made the following recommendations:

- 1) Put in place mechanisms to ensure the mutual accountability of GoM and Development partners to the agreement contained within the Memorandum of Understanding.
- 2) Development partners to ensure that all inputs are captured in the Annual Implementation Plan and budget to coordinate all activities including training.
- 3) Need for Government to implement the Maternal Health Road Map
- 4) Government to accelerate Plan for PMCTC
- 5) Government to accelerate the implementation of the Human Resources Strategic Framework.
- 6) Recapitalization of the Central Medical Stores and strengthening of the drugs supply chain

Through the positive review provided on donor alignment and harmonization, follow-up on recommendations 1 and 2 has been accomplished. However, there is no evidence to show that follow-up has been conducted by the sector as regards recommendations from No.3 to 6 stated above.

### **Lessons Learned**

- 1) From the health sub-sector, important lessons were drawn which had an impact on the reporting quality of this annual report. For instance, the whole Department of Planning and Policy Development has been subject to high turnover due to a combination of factors beyond the scope of this review. The delayed finalisation of the Functional Review for the MOH played a big part as it has been consistently understaffed especially at the Central level.
- 2) Plans have been in existence, for instance, for the HMIU to be transformed into a MERU since the creation of the POW and the signing of the MoU which have not been implemented.

For the population sub-sector, both positive and negative lessons can be drawn from the first year of implementation of the MGDS as follows:

1. Population issues are not well articulated in the MGDS. The population issues that have been considered/ or articulated as population issues are only those related to health while those which are not health related such as education and gender are not regarded as population issues. As such the scope of population issues in the MGDS has been limited to health issues only. This is a big short fall.
2. Some of the population indicators that have been highlighted in the MGDS such as life expectancy, TFR, rate of population growth are difficult to measure within a limited space of time.
3. Population issues cut across all sectors and it is very difficult to monitor change or progress.
4. Some of the population activities outlined in the MGDS do not have budgetary allocations and as such it has been very difficult to assess progress on financing.

## **16.8 Policy Recommendations**

For the health sub-sector, one key recommendation from the current review is as follows:

- 1) There is need to clarify complementary roles and responsibilities between actors in the monitoring and evaluation system as a part of the process of transforming the HMIU into MERU. This is important so that as MERU begins to take a strong leadership position in improving data quality and data use, problem areas will be able to be more effectively monitored and work plans and budgets prioritized.

For the population sub-sector, the following policy recommendations emerge from this annual review:

1. There is need to raise awareness and appreciation of population issues to avoid relegating them to health issues. This entails doing a lot on advocacy and sensitizations at all levels
2. There is need to increase assistance (technical and financial) by government and development partners on issues concerning population and development

## **CHAPTER 17: EDUCATION SECTOR**

### **17.1 Education**

The Ministry of Education and its Development Partners have been conducting Joint Sector Reviews (JSR) since 2000. The Policy Investment Framework (PIF) developed in 2000 was the focal point of the first three reviews. These early reviews were aimed at increasing the common understanding of education in poverty alleviation and service delivery. Subsequent reviews after 2003 assessed progress against set indicators, reviewed expenditure, prioritized the education sector plan and mapped the way forward to an agreed Sector Wide Approach (SWAp) in education development. The current review is the first one since the implementation of the MGDS, and it is expected to form a baseline for subsequent annual reviews.

The education sector has three levels namely; basic, secondary and tertiary/higher education. The basic education level consists of Early Childhood Development (ECD), Primary Education, Adult Education and Literacy and Youth Development Programmes. Within the tertiary level, are Primary and Secondary Teacher training, Technical and Vocational Training and university. The Ministry of Education, Science and Technology is responsible for Primary, Secondary and Tertiary Education. However, it should be noted that the ministry's involvement in primary education is now mainly through policy development, policy enforcement and teacher training since this function has since been devolved to the District/Town/City Assemblies. Furthermore, the issue of education spans across three other different government ministries. These include: Ministry of Local Government and Rural Development for the provision of primary education services, Ministry of Women and Child Development for the provision of ECD services and Adult Education and Literacy and Ministry of Youth Development and Sports for the provision of sports and services for out-of-school youth.

### **17.2 Expected MGDS Outcomes**

The education sector, is a catalyst for socio-economic development, industrial growth and an instrument for empowering the poor, weak and voiceless (MGDS: 50). In order to achieve this vision, the education sector aims at providing quality and relevant education to the Malawian citizenry. As such, the education sector is expected to achieve the following long term goals:

- Equip students with basic knowledge and skills to enable them function as competent and productive citizens;
- Provide students with the academic basis for gainful employment in the informal, private and public sectors and
- Produce highly skilled professional in all fields of development.

Specific medium-term outcomes for the education sector are presented in Text

**Text Box 15: Medium-term Outcomes for the Education Sector**

A. For Primary:

- 1) Improved Internal Efficiency:
  - a. Reduced absenteeism to 5% by 2012 at primary
  - b. Reduced dropout by 50% at primary
  - c. Increased net enrolment to 95% by 2012
- 2) Improved learning outcomes
  - a. Mastery levels (proficient reading and proficient writing skills at higher level)
- 3) Improve Girls retention in Primary Cycle:
  - a. Primary school completion rates for girls (41% in 2004),
  - b. Repetition rate for girls (18.8% in 2004)

B. For Secondary:

- 1) Improved Internal Efficiency
  - a. Reduced absenteeism by 50% by 2012 in secondary
  - b. Increased net enrolment from 30% to 50% by 2012 in secondary
  - c. Reduced dropout to 5% in secondary
- 2) Improved learning outcomes in secondary
  - a. Mastery levels (reading and writing skills at higher level)
- 3) Improve Girls retention in Secondary Cycle
  - a. Reduce girl dropout rate to 5%
  - b. Reduce repetition rate by 5%
  - c. Reduce girls absenteeism by 50%

C. For Tertiary:

- 1) Increased undergraduate enrolment by 40%
  - a. Increase post graduate enrolment ration to 10% of the undergraduate student population (in take 7,400 in 2005)
- 2) Increased by 5% female enrolment by 2010 (girl participation 31% in 2005)
- 3) Improved curriculum to respond to national needs

Box 15 below.

### 17.2.1 Achievements for the Year

The education sector can be said to be making good progress towards achieving the MGDS outcomes as shown in Table 32 below. Fifteen out of the 23 indicators have either met or exceeded the target. The results from this annual review indicate that completion rates have increased from 28 percent in 2005 (baseline

year) to 69.41 percent in 2007 exceeding the set target of 46%. The sector has also achieved the set targets on both net and gross enrolment rates. Since the introduction of free Primary Education in 1994, the education sector in Malawi has made significant progress. The target of 100 percent for Net enrolment rate for primary school-going age children has been achieved, although the data provided exceeds 100 percent simply because there is enrolment of children who understate their age in the system. The increase in net enrolment to universal level has not only led to achievement of the MGDS Outcome of improving internal efficiency but has also had an indirect effect on another outcome of improving girls retention in school.

For Secondary Education outcomes, there was a slight increase in net and gross enrolment rates by 1.8 and 3 percent points respectively; which has not only improved attainment of secondary school outcomes but also has an indirect effect on improving the tertiary education MGDS Outcomes. The review has also shown significant improvement in qualified teacher/secondary student ratio from 1:73 to 1:58 reducing the set target by 7 points.

**Table 32: MGDS Annual Indicators for Education**

| Indicator                                      | Baseline<br>(2005) | 2007<br>Target | 2007 <sup>8</sup><br>Actual | Target Achievement |     |          |
|--|--------------------|----------------|-----------------------------|--------------------|-----|----------|
|  |                    |                |                             | Not met            | Met | Exceeded |
| <b>A. Primary Education</b>                    |                    |                |                             |                    |     |          |
| Primary School Gross Enrolment rate by Gender: |                    |                |                             |                    |     |          |
| a) Total                                       | 126%               | 110%           | 116%                        |                    | Met |          |
| b) Girls                                       | 124%               | 105%           | 115%                        |                    | Met |          |
| c) Boys  | 128%               | 115%           | 117%                        |                    | Met |          |
| Primary School Net Enrolment rate by Gender:   |                    |                |                             |                    |     |          |
| a) Total                                       | 108%*              | 102%           | 100%                        |                    | Met |          |
| b) Girls                                       | 108%               | 101%           | 101%                        |                    | Met |          |
| c) Boys  | 108%               | 103%           | 98%                         |                    | Met |          |
| Completion rates in primary school             | 28%                | 46%            | 69.41 %                     |                    |     | Exceeded |
| Qualified Teacher /Primary School Pupils ratio | 1: 85              | 1:83           | 1:88                        | Not met            |     |          |
| Primary School Classroom/Pupil ratio           | 1:85               |                | 1: 104                      |                    |     |          |
| Primary School repetition                      |                    |                |                             |                    |     |          |

<sup>8</sup> Education sector data is based on a calendar year from January to December. Therefore, for FY 2006/07, data used is for Calendar year 2007.

| Indicator  | Baseline<br>(2005) | 2007<br>Target    | 2007 <sup>8</sup><br>Actual | Target Achievement            |                   |                                  |
|--|--------------------|-------------------|-----------------------------|-------------------------------|-------------------|----------------------------------|
|  |                    |                   |                             | Not<br>met                    | Met               | Exceeded                         |
| rates<br>a) Total<br>b) Girls<br>c) Boys   | 17%<br>16%<br>17%  | 15%<br>15%<br>15% | 18.05%<br>17.53%<br>18.46%  | Not met<br>Not met<br>Not met |                   |                                  |
| Primary School Dropout rate<br>by gender<br>a) Total<br>b) Girls<br>c) Boys            | 22%<br>23%<br>21%  | 20%<br>20%<br>20% | 14.11%<br>16.36%<br>12.1%   |                               |                   | Exceeded<br>Exceeded<br>Exceeded |
| <b>B. Secondary Education</b>  |                    |                   |                             |                               |                   |                                  |
| Secondary School Gross<br>Enrolment rate by Gender:<br>a) Total<br>b) Girls<br>c) Boys | 17%<br>15%<br>20%  | 15%<br>12%<br>20% | 18.5%<br>15.91%<br>21.29%   | Not met<br>Not met            | Met               |                                  |
| Secondary School Net<br>Enrolment rate by Gender:<br>a) Total<br>b) Girls<br>c) Boys   | 11%<br>10%<br>11%  | 10%<br>11%<br>12% | 11.84%<br>11.28%<br>12.4%   |                               | Met<br>Met<br>Met |                                  |
| Qualified Teacher/Secondary<br>School Pupils ratio                                     | 1: 73              | 1:65              | 1:58                        |                               |                   | Exceeded                         |
| Transition rate from Primary<br>into secondary school                                  | 15%                | 55%               | 43.5%                       | Not met                       |                   |                                  |

**Source:** TWG on Education;

\*Net enrolment is not supposed to exceed 100% but this is due to understating of age in the system.

The review has also find out that despite the positive progress made towards many of the education outcomes, significant challenges remain. For example, although access at primary level has greatly improved, 20 percent of primary school children are still not attending school. In addition, the efficiency and quality of education currently being provided remains low. Nearly a fifth of children who enrol in Standard 1 either repeat or entirely drop out. In addition,



less than a third of the children who survive Standard 1 complete primary school and only 3 percent of Standard 4 children who were recently assessed were competent in Mathematics and English.

### **17.2.2 Overview of Budget Performance**

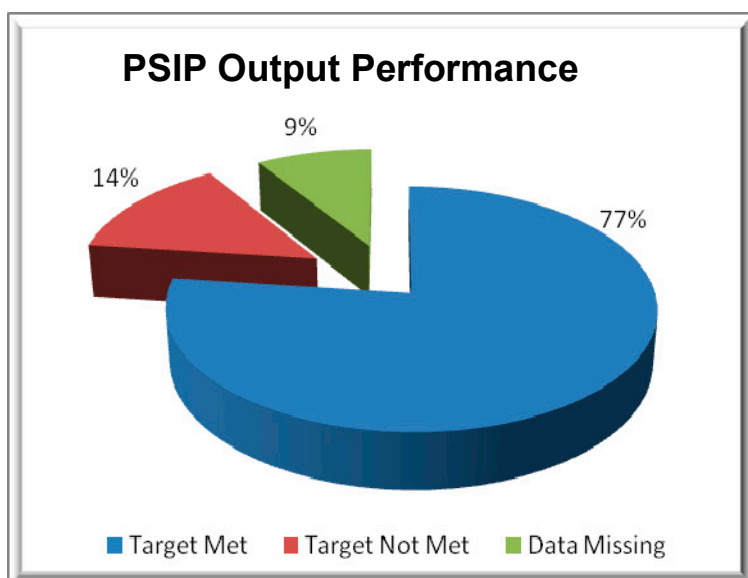
The total funding to education was about 9 MK Billion for 2006/07, out of which 97 percent was spent. In terms of alignment of activities to the MGDS, there is some alignment between the education budget and the MGDS but it is not fully consistent with the NESP. This is because there was evidence that a lot of MGDS activities were not as reflected in the Output-based budget. The budgets for some activities implemented were either far beyond or less than that in the MGDS, and some activities in the budget had no costing in the MGDS. Other education related activities especially for Programmes in ECD, Adult Literacy, Youth and Subvented organizations were not included in the MGDS although they were funded in the 2006-2007 Output-based Budget. This is a result of lack of proper harmonization between the sector plan (i.e. NESP) and the MGDS. There is also strong evidence that the Ministry implemented the activities that were planned within the NESP and managed to achieve the planned outputs. However, it remains unclear whether support for administrative and personnel emoluments were factored into the costing in the MGDS. Otherwise, those outputs that are well articulated in the MGDS are also reflected in the NESP.

For development projects, the Ministry implemented 28 projects in 2006/07 in conjunction with major Development Partners such as the African Development Bank (ADB), Canadian International Development Agency (CIDA), Department for International Development (DfID), the German Government and the World Bank (WB) and USAID. In addition, there are three programmes that are being supported jointly by donors, these include:

1. Primary Curriculum Assessment Reform Programme: The joint support is from GTZ, CIDA and DFID
2. School Feeding Programme: The joint support is from GTZ, WFP and World Bank
3. Malawi Education Sector Support Programme: DFID manages Dutch funding through a 'Silent Partnership' arrangement. This has channeled an additional £21m into the sector.

### 17.2.3 Development Budget Output Performance

**Figure 13: Education Projects Performance**



In terms of project implementation, it can be said that the performance of development projects was generally satisfactory. The overall project achievement could be rated at about 77 percent of the planned targets, while 14 percent of projects did not meet the target. Out of the 22 projects implemented in the Education Sector in

the period under review, as much as 17 met their output targets, while 3 performed below their targets as presented in Figure 13.

**Source:** Education TWG (2006/7)

### 17.2.4 Donor Alignment and Harmonization

MoE is in the process of mapping out its priorities over the next 10 years with a strategic focus based on realistic costing contingent on projected financing levels. This process is a high-level dialogue between MoE and Development Partners in aligning possible resources with priority activities. It is the belief within the sector that the Paris Declaration and Programmes harmonization through a NESP-based SWAp is an opportunity, which the sector will diligently and promptly utilize.

Work on the National Sector Education Plan (NESP) is on – going. Nonetheless, in its current state it is a working document and strong efforts and commitment between the Government and Development Partners is generally agreed on and that all partners in the sector are aligning their programme areas to the NESP. It is generally agreeable that at the completion of the NESP; all interventions in the sector will be based on the NESP.

The following are the successes in the sector relating to alignment and harmonization by donors:

1. The draft Joint Financing Arrangement in the implementation of key Programmes in basic education
2. Joint Programme planning (e.g. UNICEF, USAID, JICA and DfID)

### 3. Joint development of the NESP (On going) with development partners

In this regard, MoEVT and Development Partners (DPs) have made real efforts to better align programmes to the emerging NESP. In aggregate terms, existing portfolios (Government or donor) projects or activities are aligned to the prioritized activities in the MGDS at a rate of 62 percent across all sub sectors, (Tertiary education: 78 percent, Basic Education: 75 percent and Secondary Education: 36 percent. This is indicative of a situation where there is more focused interventions under Tertiary Education (with dominant support from GoM); followed by Basic Education (with dominant support from donors) and Secondary Education with below average focused interventions. Therefore, there is need to rationalize the interventions across the sector based on priorities and taking into account the way in which the sub sectors complement each other.

It must be recognized, however, that the current plan was developed to incorporate on-going Development Partner commitments and so a degree of alignment is guaranteed. There have been some notable recent exceptions (e.g. the recent USAID agreed programme to establish Interactive Radio Instruction in Malawi's primary schools) but overall there is broad consensus amongst major stakeholders that the NESP will now frame DP activities in the sector. Once the plan is further prioritized and an MTEF developed, the sector will be in an even stronger position to guide donor investments to priority activities.

This year will be the fifth consecutive year in which DPs and MoEVT have assessed progress in the sector together under the umbrella of a Joint Sector Review. In the last 12 months, Technical Working Groups (TWGs) in MoEVT in all key programme areas have been restored and the sector is now encouraging all stakeholders to work through TWGs, with oversight from a high-level Policy and Planning Committee.

Significant progress towards a pooled fund has also been achieved, and it is hoped that even those partners who are institutionally constrained in joining pooled funding arrangements will be encouraged to join at some point in the future. Activities implemented by JICA, GTZ/KFW, CIDA, DfID and UNICEF have used the Government procurement and Public Financial Management Systems to a larger extent in the implementation of Primary Curriculum Reform Programme. Otherwise, the rest of the major development partners have sole and specific procedures on procurement and financial management. The summary of donor alignment is presented in Table 33 below.

**Table 33: Progress on Donor Alignment and Harmonization-Education Sector**

| Indicators on Track  | Indicators off-Track                            | Indicators with Missing Data |
|--|---|------------------------------|
| Percent of aid flows to the government sector that is reported on GoM's national budget: 82.7%                     | Use of Public financial management System       | None                         |
| Percent of donor capacity development support provided through co-ordinated Programmes: 100%                       | Percent of bilateral aid that is untied: 17.76% |                              |
| Percent of donors and of aid flows that use partner country procurement systems<br>➤ Donors: 20%<br>➤ Aid flows 5% |   |                              |
| Number of parallel project implementation units: Only 1 PIU in place   |   |                              |
| Percent of aid released according to agreed schedules: 70.4%   |   |                              |
| Percent of aid provided as as Programme-based approaches: 49.6%  |   |                              |
| Percent of field missions or analytic work that is joint: 53.5%  |   |                              |

**Source: TWG on Education**

### **17.3 Constraints in the Analysis**

MoEST has an effective system for collecting and synthesizing education data. In 2005 and 2006 education statistics for the entire country were available on time. The focus in the coming years will need to be the appropriate use of data for policy-making purposes and an emphasis on district-level data usage. However, monitoring of the implementation of core sector activities remains weak and is done on an ad hoc project-based approach rather than as an overall coherent and within a sustainable system. The sector anticipates strengthening this in the context of developing the education SWAp. Learning from evaluations also remains weak but again this will be strengthened in the context of the SWAp. There is also need to focus on improving the flow of information. Departments within the education sector tend to work in isolation and reports are often not available outside of particular departments. Information from the tertiary sector (University Colleges, TTCs and Technical Colleges) is scanty.

There was lack of project output targets, which made it difficult in assessing the sector's degree of performance in achievement of its project outputs. In addition, while the sector claims to have an effective system for data collection, there is lack of gender-disaggregated data, which is necessary to assess the achievement of the MGDS outcomes concerning girls in education.

#### **17.4 Integration of Crosscutting Issues**

Within the education sector, crosscutting themes have largely been integrated in curricula more especially at primary and secondary school levels. For example, issues of HIV AND AIDS have been packaged into a subject area called life skills education in addition to initiatives taken by other service providers for the education sector. Gender issues are mainstreamed in education activities.

#### **17.5 Overall Sector Performance**

Based on the level of achievement of the sector MGDS annual indicators where 15 out of 23 either met or exceeded their set targets (representing 52% level of achievement) and the high achievement of the development project outputs (77%), it can be said that the sector performance was satisfactory in the year under review.

#### **17.6 Sector Policy Alignment to MGDS**

In order to achieve the three priority goals, Government is implementing a number of reforms which include:

- Improving access, equity and retention at all levels of education;
- Improving the quality and relevance of the education provided at the three levels and
- Improving the governance and management of the education sector.

#### **17.7 Follow-up on Previous Reviews & Lessons Learned**

##### **Lessons Learned**

1. Access to Education at all levels- Free Primary Education (FPE) opened up the doors of the primary school sub-sector to millions of children, at the expense of the quality of education. The challenge remains that of retaining these millions in schools. First, a problem faced is that many do not attend school regularly and, therefore, fail to move up into the next standard. Some repeat one or more times, whilst others lose interest altogether and drop out. These problems lead to low completion rates, high rates of absenteeism and repetition and low achievement.
2. Infrastructural problems- There is a wide-spread problem of lack of appropriate classrooms, classroom furniture, pit latrines and teachers' houses. These factors adversely affect the learning environment.

3. Financial constraints- At secondary level, although the Distance Education Centers (DECs) have been converted to Community Day Secondary Schools (CDSS) in an effort to widen access, resources at these levels are far from adequate.
4. Quality of Education-the quality has been compromised by low and poor quality inputs into the system such as teachers, teaching and learning materials, infrastructural material and inspectional visits. In addition, poor implementation of policies such as liberalization of education policy has seriously affected education. For instance, most private schools do not comply with the required standards.
5. Lack of Qualified Teachers- the inadequate number of qualified teachers and lack of regularized school In-service Teacher Education and Training (INSETS), which would improve the professional development of the teachers. Additionally, the qualified teacher/pupil ratio in rural areas is particularly bad. The reason is because of lack of material incentives that the Ministry Of Education is able to offer teachers at present e.g. better teacher housing, or poor positioning of many of these schools from public services meaning that the teachers are very much isolated. This aspect also has poor consequences for training female teachers in rural areas. Those that do teach in rural areas do so because their spouse is also in the same locality. Lack of sufficient qualified female teachers in the rural areas negatively influences girls' enrolment, thereby impacting upon the gender gap nation-wide.
6. Equity in Education- the most profound constraint in the education system is achieving equity. The inequitable distribution of female to male students increases in the higher levels of education. In the lower standards at primary level, the disparity between sexes is not great. However, from standard 4 to 8 the gap becomes wider. The inequity in enrolments between girls and boys is particularly associated with a number of factors such as poverty, lack of interest, early pregnancies/marriages, inadequate female teachers, lack of adequate school facilities, taking care of the sick at home as a result of HIV and AIDS pandemic and other family chores.
7. Relevance of Education- a challenge for the Ministry is to reform the curriculum such that it responds positively to the current needs of the individual learners and those of society at large. Therefore reduce the number of academic subjects on offer to produce both white-collar job seekers and job-providers. Furthermore, the sector needs to embrace and make available the use of Information Community and Education Technology (ICET) as an important mechanism for the modern delivery of education.
8. The Impact of HIV and AIDS on Education-HIV and AIDS is having an erosive effect on the performance and output of education systems. While there are no reliable statistics on the number of teachers dying, it is clear that the pandemic is having a devastating impact on the workforce through death and absenteeism. Teachers and other officials involved in Ministry of Education who are not directly infected with HIV and AIDS are still

affected. They spend time caring for sick spouses, relatives and going to funerals still affected. They spend time caring for sick spouses, relatives and going to funerals of their colleagues and family member. This also applies to children attending school, especially girls who are required to tend to sick relatives and take charge of chores which impacts upon their learning environment.

9. Development projects implementation, monitoring and evaluation remain project based. This has in some instances led to duplication of efforts and tying up of finances in areas where optimal impact is highly desired.

## **17.8 Policy Recommendations**

1. There is need for MoF to clearly link the line items in the submitted sector budgets to the output based budgets so that outputs from the sector activities implemented are traceable in relation to budgetary expenditure;
2. The Ministry needs to develop a procurement plan in line with the planned outputs if targets are to be achieved. In addition, there is need to base Part 1 & II of the budget outputs on an agreed plan to which collaborating partners and GoM are party to such as the National Education Sector Plan;
3. The Ministry needs a clearly laid out Monitoring & Evaluation framework, which should be supported materially and financially with emphasis on the implementation stages of activities in the budget. In addition, the M&E framework needs to reflect the M&E master plan for the MGDS so that the annual reviews conducted inform change management and planning cycles;
4. There is need to speed up a sector wide conceptualization process and initiate a full sector wide approach in the next budget (2008/09);
5. Financial management, procurement, planning and budgeting and M&E needs to be strengthened urgently to allow for the rapid implementation of a pooled fund to underpin the NESP;
6. There is need for GoM and donor partners to clearly specify their financial commitments to inform planning and budgeting and for these to be fully reflected in the national budget to allow the capture of all education resources; The predictability of funding will need to improve to allow for credible MTEF planning and the appropriate prioritization of activities;
7. There is need for a proactive direction and commitment in filling vacancies in the Ministry of Education Science and Technology with adequately trained personnel based on functions of such posts;
8. The GoM should critically take into account advice from donor partners and incorporate aspects of education that are not clearly articulated in the MGDS e.g. issues in early childhood and development, adult literacy and out of school youth;
9. There is need for MoEST to expand the teacher education capacity in order to address current teacher shortfalls in the sector by implementing the rural teacher incentive packages (Secondary and Primary) in order to

- attract more teachers which will improve the Teacher: Pupil ratios in rural areas;
10. There is need for MoEST to expand the distance education modes (e.g. Interactive radio instructions, information and communication technology (ICT) and open and distance learning).
  11. There is an urgent need for government to commit adequate resources for the new primary school curriculum, which since 2001 has heavily relied on Development Partners' funds.
  12. There is need for government to commit more funds into school construction as part of the on-going infrastructure development Programmes. Furthermore, there is need to rethink all the programmes under the Ministry and to redefine their MGDS/NESP implementation responsibility.
  13. The GoM should take the lead in discussing ways through which the budget calendar may be realigned and harmonized with that of donors to a larger extent.
  14. The MGDS does not clearly articulate issues on tertiary education level, and as such there are no indicators formulated within the MGDS to assess progress achieved towards the tertiary education outcomes.



## CHAPTER 18: GENDER

### 18.1 Gender

The Ministry of Women and Child Development (MoWCD) coordinates all national initiatives and programmes aimed at improving the social economic status of women and children. Some of the sector objectives include: i) Promote women's rights and participation in economic, social and political sphere; ii) Increase number of children accessing child development services; iii) Reduce the number of individuals at risk of deprivation; iv) Increase the number of communities with improved living conditions and participation in community based programmes; v) Increase literacy levels amongst youths and adults; and to vi) Increase stakeholders' compliance to the implementation of policies, guidelines, standards and procedures on women and children.

### 18.2 Expected MGDS Outcomes

The key expected medium outcomes for the sector is to mainstream gender in national development process and improve socio-economic indicators for women and girls. The specific key outcomes are outlined in Text Box 16.

#### 18.3.1 Achievements for the Year

##### Outcomes

The sector has three annual MGDS indicators as outlined in Table 34 below to measure progress towards achievement of its outcomes. The indicator on percentage of women in decision making increased from a base of 15 percent in 2005 to 19.2 percent in 2006/07. Although there has been an increase in percentage of women in decision-making positions in Malawi, the level is still below the SADC target of 50 percent. Within this group, are percent of women who hold seats in parliament which still stands at 14 percent (2004) according to the Malawi Electoral Commission. In actual numbers, the latter represent 27 women out of a total of 193 elected members of parliament.

#### Text Box 16: Expected MGDS Outcomes for Gender

- 1) Enhanced participation of women and men, girls and boys in decision-making and economic activities.
  - a. Increase proportion of seats held by women in parliament (from 15% in 2005) and in decision-making positions (from 12.9% in 2005)
- 2) Reduce gender inequalities as measured by access to services
  - a. Improve the Gender Development Index (GDI), which measures inequality between men and women from 0.374 in 2005

**Table 34: MGDS Annual Indicators for Gender**

| Indicator                          | Baseline<br>(2005) | 2006/07<br>Target | 2006/07<br>Actual |
|------------------------------------|--------------------|-------------------|-------------------|
| Prevalence of orphans              | 14.7%              |                   |                   |
| Women in decision-making positions | 15%                |                   | 19.2%             |
| Gender Development Index           | 0.374              |                   |                   |

**Note:** Performance computed over the Baseline

### 18.3.2 Recurrent Budget Performance

The sector implemented more activities with support from Development Partners and stakeholders on gender mainstreaming and social empowerment than budgeted in the Recurrent and Development Budget. Sector activity budgets vis-à-vis the MGDS costing shows a large shortfall between the activity budgets and MGDS costing of MK2, 260 Million. This significant shortfall impacted implementation of activities such as institutional capacity building, gender mainstreaming, improvement of orphans and vulnerable children (OVC) access to essential social and community based services, cash transfer, undertake affirmative action to increase women decision makers in high levels of the public and private sectors, inclusion of gender equality in the laws of Malawi, and support to the most vulnerable with food items for their upkeep. It is difficult to link issues of Early Child development in MGDS costing as they are embedded in primary education.

Generally expenditure matched planned activities and targets were achieved. However, in some cases where expenditure was less than budget, targets were not met. In other cases where there were no funds, the planned activities were not carried out. The following are some of planned activities that were not implemented due to lack of funds;

- Gender Advisory Committee.
- Review of Community Development Handbook
- Participation in WIB SADC Fair in Zimbabwe

### 18.3.3 Overview of Development Budget Performance

Actual expenditure compared to planned activities for the recurrent budget as of 30 June 2007 for the Ministry of Women and Child Development shows that 94.2 percent and 97.7 percent of funds were spent on Personnel Emolument and ORT respectively. However expenditure on capital expenditure (part 2) Government contributions was 100 percent.

Expenditure performance of development programmes/projects widely varied from programme/project to programme/project. The National AIDS Commission Programmes actual expenditure was less than planned by 43 percent due to delayed disbursement of funds.

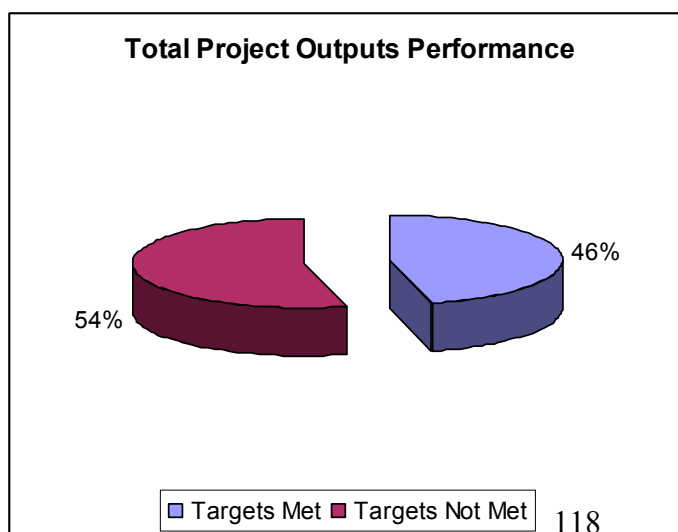
### 18.3.4 Development Projects Performance

The sector has several projects/programmes being co-ordinated and implemented by various stakeholders. However, most of the programmes/projects are not in the development as they are managed solely by the development partners themselves. The sector has programmes supported by Global Funds/Pool, UNICEF, CIDA, Flemish Government and ICEADA among others, which are not in the development.

There are only two on going projects out of the six projects listed the Public Sector Investment Programme. These include: i) the Skills Development and Income Generation Project (SDIG); and ii) Sustainable Socio Economic Empowerment Programme (SSEEP) for Poverty Reduction. The former focuses on five components namely: functional literacy, business management, appropriate technology, microfinance and institutional strengthening. While the latter (SSEEP) focuses on promoting interventions that empower vulnerable groups in order to enhance their livelihood base in a sustainable manner.

The overall project output performance for the two projects (Figure 14) indicates that only 6 (about 46 percent) of the 13 outputs were met. However, individual project output assessment indicates that the SSEEP project outputs were all almost met while it is the SDIG project outputs that were not met by 21 percent on average. In the former case, four out of the seven project outputs for economic empowerment indicated positive performance while in the skills development project, four out of the six outputs were not met. The skills development poor output performance is best explained in terms of poor project implementation.

**Figure 14: Development Project Outputs Performance-Gender**



Progress of the Skills Development and Income Generation project components during the period under review was at different levels and thus the poor achievement of its project outputs. The Micro finance and Institutional Strengthening components lagged behind due to lengthy procurement procedures. Activities were slowed down due to

delays by development partner disbursements.

### 18.3.5 Donor Alignment and Harmonization

Assessment of Donor alignment and harmonization in 2006/07 for the gender sector indicates that progress on the indicators of Aid Effectiveness is estimated at 50 percent. This is because significant progress has been made in terms of Aid flows and alignment to national priorities, with about 66 percent of aid flows to the sector coming through the national government budget compared to the 2010 target of 85 percent.

On Strengthening of capacity through Co-ordinated support, only 33 percent of donor capacity development support is provided through co-ordinated programmes that are consistent with the national government strategy compared to the 2010 target of 50 percent. While on strengthening capacity by avoiding parallel implementation structures, 66 percent still using Project Implementation Units. Nonetheless, Aid is more predictable with about 80 percent of aid disbursements released according to agreed schedules in annual or multi-year frameworks. In terms of use of common arrangements or procedures and shared analysis, harmonization in the gender sector is estimated at 17 percent. Table 35 below outlines which of these indicators are on-track and which ones are off-track for the gender sector:

**Table 35: Progress on Donor Alignment and Harmonization-Gender Sector**

| Indicators on Track   | Indicators off-Track   | Indicators with Missing Data |
|---|--|------------------------------|
| Percent of aid flows to the government sector that is reported on GoM's national budget: <b>66%</b>         | Percent of donor capacity-development support provided through co-ordinated Programmes consistent with GoM's national development strategy (MGDS): 33% | None                         |
| Percent of aid disbursements released according to agreed schedules in annual or multi-year frameworks: 80% | Percent of donors and of aid flows that use partner country procurement systems  |                              |
|   | Percent of donors and of aid flows that use public financial management systems (GoM)  |                              |
|   | Number of parallel project implementation units (PIUs)   |                              |
|   | Percent of bilateral aid that is untied  |                              |
|   | Percent of aid provided as Programme-based   |                              |

|  |  |  |
|--|--|--|
|  | approaches (PBAs).   |  |
|  | Percent of a) field missions and/or b) country analytic work, including diagnostic reviews that are joint. |  |

Source: **TWG on Gender**

#### **18.4 Constraints in the Analysis**

There is inadequate data due to lack of comprehensive data bank and reporting system which is a major challenge facing the sector. As a result, a comprehensive Monitoring and Evaluation Plan for the sector is the process of being developed. A few elements of the system are in place such as Orphans and other Vulnerable Children registration system where a pilot has been successfully implemented. It is only this component that was made possible through financial resources support by NAC.

Since reporting on Gender Development Index is dependent on UN Human Development Report on Malawi, setting up of its annual targets is not within the sector's capability. In addition, all the other MGDS annual indicators lack annual targets against which to properly assess progress achieved.

The following are some of the main constraints that are affecting the effective implementation of Programmes/projects in the sector;

- i. Inadequate harmonization and co-ordination of programmes among the stakeholders in the sector, which affects channeling of funds through the recurrent and development Budget. This coupled with irregular donor disbursements continues to slow down progress in implementation of projects/programmes;
- ii. Most programme/projects are still being implemented through Project Implementation Units.
- iii. Generally, capacity in public sector is low especially at field level as result of high vacancy rate;

#### **18.5 Integration of Crosscutting Issues**

The sector has integrated cross-cutting issues which include; HIV and AIDS, Environment, Science and Technology, and Statistics. The integration of HIV and AIDS has been done through implementation of mainstreaming of HIV and AIDS at the work place. The mainstreaming has been done in line with National Gender Policy and National HIV and AIDS Policy.

The focus on integration of the environment has been done in respect of the Orphans and Vulnerable Children's (OVCs) livelihood and standards of living, which are directly influenced by their immediate environment. This includes

limited land availability, water and sanitation, and energy resources. Therefore many OVCs face perennial starvation, inadequate water and sanitation and energy resources. These compound the difficult living conditions and circumstances, especially in the absence of parents and guardians. The issues of environment are integrated in all OVCs activities.

The sector has integrated aspects of science and technology through appropriate technologies which are currently being undertaken through Skills Development Income Generation Project (SDIG) as well as Sustainable Socio Economic Empowerment Programme (SSEEP) for poverty reduction. However, most OVCs still face limited opportunity to access and acquire scientific and technological knowledge and skills.

The Sector has been and continues to collaborate with the National Statistical Office (NSO) on the need for collecting and analyzing gender disaggregated data. The involvement of NSO has been for purposes of sustainability, credibility, and broadening expertise base. This has seen a shift from general statistics presentation to gender specific data. However, generating accurate gender disaggregated data on issues of gender based violence, women economic empowerment, literacy and OVCs and on children with special needs in particular, still remains a challenge. For instance, the OVCs registration exercise at community level is being carried out by the Ministry of Women and Child Development with support from National AIDS Commission (NAC). The registration exercise will be boosted up by enactment of the Birth Registration Law.

## **18.6 Overall Sector Performance**

Given the inadequate data on most of the indicators and the below average performance of the few development projects within the sector, there is no clear evidence from this review to show that the sector performance is moving towards achievement of its expected key MGDS outcomes. However, the sector is making positive progress towards the outcome of enhancing participation of women as far as increasing the proportion of seats held by women in parliament is concerned.

In order to enhance meaningful assessment of performance to inform the achievement of sector outputs and expected gender outcomes, more needs to be done in terms of closing the data gaps in the sector.

## **18.7 Sector Policy Alignment to MGDS**

The Gender Sector implemented various Programmes and projects based on policies such as the National Gender Policy, the National Strategy to Combat Gender-Based Violence, Reproductive Health Policy, Decentralization Policy, HIV and AIDS Policy, Policy Investment Framework in Education, Orphans and

Other Vulnerable Children, Early Childhood Development Policy and Integrated Management of Childhood Illnesses.

In response to these policies, the following key programmes have been implemented; OVC programmes, Child Protection, probation and rehabilitation and Social Cash Transfer Scheme, Campaign against Child Abuse And Trafficking, Economic Empowerment, Women Girls HIV and AIDS and National Response to Gender based Violence, provision of Literacy Skills and Capacity Building of Extension Workers and stakeholders on Gender, and Community Mobilization for Development. All these have been implemented with different measures of success depending on the level of funding.

## **18.8 Follow-up on previous Reviews & Lessons Learned**

### **Follow-up on Previous Reviews**

The joint country programme review made two recommendations in relation to lobbying with the Ministry of Finance for increased funding, backed by increased accountability for resource use and to develop and implement a comprehensive plan on the implementation of the Prevention of Domestic Violence Act and other related acts. In regard to lobbying for increased funding, the MoWCD lobbied with the Ministry of Finance, including Parliamentary Committee on Social and Community Affairs for increased ceiling under recurrent (ORT) without success. Lobbying was also undertaken on the Wills and Inheritance bill and Child Protection Bill. However, due to inadequate financial resources lobbying on the Family and Marriage Relations Bill was not done. The Ministry only managed to disseminate the Prevention of Domestic Violence Act and plans to scale up activities in 2007/08.

In terms of following up on the recommendation on increased accountability, the Ministry's accounting and procurement staff attended short courses in financial management and procurement, which will hopefully increase the sector capacity for accountability for resource use. Furthermore, procedures have been put in place to enforce the financial and procurement procedures consistent with the Public Finance Management Act and Procurement Act respectively. To address the capacity shortfall in handling of the National AIDS Commission Programme in the Ministry of Women and Child Development, an independent Finance Unit with three accounts personnel has been established to manage funds.

### **Lessons Learned**

1. The review of implementation of the MGDS has not been as comprehensive because the sector Output-based budgets are not fully aligned to the MGDS. Furthermore, some key activities implemented in the sector are not clearly outlined in the MGDS such as the Adult Literacy Education, Community Mobilization and Child Development;

2. Regular capacity building is crucial for effective delivery of planned outputs under various Programmes.

## **18.9 Policy Recommendations**

1. The Ministry should strengthen coordination of the sector on all matters related to women and child development through a Steering Committee and Technical Working Groups. For example, the Development Assistance Group on Gender (DAGG) arrangement should enhance Co-ordination of donor supported Programmes;
2. The ministry should lobby the Ministry of Economic Planning and Development to include the key sector programmes that are missing in the MGDS such as Adult Literacy, Early Child Development Programmes and Children with special needs in the next revised MGDS Report.
3. The sector needs an increased resource allocation from MoF and improved Programming of the available financial including human resources.
4. The Sector should build capacity of its human resource through recruitment and training and strengthen its economic governance regarding transparency and accountability i.e. procurement and financial management.
5. The MoWCD should lobby and advocate for the enactment of outstanding bills (Child Protection, Wills and Inheritance, Family and Marriage Relations) and finalize the development of legal instruments on Gender Equality Bills and Anti-Human Trafficking. Also, the ministry should finalize the development of Child Protection Policy, NGO policy, Community Development Policy, and the Adult Literacy Policy.
6. The MoWCD needs to coordinate with the Ministry of Economic Planning and Development to redefine the indicators for the gender sector and then implement its M&E Plan accordingly;
7. The Ministry of Economic Planning and Development should harmonize the M&E System and reporting format among district assemblies and participating stakeholders;
8. The Ministry should monitor and evaluate donor support to NGOs/Civil Society regarding gender-related initiatives in order to not only ensure that funds are used for the intended purpose and but also to capture impact of such programmes /projects towards the sector outcomes.



## CHAPTER 19: TECHNOLOGY AND RESEARCH DEVELOPMENT

Theme four of the MGDS covers the other sub-sectors under infrastructure development which include: Air and Rail Transportation; Information, Communication Technology (ICT); and Research, Science and Technology. The sub-theme of Transport Infrastructure development is a key priority area, which focuses mainly on road and water transport that is already covered under relevant section

### 19.1 Expected MGDS Outcomes for ICT , Research, Science & Technology

Information, Communication and Technologies (ICT) is has three key areas namely: Telecommunication, Information Technology (IT) and Broadcasting. The MGDS recognizes the importance of the telecommunications and information sub-sector in the creation of an enabling environment for the private sector led growth as well as improving the welfare of all Malawians. While Research, Science, and Technology Development aims at the attainment of sustainable socio-economic development through the development and application of science and technology to improve the standard and quality of life of Malawians.

The innovative development and efficient utilization of ICT, Research, Science and Technology in all the sectors of the country's economy is vital not only for bridging the digital divide within the country but also between the country and other countries that are more developed, hence leading to the development of the economy.

The expected MGDS outcome for both sub sectors of ICT, Research, Science and Technology are outlined in Text Box 17.

#### **Text Box 17: Expected Outcomes for ICT, Research, Science & Technology**

##### **A) Information Communication Technology (ICT)**

- 1) Well developed IT infrastructure and improved e-governance
- 2) Increased IT skills in both public and private sector institutions
- 3) Increased tele-density
- 4) Reduced cost of communication and increased access

##### **B) Research, Science & Technology:**

- 1) Well coordinated science and technology generation and dissemination
- 2) Effective and efficient operation of the science and technology institution
- 3) Increased uptake on productivity and enhancement of technologies
- 4) Prioritized and focused research and development

### 19.2 Achievements for the Year

#### **Outcomes**

The ICT sub-sector has five indicators in the MGDS namely; Teledensity, Mobile Density, number of internet users, computer density and E-Government status. During the period under review, data was available on three out of the five

indicators. The actual achievement for the three indicators indicates that their performance was well above the set targets. The Tele-Density indicator, which measures landlines per 10,000 people exceeded its target by over 200 percent, and that for mobile density also exceeded its target by over 170 percent. The number of internet users has also tremendously improved from the base year to the period under review, from barely over 8,000 users in 2005 to 100,000 in the year under review, with its target for the period being exceeded by over 80 percent.

**Table 36: MGDS Annual Indicators for ICT, Research, Science and Technology**

| Indicator                | Baseline<br>(2005) | 2006/07<br>Target | 2006/07<br>Actual | Target Achievement |     |          |
|--------------------------|--------------------|-------------------|-------------------|--------------------|-----|----------|
|                          |                    |                   |                   | Not met            | Met | Exceeded |
| Tele-density             | 2.7                | 4.78              | 15                |                    |     | Exceeded |
| Mobile Density           | 2.08               | 4.21              | 11.5              |                    |     | Exceeded |
| Number of Internet users | 8,197              | 55,029            | 100,000           |                    |     | Exceeded |
| Computer Density         |                    |                   |                   |                    |     |          |
| E-Government status      |                    |                   |                   |                    |     |          |

**Source:** TWG on ICT

Based on the achievements made on the three indicators, the sector can be said to be making good progress towards achieving the MGDS outcomes as shown in Table 36. Three out of the five indicators have performed well above average, although there was no data to measure the achievement in the other two MGDS indicators and/or key sector output indicators.

### 19.2.1 Recurrent Budget Performance

It is extremely difficult to carry out meaningful analysis of recurrent budget because various components of this section are implemented by different institutions. However, most of the planned sector activities were aligned to the MGDS. In terms of funding, there was a huge funding gap between MGDS activities and the actual implemented activities due to the huge budget ceiling that is imposed on ICT, Research, Science and Technology Development sectors.

### 19.2.2 Overview of Development Budget Performance

In the Research, Science and Technology sub-sector, a total of seven projects were in the development. These seven projects were solely funded by the Malawi Government Development Account. ICT sub-sector had a total of six projects,

out which three are not in the development. All the thirteen projects under the sector are aligned with the MGDS. However, their implementation was affected by the following:

- i) Actual funding for the Malawi Government-funded projects was below budgeted levels.
- ii) Funding was disbursed untimely and in some cases towards the end of the financial year.
- iii) Funding of the Programmes was not in line with work Programmes.

### **19.2.3 Development Projects Output Performance**

Out of the six projects implemented by ICT sub-sector, data was only provided for the Capacity Improvement of MIRTDC Project. This project had 7 key outputs, out of which only one failed to meet its target by less than 67 percent on average. Although this project performance is satisfactory, the lack of data on the other projects implemented by the sector makes it difficult to assess overall development project performance.

For the Research, Science and Technology sub-sector, the Ethanol Propelled Vehicle Project is aimed at studying the use of ethanol as alternative to petrol. The project started in July 2006 and is expected to finish in June 2011. The project does not have quantitative targets on which its performance could be measured. However, based on the qualitative indicator targets, the project did not perform well during the period under review.

There were only two other projects for which data were provided, one was the Research Grant Scheme, whose objective is to build capacity among Malawian researchers by establishing a competitive research grant scheme. The project expected to award 40 grants but the actual number awarded was 26, which implies that its performance was 35 percent below the target. The other one was the Improvement of Access to Public Information, which targeted to have 33 percent of information captured and digitized for the period under review. The actual achievement was 40 percent, which implies that its performance was 21 percent above the set target.

Projects which had no data to measure the achievements include; Up scaling production of breeder and basic seed and livestock project, Improvement of Irrigation infrastructure in all Agriculture Research Stations, Formulation and Legislation of Policy Instruments for Agricultural Production and Trade, Agricultural Advisory & Regulatory Services, TVM/Satellite distribution system, Infrastructure Services Project, MBC Transmitters rehabilitation, TVM project, E-Government Development project.

### **19.2.4 Donor Alignment & Harmonization**

In assessing how the development and cooperating partners have aligned to the country systems and subscribe to the harmonization process in the ICT sector,

only four indicators have been analysed. On percent of aid flows to the government sector that is reported on GoM's national budget, the analysis indicates that one out of three donors' aid is reported on GoM's budget. Donor aid is consistent with the MGDS but Donors use their own systems of procurement. There are however other donors which employ GoM's system when funding is below a set threshold. Only one out of ten indicators on AID Effectiveness was on track as shown on Table 37. The indicator is on donor and capacity development support as almost all the projects are linked to the MGDS themes.

**Table 37: Donor Alignment and Harmonization- ICT, Science, and Technology**

| Indicators on Track   | Indicators off-Track   | Indicators with Missing Data   |
|---|--|--|
| Percent of donor and capacity development support provided through co-ordinated Programmes consistent with MGDS | Percent of aid flows to the government sector that is reported on the GoM's national budget<br><br>Percent of donors and of aid flows that use partner country procurement systems | Percent of aid disbursements released according to agreed schedules<br><br>Percent of donors and of aid flows that use public financial management systems<br>Number of parallel project implementation units<br>Percentage of bilateral aid that is untied<br>Percentage of aid provided as Programme based<br>Percentage of (a) Field missions and /or (b) country analytical work, including diagnostic reviews that are joint.<br>Percentage of bilateral aid that is untied |

**Source:** TWG on ICT, Science, and Technology

### 19.3 Constraints in Analysis

- Data on some of the sector MGDS annual indicators is not available
- DEVELOPMENT projects did not include good indicators and targets on which the implementation progress could be analyzed.

- The ICT, Research, Science and Technology sector is crosscutting in all sectors of the economy and it is difficult to quantify how much funding is going into other sectors.

#### **19.4 Integration of Crosscutting Issues**

The ICT, Science and Technology policies for the sector have addressed the crosscutting issues of gender equity and equality, environmental management, governance, and HIV and AIDS pandemic. Integration of HIV and AIDS mitigation is done through provision of advocate information on HIV and AIDS. The ICT sub-sector is also implementing HIV-AIDS programmes such as the provision of nutritional supplements for HIV-positive officers, awareness programmes and development of skills in counseling. Gender issues are addressed through promotion of development of the capacity of women and the youth in implementing ICT initiatives, and improving access to information for women and the youth by imparting ICT skills to them. Environmental management is addressed through the Growth Sectors theme in the ICT policy where it has outlined ways of ensuring that ICT waste is managed safely.

#### **19.5 Overall Sector Performance**

Three out of the five annual MGDS indicators had data and their achievement was well above their targets. Therefore, it can be concluded that the sector performance was above average in terms of moving towards achieving the MGDS outcomes. However, it is important to note that the performance under the development projects is unsatisfactory and may derail the anticipated achievements in the expected MGDS outcomes.

#### **19.6 Sector Policy Alignment to MGDS**

The review indicates that policies implemented in the ICT, Science and Technology Development are in alignment with the MGDS in terms of addressing almost all the issues outlined within the sector outcomes. The implementation of sector activities is guided by:

- Science and Technology Policy which encompasses all science and technology sectors of the country and aims at the attainment of sustainable socio-economic development through the development and application of science and technology in order to improve the standard and quality of life of Malawians
- Science and Technology Strategic Plan (2005-2010), which covers all sectors of Science and Technology in the country,
- The Communications Act (1998)
- The ICT policy, which is being developed and is in the final stages that aims at integrating ICT into all sectors of the economy and developing an ICT industry and sector in the country.

## **19.7 Follow-up on Previous Reviews & Lessons Learned**

Three recommendations were made in the MPRS for the ICT, Science, and Technology Development. The recommendations included the following: The successor to the MPRS should provide adequate guidance on postal services, television and broadcasting; Government should ensure that civic education is conducted throughout the country to reduce vandalism of telecommunication equipment; and the successor to the MPRS should address issues pertaining to environmental conservation and protection, afforestation, waste management among others.

Some actions have been taken to date to implement these recommendations. Policies for postal and broadcasting services has been drafted, Civic Education Unit has been established in the Ministry of Information & Civic Education and also the draft ICT4D Policy has statements on disposal of ICT waste management.

### **Lessons Learned**

- 1) The MGDS does not have comprehensive indicators for the ICT, Research, Science and Technology Sector.
- 2) Not all activities are aligned with the MGDS because Strategic Plans were developed earlier than the MGDS
- 3) Funds earmarked for certain activities are diverted for implementation of other priority areas so that planned activities do not get implemented
- 4) There are smaller amounts of funds going into Research than outreach and promotional Programmes
- 5) Sectors now realize the need to keep records and have realistic monitoring indicators and tools.
- 6) Quantitative indicators will assist in stimulating the sector to aspire towards the targets.
- 7) Some of the budgets indicated in the MGDS are unrealistic (either too low or too high).

## **19.8 Policy Recommendations**

For the ICT, Science Technology Development sub-sector, the key recommendation from the current review are as follows:

- 1) There is a need for a national database for ICT indicators in the country.
- 2) There needs to conduct country-wide surveys to collect baseline data on consumption of ICT services to come up with more realistic indicators on the impact of ICT on the economic development of the country, as opposed to collecting the same data from the service providers.

- 3) There is a need for a national ICT backbone infrastructure centrally controlled to facilitate the national Internet Exchange point (IXP). This will reduce costs of Internet services.
- 4) The annual reviews should be done soon after the end of the financial year, preferably in July or August, so that the sectors can use the MGDS budget reviews to lobby with Treasury on their annual budget ceilings.

## CHAPTER 20: AIR AND RAIL TRANSPORT

Air and Rail transport is one of the sub-themes under Theme 4 of the MGDS. While Air transport is the most efficient and effective means of transportation, Malawi's is yet to be developed to meet the international standards. In addition, the rail network is supposed to be developed so that it provides an alternative means of transport in the country. The MGDS recognizes the importance of developing the rail network so that it is linked to target areas such as ports, industrial sites and to the national borders

### 20.1 Expected MGDS Outcome

The expected MGDS Outcomes for both air and rail transport sub-sectors are as indicated in Text Box 18.

### 20.2 Achievements for the Year

The two annual MGDS indicators that can closely measure the two sub-sectors include: i) Transport cost as a percentage of the export/import bill; ii) lead time on exports due to transport. The performance of these two indicators has already been assessed under Chapter 5, within the Key Priority area of Transport Infrastructure Development that focused on roads and water transport. The indicator regarding transport cost as a percentage of export/import bill target indicated that it exceeded its target of 40 percent to 53 percent, although it was lower than the baseline of 55 percent. The indicator on lead time on exports due to transport disaggregated by region has remained the same since 2005. Since these two indicators do not adequately reflect performance of Air and Rail Transport Outcomes as outlined in Text Box 18, the review has also considered the performance of their sector outputs outlined in Table 38 below in order to assess their sub-sector achievements.

There is no available data to assess the performance of outputs for both Rail and multi modal transport. Although there is data available for Air transport, the performance indicates that the sub-sector failed to meet all its output targets.

#### Text Box 3: Expected Outcomes of Air and Rail Transport

##### Obtain Smooth carriage of cargo in one transport chain

##### A) Air Transport

- Attain and maintain a competitive, self-sufficient and sustainable civil aviation environment that ensures safety in accordance with national and international standards and enables the provision of services in a reliable and efficient manner.

##### B) Rail Transport

- Provision of Well-managed, viable and sustainable railway system that promotes accessibility and safe, affordable, reliable movement of goods and people including the disabled.

##### C) Multi Modal Transport

- Obtain Smooth carriage of cargo in one transport chain



**Table 38: Key Sector Outputs Indicator Performance-Air & Rail Transport**

| Output  | Output indicators                             | 2006/07<br>Target | 2006/07<br>Actual | Target Achievement |     |          |
|---|---|-------------------|-------------------|--------------------|-----|----------|
|   |   |                   |                   | Not met            | Met | Exceeded |
| Outcome 1: Obtain Smooth carriage of cargo in one Transport chain   |   |                   |                   |                    |     |          |
| Improved coordination of all modes of transport   | Number of clubs formed                        | 6                 |                   |                    |     |          |
|   | Number of Database in Place                   | 1                 |                   |                    |     |          |
| Outcome 2: Competitive, self-sufficient and sustainable civil aviation environment that ensures safety in accordance with national and international standards that enables the provision of services in a reliable and efficient manner. |   |                   |                   |                    |     |          |
| Competitive, sustainable and efficient air transport industry with a view of stimulating economic growth  | Progress on enhancement of Safety of aviation | 100%              | 0%                | Not met            |     |          |
| Safe, efficient and reliable aviation infrastructure  | Effective weather forecast                    | 100%              | 80%               | Not met            |     |          |
| Improved infrastructure for security for passengers and cargo   | Number of Equipment                           | 100%              | 60%               | Not met            |     |          |
| Outcome 3: Well-managed, viable and sustainable railway system that promotes accessibility and safe, affordable, reliable movement of goods and people including the disabled.  |   |                   |                   |                    |     |          |
| Improved operational efficiency and commercial viability of railway companies   |   |                   |                   |                    |     |          |

**Source:** TWG on Transport Infrastructure Development

### **20.2.1 Overview of Development Budget**

Under Air and Railway Transport, three projects were funded during the period under review. The projects included; Rehabilitation of Kamuzu Airport, Modernization of Meteorological Services for Aviation Industry, and Rehabilitation of School of Aviation. All the sector projects were aligned to MGDS.

### **20.2.2 Development Projects Output Performance**

Under Civil Aviation, out of the eight projects in the development only one was funded. It was also observed that there were no clearly defined performance indicators and this made it difficult to measure performance. The project for the KIA runway rehabilitation could not take off due to inadequate funding.

### **20.2.3 Overall Sector Performance**

Both the Air and Rail sub-sectors performed poorly for the year under review since most of their outputs were not achieved and in most cases their projects also were not implemented.

### **20.3 Policy Alignment to MGDS for Air Transport**

- Implementation of the Yamoussoukro Declaration (YD) 2000 on African Air Transport Policy and other conventions that may be deemed of benefit to Malawi has been effected through review of bilateral Air Services Agreements (BASA)
- Encourage technical and commercial joint ventures and marketing efforts in airline industry through provisions for joint ventures, which is being incorporated in BASAs;
- Ensure local participation in equity and technical partnerships of airlines through the strategic partner for National Airline being identified
- Establish where feasible autonomous airport or Civil Aviation Authorities (CAA), whereby studies for creating CAA have been carried out and are awaiting Cabinet approval
- Institute and monitor maintenance programmes for both aerodromes and aviation equipment;
- Promote participation of Private Sector in the maintenance/ provision of safe aviation infrastructure, a Study for PPP in airport operation has been done
- Strengthen safety and security measures at all airports; Safety and Security audits conducted.
- Strengthen security enforcement provisions in the Aviation Act: Civil Aviation Act, Regulations and Procedures reviewed and submitted to MoJ for Vetting.
- Ensure infrastructure and operations do not negatively impact the environment Environmental impact assessments done for project proposals; noise and engines emissions standards drafted and awaiting vetting by MoJ

### **20.4 Policy Alignment to MGDS for Rail Transport:**

- Undertake hydrographic studies to identify the bridges that need to be replaced on the rail line (private sector) Preliminary bridge inspection underway
- Provide reliable locomotives (Government and concessionaire): Four locomotives delivered and commissioned by GoM
- Review the railways act Stakeholder consultations underway

- Prevent adverse environmental effects of rail construction and ensuring that the infrastructure is environmentally friendly Office of Rail Regulator established

## **20.5 Follow-up on Previous Reviews & Lessons Learned**

### **Follow-up on Previous Reviews:**

The MPRS made several recommendations for the Transport sector but the one specifically for Air Transport was as follows: privatization of the public transport systems to be reviewed with possible divestiture of loss making entities such as Air Malawi. The follow-up to this recommendation has not been provided.

### **Lessons Learned:**

- 1) Funding problems. Most of the projects listed under the development were not funded as required resulting in no progress in implementation. For KIA Runway rehabilitation, local component funding was not made available thereby delaying the implementation of the project.
- 2) Other Policy Actions such as Infrastructure Replacement Plan and review of Aviation Act, Regulations and Related procedures are not adequately addressed in the MGDS.
- 3) It is apparent from the review that sector activities (Civil Aviation) are not properly aligned with MGDS activities (Table 1) hence cost comparisons were not possible. There is need to align these with the sector budget for easy tracking of progress and identification of funding gaps. However it is recognized that MGDS activities other than projects are based more or less on long term plans whereas Sector activities are based on short term (recurrent) programmes.
- 4) The review has also shown that certain outputs are rather too broad making tracking difficult.
- 5) Most outputs lack clearly defined Indicators. In Air transport/Aviation industries metrics such as number of incidents/accidents/fatalities; meantime between failures and availability for facilities; adherence to ICAO standards; air traffic growth/decline (number of passengers, amount of freight) are used as measures of performance.

## **20.6 Policy Recommendations**

### **Air Transport**

- 1) There is need to review the list of projects listed in the development and harmonize them with the requirements of the sector in line with the MGDS.
- 2) It is suggested that consideration for prioritization should take into account revenue generation capability for a sector or sub-sector since excess revenue are good for economic/social development.
- 3) Also under Theme four “Infrastructure Development” one of the expected outcomes should be that “By 2011 civil aviation infrastructure to meet 95

percent of the ICAO standards (requirements).show targets for 2007/08/09/10.

- 4) Under Key Actions for Sub Theme: Air and Rail Transport – for safe, efficient and reliable infrastructure, include additional key activities as follows: - Review the Aviation Act, regulations and related procedures; strengthened Human resource capacity. The MGDS activity costing and prioritization (Annex 3, under civil aviation) should be updated accordingly.
- 5) In terms of infrastructure development, measuring Status by other metrics such as cost of travel alone may not reflect the state of the infrastructure since other factors (fuel costs and currency exchange rates – for international air travel) are contributing factors. This will help avoid misdirecting resources to an already developed infrastructure merely because there is no reduction in the cost of travel. In this regard the Core team may wish to consider measuring performance in aviation infrastructure development with percentages of adherence to international standards. For aviation infrastructure of interest for national operations, this may be compared with a predetermined requirement list – percentage of airport infrastructure suitable for operations domestically.

## **CHAPTER 21: ECONOMIC GOVERNANCE**

Economic governance is a sub theme under theme five of improved governance in the MGDS. This sub theme deals with the way financial and human resources are utilized by government to ensure that these are utilized in a manner that will enhance efficiency and effectiveness in the economy with a view to achieve macroeconomic stability, fiscal management and verifiable economic growth. In the MGDS, economic governance basically refers to macroeconomic stability, fiscal management and public sector management.

### **Fiscal and Public Sector Management**

Good fiscal management plays an important role in ensuring that public resources are allocated and spent on priority areas. This is fundamental to achieve the targets and aspirations outlined in the MGDS. The central tool in fiscal management is the budgeting process, which in Malawi is based on the Medium Term Expenditure Framework (MTEF). The Public sector management is important to ensure effective delivery of public goods and services. This entails the need to have a highly motivated civil service to ensure efficient and effective delivery of the public goods and services. The achievement of good economic governance in an economy is dependent on good performance in the three areas outlined above.

### **21.2 Expected MGDS Outcomes**

The expected MGDS medium-term outcomes for the economic governance sub theme are outlined in the Text Box 19 below:

#### **Text Box 19: MGDS Outcomes for Macroeconomic Environment**

1. Lower inflation rates of below 5%;
2. Lower interest rates;
3. Existence of stable real exchange rate;
4. Sustainable debt service; and
5. Reduced government borrowing.

#### **Fiscal management:**

6. Improved government budget implementation.

#### **Public sector management:**

7. Improved public sector performance and service delivery resulting from a highly motivated civil service.

The performance in terms of annual indicator targets under this sub theme was satisfactory. During the 2006/07 fiscal year, the country registered the GDP growth rate of 7.5 percent, which was 2.2 percentage points above the MGDS target as shown in Table 39 below. For the first time in recent years, the country managed to record a single digit inflation rate of 8.5 percent, which was a good performance slightly below the target of 9 percent. The exchange rate was relatively stable throughout the year.

On fiscal management, the government managed to reduce its fiscal deficit and domestic debt to lower and manageable levels. The government managed to reduce its fiscal deficit and domestic debt (as % of GDP) to 1.6 percent and 12.1 percent, respectively. This represents 4 percent and 20 percent achievement above the targets, respectively. At the end of the fiscal year, the bank rate stood at 17.5 percent, representing an achievement of 12.5 percent above the set target.

The performance as regards the public sector institutions implementing government's medium term pay policy was lower than the set target. About 64 percent of the public sector institutions implemented medium term pay policy in the year, about 7 percentage points below the set target.

**Table 39: MGDS Annual Indicators for Economic Governance**

| Indicator   | Baseline (2005) | 2006 Target | 2006 Actual | Target Achievement |     |          |
|---|-----------------|-------------|-------------|--------------------|-----|----------|
|   |                 |             |             | Not met            | Met | Exceeded |
| GDP Annual growth rates (%)   | 2.3             | 6.0         | 8.2         |                    |     | Exceeded |
| Income per capita (US\$)  | 231             | 284         | 265         | Not met            |     |          |
| Inflation rate (%)  | 15.5            | 9.0         | 13.9        | Not met            |     |          |
| Exchange rate (Mk/US\$)   | 118.4           | 136.0       | 139.9       |                    | Met |          |
| Domestic debt (As % of GDP)   | 19.8            | 12.6        | 12.1        |                    | Met |          |
| Fiscal deficit (As % of GDP)  | 3.5             | 2.0         | 1.6         |                    |     | Exceeded |
| Bank lending rate (%)   | 27              | 20          | 17.5        |                    |     | Exceeded |
| Percent of pubic sector institutions implementing government's medium term pay policy (%) | 43              | 71          | 64          | Not met            |     |          |

**Source: TWG on Economic Governance**

Based on the above analysis, the performance under this sub theme was above average and in line with the MGDS targets. Six out of the eight MGDS annual indicators performed above the set targets.

### **21.2.2 Recurrent Budget Performance**

In the 2006/07 budget, activities under this sub theme were allocated about K340 million. About 88 percent of the activities implemented in the year under review were in line with the MGDS and the implementation of these planned activities was according to the approved budget. The TWG on economic governance also noted that with the introduction of the IFMIS system, ministries and departments are now restricted to spend within the limits of the approved budget and it is difficult to use the funds on unplanned activities. Utilization of budget funds under this sub theme was rated at over 80 percent.

In terms of funding gaps, it was observed that 52 percent of the activities under economic governance were overcosted in the MGDS leading to huge funding gaps when compared to the approved budget. Thirty six percent (36 percent) of the activities were under costed while twelve percent (12 percent) were not costed at all, as these were not aligned to the MGDS. It is also worth noting that some few activities planned for in the 2006/07 fiscal year were not implemented.

### **21.2.3 Overview of Development Budget Performance**

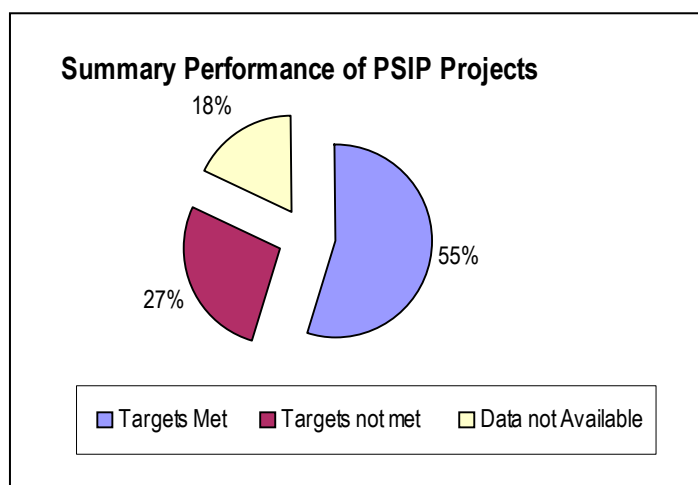
In the 2006/07 budget, there were a total of eleven projects in the development under economic governance of which five were funded by the government and six by donors. It was also noted that under this sub theme, there were no projects, which were co-financed by both the government and donors.

In this review, it was difficult to ascertain the level of performance of these projects as they all have separate implementation structures with their own bank accounts. As such, the funds for these projects do not go through the normal and recognized government accounting system. A total of K390 million was allocated for development projects in the 2006/07 budget of which K320 million was under part I and K70 million under part II.

### **21.2.4 Development Projects Output Performance**

As indicated above, a total of eleven development projects were reported under this sub theme. Out of the 11 projects, 6 exceeded their targets by about 55 percent while 3 performed below the targets and data was not available for the other 2 projects.

**Figure 15: Summary Performance of Development Projects**



However, the common challenge in the implementation of all these projects was the erratic nature in which the funds were disbursed. The common problem was either late disbursement or under disbursement. The funds were not remitted in time and this led to delays in the implementation of project activities and this was even

worse when the activities delayed were milestone ones.

### **21.2.5 Donor Alignment & Harmonization**

Under this section, the analysis shows that there is little that has been done by the development and cooperating partners in aligning their development efforts to the established country systems and subscribing to the harmonization process. For example, in the 2006/07 budget, only 44 percent of the disbursed aid was reported in the government's budget and only 44 percent of the donors use the established country procurement systems. However, this target is on track and by 2010 the set target will be achieved. It was also observed that over 80 percent of the projects implemented under this sub theme use parallel project implementation structures with FIMTAP partly using the existing government structures.

The analysis also revealed that there was poor aid predictability in 2006/07 under this sub theme. Initially a total of K5.3 billion Aid was projected to be provided to support various activities under economic governance but the actual support received was K3.9 billion representing a 27 percent under-disbursement. In terms of bilateral aid that is untied, the analysis indicated that only 16 percent of Aid was provided in form of untied budgetary support while 25 percent of the Aid was in the form of dedicated grants (pooled funding for SWApS).

On harmonization, performance was also below target as no Aid under this sub theme was provided in the form of a Programme based approach and little has been achieved on joint country analytical work and diagnostic reviews despite the existence of an Aid coordination calendar.

Basing on the analysis indicated above, only two indicators are on track to achieve the 2010 targets. The other eight indicators were off track and more need to be done if the 2010 targets are to be achieved. Progress on the



indicators of donor alignment and harmonization vis-à-vis those on track and those which are not are presented in Table 40 below.

**Table 40: Donor Alignment and Harmonization under Economic Governance**

| Indicators on Track  | Indicators off-Track   |
|--|--|
| Percentage of aid flows to the government sector that is reported on the GoM's national budget- <b>44%</b> of Aid was disbursed on budget in 2006/07.  | Public Financial Management System in place (score not yet communicated to government)   |
| Percent of donors and aid flows that use partner country procurement systems that either a) adhere to broadly accepted practices or b) have a reform Programme in place to achieve these- <b>44%</b> | Percent of donor and capacity development support provided through co-coordinated programmes consistent with GoM's national development strategy (MGDS).   |
|  | Percent of donors and aid flows that use public financial management systems (GoM) which either a) adheres to broadly accepted good practices or b) have a reform programme in place to achieve these. |
|  | Number of parallel project implementation units  |
|  | Percent of aid disbursements released according to agreed schedules in annual multi-year frameworks.   |
|  | Percent of bilateral aid that is untied. 16% of Aid is untied and 25% of Aid is in the form of dedicated grants.   |
|  | Percentage of aid provided as programme-based (PBAs)- <b>0%</b> of Aid is provided in the form of a Programme Based Approach.  |
|  | Percent of a) field missions and/or b) country analytic work, including diagnostic reviews that are joint.   |

### 21.3 Constraints in Analysis

- Poor record/data management in most ministries and departments making it difficult to get the required data;
- The existence of parallel project implementation units for some projects listed under the development made it difficult to access data on project outputs

- performance. However, the situation was the same for government-funded projects as responsible officers indicated that they do not have data; and
- Too much over costing or under costing of activities in the MGDS, creating huge positive or negative funding gaps. This had a bearing on the analysis as it either gave a picture that a sector over spent or under spent on a particular activity.

#### **21.4 Integration of Crosscutting Issues**

All ministries/departments and institution under this sub theme have taken some initiatives to integrate crosscutting issues such as HIV and AIDS, gender equity and equality, science and technology, statistics and environmental management in their Programmes. However, apart from HIV and AIDS, these institutions do not have special policies on other cross cutting issues. Regarding the HIV and AIDS pandemic, 2 percent of the budgetary allocation to each Ministry/Department goes into activities aimed at mainstreaming HIV and AIDS in work places and providing support to the infected officers.

#### **21.5 Overall Performance of Economic Governance**

In general, the performance of the MGDS annual indicators under this sub theme was far above average. Six out of the 8 MGDS annual indicators indicated positive performance representing a 75 percent achievement. However, the failure to achieve the target on per capita income indicates that the strides the government has taken to achieve a sound macroeconomic environment is yet to translate into improved well being of the majority of the population. The target for public sector institutions implementing government's medium-term pay policy was also not achieved as only 64 percent of the public institutions indicated that they are implementing the pay policy, which is 7 percentage points below the set target of 71 percent.

However, it is worth acknowledging the major achievements made in registering the economic growth of 7.5 percent, which is above the MGDS set target of 6 percent; reducing interest rates to a single digit; maintaining a stable exchange rate and cutting the bank rate to lowest levels ever reported since the start of multiparty democracy in 1994.

#### **21.6 Sector Policy Alignment to MGDS**

To ensure that economic governance is achieved, the Government came up with the Public Finance and Economic Management Action Plan (PFEM) as a tool to guide the implementation of all MGDS objectives under this sub theme. This will ensure adherence to sound fiscal and economic management policies, which are provided for under the Public Finance Management Act, Public Audit Act and the Public Procurement Act.

The medium-term pay policy is a major pay reform that is aimed at having a highly motivated, results oriented and productive civil service that will lead to improved performance and efficient delivery of public goods and services. The policy is aligned to the MGDS and encompasses the following:

- Establishment of the public sector remuneration board;
- Harmonization of daily subsistence allowances across the public service;
- Revision of salaries;
- Formulation and implementation of recruitment and retention policy; and
- Implementation of performance related contracts for senior civil servants.

## **21.7 Follow-up on Previous Reviews & Lessons Learned**

### **Follow-up on Previous Reviews**

Under this sub theme, three recommendations were made during the Joint Country Programme Review (JCPR) and none under the MPRS review. The following are the recommendations from the JCPR review:

1. Clear indication to be sought from development and cooperating partners on their financial management, procurement and auditing requirements;
2. Government to put pressure on donors who will/can not use government systems during high level meetings to request change of policy; and
3. Improved objective analysis of investments should be encouraged by updating and use of the project planning manual and use of the Poverty and Social Impact Analysis (PSIA) by Ministry of Economic Planning and Development.

The analysis on donor alignment and harmonization carried out during this review has revealed that the government has taken some necessary measures to address recommendations 1 and 2. However, there is still more work that needs to be done. As regards recommendation 3, MEPD has reviewed and updated the project planning manual and is also in the process of institutionalizing PSIA.

### **Lessons Learned**

The following are the major lessons learnt from this review:

1. In the first year of its implementation (2006/07), most sector activities were not linked to the MGDS;
2. Poor link between the activities stipulated in the Output Based Budget with the inputs (budget line item);
3. Poor implementation of the PFEM Action Plan;

4. Poor definition of some MGDS indicators and focus areas making it difficult to track progress;
5. Inadequate awareness on MGDS as a planning tool. Information on MGDS only available to senior management in ministries and departments

## **21.8 Policy Recommendations**

The following were the major policy recommendations made under this sub theme:

1. The Department of Accountant General (DAG) should roll out IFMIS to all district assemblies and IFMIS should include development budget part 1. DAG should also consider activating all modules (procurement, active planner budgeting, cash management etc);
2. The Ministry of Finance through the Budget Division should ensure that the approved budget is fully funded;
3. The Office of the Director of Public Procurement (ODPP) and the Budget Division of the Ministry of Finance should strengthen the linkage between procurement planning and the budgeting process;
4. MEPD should redefine some governance indicators and focus areas in the MGDS annexes for effective progress review;
5. MEPD and Ministry of Finance should ensure that the linkage between Budgeting, MGDS and Strategic Planning is enhanced to avoid the cost of important activities not being indicated in the MGDS;
6. The Ministry of Finance should ensure that all activities stipulated in the Output Based Budget are linked with the inputs (budget line item);
7. All the relevant Ministries/Departments (i.e. OPC, MOF, MEPD, AGD, NAO, ODPP) should take a leading role in executing the PFEM Action Plan and;
8. MEPD should intensify MGDS awareness campaigns to the public at large.

## **CHAPTER 22: DEMOCRATIC GOVERNANCE**

### **22.1 Corporate Governance**

Corporate governance is a sub theme under theme five of improved governance in the MGDS. This sub theme is an important factor within the creation of an enabling environment for rapid and sustainable private sector development. However, it is a relatively new phenomenon within the private sector context and as such, it requires support in order to ensure greater transparency and accountability of companies in the country. Strengthening good corporate governance will therefore be one of the key tools of addressing the problem of fraud and corruption within the private sector.

Corporate governance deals with institutions that are mandated to provide an oversight in the creation of an enabling environment for private sector participation. The major institutions under this include National Assembly and the Office of the President and Cabinet (OPC). However, OPC did not provide any information for this review. As such, the analysis for this sub theme was based on the information from the National Assembly.

### **22.2 Expected MGDS Outcomes**

The overall expected MGDS medium-term expected outcome for the corporate governance sub theme is reduced corruption and fraud, and improved investor perceptions of Malawi as an attractive investment destination. This is expected to translate into increased levels of domestic and foreign direct investment. The specific medium-term Expected Outcomes for Democratic Governance are outlined in Text Box 20.

In addition, the National Assembly also has its own medium term expected outcomes, which are not reflected in the MGDS, and these are reflected in its vision and mission statement. The vision for the National Assembly is to be a model of an independent, reformed and development-oriented Parliament while its Mission is to exercise the legislative, oversight and representative functions for the promotion of principles of good governance to reflect the aspirations, interests and welfare of the people of Malawi.

#### **Text Box 20: Medium Term Outcomes for Democratic Governance:**

- 1) Corruption and fraud will be reduced
- 2) Local Assemblies in full control of development planning and implementation
- 3) More responsive, efficient and effective judicial authority
- 4) Reduced crime levels
- 5) Increased domestic and foreign investment

#### **22.2.1 Achievements of the National Assembly**

The MGDS has only one indicator under this sub theme and this is the number of motions or bills passed in parliament on private members days. Although this indicator does not have a baseline on which to assess progress, the performance

in the year under review indicates that parliament was below its target in passing motions/bills by 50 percent. For a more holistic assessment of its performance, this review has also considered some indicators that the National Assembly uses to assess its level of achievement as outlined in the Table 41 below.

In terms of achievements in the other indicators, their performance for 2007 was also below the set targets except for MPs' training, which was fully achieved mainly because it is largely funded by the development partners.

**Table 41: Progress on Annual Indicators for the National Assembly**

| Outcome/Output Indicators              | Baseline (2005) | 2006 Actual | 2006/07 Target | 2006/07 Actual | Target Achievement |     |          |
|--|-----------------|-------------|----------------|----------------|--------------------|-----|----------|
|  |                 |             |                |                | Not met            | Met | Exceeded |
| Percent of Bills Passed in Parliament* |                 | 50%         | 100%           | 50%            | Not met            |     |          |
| Reports Adopted by the House           |                 | 45%         | 100%           | 38%            | Not met            |     |          |
| Plenary Meetings                       |                 | 50%         | 100%           | 50%            | Not met            |     |          |
| MPs Training                           |                 | 100%        | 100%           | 100%           |                    | Met |          |

**\*The only MGDS Annual indicator under this sub theme. The others are Sector level Output Indicators.**

Training is the only output achievement registered in the year under review. It should be pointed out that the National Assembly faces a number of challenges, which hinder it from achieving its set targets. Some of the challenges include: inadequate and untimely funding for its activities as approved in the budget; the absence of a protected budget for the National Assembly, which undermines all its reform processes for it to be a strong governance institution; inadequate harmonization and co-ordination of Programmes among the stakeholders; and lack of capacity due to less investment in human resources at all levels.

### **22.2.2 Recurrent Budget Performance**

The MGDS does not have specific activities for the National Assembly as a governance institution, as such it is difficult to come up with an analysis of the performance of approved activities vis-à-vis MGDS activities.

However, in terms of sector activities versus the output based budget, the review indicated that out of a total of 9 activities planned for in 2006/07, 6 were fully implemented and 5 were partially implemented. For example, in the year Parliament met only 2 times out of the 4 planned meetings; while all the committees of parliament met at least twice and political parties represented in parliament received their funding in time.

The actual expenditure for the National Assembly was in line with the approved budget despite the fact that some activities were partially implemented while others were not implemented at all. It is also worth noting that in the year under review, the National Assembly also implemented a number of activities, which were not covered by the national budget. Such Programmes were funded by the development partners. These activities include: recruitment of clerks for all the 13 parliamentary committees and renting of additional offices in Kang'ombe House for the parliamentary committees' Departments.

The National Assembly indicated that budget utilization was roughly around 98.5 percent while 79.9 percent of expenditure was incurred on planned activities. There was also a substantial increase in capital expenditure (part II), which was 153.2 percent of the planned capital expenditure. These funds were mainly for the construction of the new parliament building.

### **22.2.3 Overview of Development Budget Performance**

In the 2006/07 budget, there were no projects in the development budget under the National Assembly as such, in this review an analysis was not made for this sub theme.

#### **22.2.4 Development projects Output Performance**

As already eluded to above, a review was not conducted on output performance for the development projects as there are no projects in development under the National Assembly.

#### **22.2.4 Donor Alignment & Harmonization**

The assessment from the review indicated that there was poor donor alignment and harmonization in 2006/07. Out of the 8 indicators on donor alignment and harmonization, 3 seem to be on track to achieve the set targets by 2010. Currently, only 10 percent of the Aid flows to the National assembly is reported under the national budget while 30 percent of donors and Aid flows use the

country procurement systems. The analysis also revealed that 67 percent of the National Assembly projects (not in the development) use parallel implementation structures. The Table 42 below outlines the indicators that are on track and those that are off-track to achieve the set targets by 2010 under this sub theme.

**Table 42: Progress on Donor Alignment and Harmonization**

| Indicators on Track  | Indicators off-Track  |
|--|---|
| Percent of donor capacity-development support provided through co-coordinated programmes consistent with GoM's national development strategy (MGDS).-30%. This is on track to achieve the 50% target by 2010 | Percent of aid flows to the government sector that is reported on GoM's national budget-10%   |
| Percent of aid disbursements released according to agreed schedules in annual or multi-year frameworks-70%   | Percent of donors and of aid flows that use partner country procurement systems which either a) adhere to broadly accepted practices or b) have a reform Programme in place to achieve these.-30%         |
| Percent of aid provided as Programme-based approaches (PBAs).-40%  | Percent of donors and of aid flows that use public financial management systems (GoM) which either a) adheres to broadly accepted good practices or b) have a reform programme in place to achieve these. |
|  | Number of parallel project implementation units (PIUs)-66%  |
|  | Percent of bilateral aid that is untied-20%   |
|  | Percent of a) field missions and/or b) country analytic work, including diagnostic reviews that are joint.  |

### 22.3 Constraints in Analysis

- Lack of a comprehensive central data bank or data base within the national Assembly , which makes it difficult to retrieve the needed information as each sub section keeps its data;
- Too much bureaucracy when accessing information, which hampers easy access to data. For one to access data there are stringent procedures and processes that need to be adhered to. In some cases authority has to be sought, which at times is given late or not given at all.



## **22.4 Integration of Crosscutting Issues**

The National Assembly has integrated cross cutting issues such as HIV and AIDS, gender and environment in its Programmes. With assistance from the National Aids Commission (NAC), the National Assembly is currently implementing an HIV and AIDS Programme for both the Members of Parliament and the staff. The Programme covers prevention and care for those already infected with the virus as well as those affected by the pandemic.

For a long time, the National Assembly has been a male dominated institution. However, in recent years there has been a big improvement in the participation and involvement of both women and the youths in Parliament. At present, there are more women Members of Parliament (MPs) than at any point in the past and women parliamentarians make about 14 percent of the total MPs in the National Assembly despite still being lower than the SADC recommended 50 percent.

The National Assembly under its committee system has a Parliamentary Committee on Agriculture and Natural Resources, which among other activities looks at issues that affect the environment. This committee provides oversight functions on government policies on the environment. It also works hand in hand with organizations that deal with environmental issues.

## **22.5 Overall Performance of the Sub Theme**

Based on the performance of the MGDS indicator (number of bills passed in Parliament) for the National Assembly and on its other indicators (reports adopted by the house, number of plenary meetings and training for the MPs), it can be said that this sub-sector performed below average because only the training for the MPs achieved its set target.

## **22.6 Sector Policy Alignment to MGDS**

The National Assembly despite being an important institution in ensuring good governance is not well captured in the MGDS. The activities implemented and outputs are not in line with the MGDS as such, it is difficult to measure achievements in line with the MGDS.

## **22.7 Follow-up on Previous Reviews & Lessons Learned**

### **Follow-up on Previous Reviews**

Under this sub-sector, the Joint Country Programme Review (JCPR) made two recommendations, which were: 1) The need for the National Assembly to lobby with the Ministry of Finance for increased funding, backed by increased accountability for resource use; and 2) Develop and implement a comprehensive

plan on the implementation of the Parliamentary Service Act and other reform pillars as captured in the Strategic Plan.

In response to recommendation 1, the National Assembly's accounting and procurement staff attended short courses in financial management and procurement organized by the Accountant General's Department with an aim of improving transparency and accountability. Furthermore, The National Assembly has put in place procedures to enforce the financial and procurement procedures consistent with the Public Finance Management Act, Public Audit Act and Procurement Act. The National Assembly has also drafted its strategic plan, which is expected to address issues raised under recommendation 2.

### **Lessons Learned**

The following are the major lessons learned from this review:

- 1) The National Assembly as a governance institution has not been properly captured in the MGDS. As such, it does not have MGDS outputs and clearly spelt out annual indicators, which makes it difficult to monitor and evaluate the National Assembly from the perspective of the MGDS;
- 2) Poor alignment of the Output Based Budget with the MGDS activities making it tough to align the activities of the National Assembly with those of the MGDS;
- 3) The irregular and unpredictable funding for the National Assembly affects other important activities such as capacity building Programmes, which in turn affect delivery of planned outputs; and
- 4) Unpredictable aid flows to the National Assembly, which retards Programme implementation.

### **22.8 Policy Recommendations**

The following were the major policy recommendations made under this sub-sector:

- 1) There is need for MEPD to clearly incorporate National Assembly in the MGDS;
- 2) There is need to strengthen harmonization and coordination of the donor aid flows in the sector; and
- 3) The National Assembly should liaise with Treasury for increased and protected budget in order to improve service delivery as a governance institution. There is also need for more predictable donor funding to facilitate the smooth running of Parliament.

## CHAPTER 23: CONTROL OF CORRUPTION

### 23.1 Corruption

It is widely recognized that corruption retards economic growth and development by diverting resources from socio-economic development activities into the coffers of the few in the process widening the gap between the rich and the poor. Corruption discourages legitimate business investment, and the public resources available for the delivery of public goods and services especially to the poor. Government has maintained a stand on 'Zero Tolerance on Corruption' by promoting the accountability and effectiveness of the Anti-corruption Bureau (ACB). It is expected that in medium term corruption and fraud will be reduced through improved transparency and accountability of goods and service delivery and zero tolerance to corrupt practices.

The ACB has as its main objectives to: maximize the potential of the human and capital resources available to the Bureau for the efficient execution of its activities; proactively prevent corrupt practices in public and private sector bodies; develop the National Integrity System (NIS) through policy leadership and enhanced collaboration; enhance public awareness of corruption and of the Anti-Corruption Bureau's work; and effectively investigate allegations of corruption, bring offenders to court and ensure that they are successfully prosecuted; in order to achieve the MGDS Medium-term Expected Outcome on Corruption which is: corruption and fraud will be reduced.

### 23.2 Achievements for the Year

As indicated in Table 43 below, out of three indicators namely: percentage of corruption cases effectively prosecuted; Average time taken to complete procession of a corruption case is pegged at 24 months; Corruption perception index; all the three indicators exceeded their targets. Although the indicator on average time taken to complete prosecution of a corruption case indicates a reduction in time, it is moving in the desired direction since the anticipated average time for a case in court should not take more than 24 months. The data indicates that the average achieved was 15 months for 2006/07.

**Table 43: MGDS Annual Indicators for Corruption**

| MGDS Output/<br>Outcome Indicators   | Baseline<br>(2005) | 2006<br>Actual | 2007<br>Target | 2007<br>Actual | Target Achievement |     |          |
|--|--------------------|----------------|----------------|----------------|--------------------|-----|----------|
|  |                    |                |                |                | Not<br>met         | Met | Exceeded |
| % of corruption cases effectively prosecuted   |                    | 38%            | 47%            | 55%            |                    |     | Exceeded |
| Average time taken to complete prosecution of a corruption case is pegged at 24 months |                    | 22             | 22             | 15             |                    |     | Exceeded |
| Corruption perception index  |                    | 2.7            | 3              | 3.5            |                    |     | Exceeded |

**Source:** TWG on Democratic Governance

Given the importance of the corruption sub-sector to the achievement of all the other MGDS outcomes, this review also examined the achievements in ACB outcomes to complement the above MGDS annual indicators for 2006/07 in order to corroborate performance towards the MGDS outcomes. The latter assessment is presented in Table 44 below.

The findings indicate that 86 percent of the output indicators for the sub-sector exceeded their targets. However, the significant positive performance in some cases such as the number of examination centers visited can be explained by the fact that the set targets were unnecessarily low. Nonetheless, the sub-sector's positive output performance could also be attributed improvements in disbursement of ORT funds from the Ministry of Finance and adoption of more strategic approach in prevention of corruption by facilitating the development of corruption prevention policies for institutions and developing more formalized collaborative working arrangements with other institutions.

**Table 44: Key Corruption Sub-Theme Outputs Indicator Performance**

| Sector Outputs   | Output Indicators   | Monitoring | Target 2006/07 | Actual 2006/07 | Target Achievement |      |          |
|--|---|------------|----------------|----------------|--------------------|------|----------|
|  |   |            |                |                | Not met            | Met  | Exceeded |
| 1. Transparency and accountability for service delivery. -corruption cases prosecuted. | 1.1 Number of Managerial Accountability workshops conducted |            | 14             | 30             |                    |      | Exceeded |
|  | 1.2 Number of examination centers visited                   |            | 20             | 176            |                    |      | Exceeded |
|  | 1.3 Number of inquiries conducted                           |            | 17             | 22             |                    |      | Exceeded |
|  | 1.4 Number of investigation cases completed                 |            | 156            | 198            |                    |      | Exceeded |
|  | 1.5 Number of prosecution cases registered in court         |            | 46             | 28             | No t met           |      |          |
|  | 1.6 Number of clubs formed/supported                        |            | .....          | 12             |                    |      |          |
|  | 1.7 Number of stakeholder workshops conducted               |            | 8              | 11             |                    | Me t |          |

**Source:** TWG on Democratic Governance

### **23.2.1 Recurrent Budget Performance**

The analysis indicates that only one out of five activities that were implemented during the year under review was aligned to the MGDS activities. For the aligned activity, the review shows a huge shortfall between the activity based budgets and MDGS costing. The MGDS costing shows a significant shortfall hence not sufficient to implement the activity. The activities covered in the budget document on corruption are a more true reflection of what is supposed to be done in order to reduce corruption in Malawi while the MGDS did not capture all the activities that are supposed to be implemented in order to reduce corruption.

The review found out that the sector activities implemented were according to sector output budgets and planned targets. In most cases, the actual outputs exceeded the targets except for investigations and prosecution. The actual expenditures were according to the planned sector activities. However, Only 28.7 percent of the activities under ACB were implemented using ORT, the rest were financed by donor partners.

### **23.2.2 Overview of Development Budget Performance**

*ACB has no development Projects in 2006/07 Development budget*

### **23.2.3 DEVELOPMENT projects Output Performance**

*ACB has no development Projects in 2006/07*

### **23.2.4 Donor Alignment & Harmonization**

*No information provided yet ACB depends on funding from many development partners.*

## **23.3 Constraints in Analysis**

- The major challenge during the review process was inadequate data due to lack of a comprehensive data bank.

## **23.4 Integration of Crosscutting Issues**

The fight against corruption cannot be a success if some other cross cutting issues like HIV and AIDS, gender, etc, are not integrated into the Anti-Corruption Bureau Programmes. To this effect, the Bureau with support from National Aids Commission (NAC) is implementing prevention of HIV and AIDS prevention Programmes within the workplace.

The Bureau has conformed to government policies on gender issues where, 26 percent of its senior management and about 50 percent of its middle managers

are women. This is an indication that the Bureau offers equal opportunities for employment to both men and women. In addition, the Bureau has Programmes that target school children through national examination spot checks to make sure that cheating facilitated by corruption is reduced. The Bureau has also introduced anti-corruption clubs in all universities and constituent colleges and in some secondary schools

### **23.5 Overall Sector Performance**

Given that all the three MGDS annual indicators indicated positive performance (Table 41), the corruption sub-sector can be said to be performing above average towards achieving the MGDS outcomes. This coupled with equally positive performance in achievement of sector outputs indicates that the overall performance for the sector is good for the period under review. For instance, in the case of MGDS annual indicators the evidence available includes:

- Within 12 months, the proportion of *corruption cases effectively prosecuted* in Malawi has increased by 17 percent (from 47 percent in 2005/06 to 55 percent) in the year under review.
- Using international indicator of “corruption perception index” the index has improved from 3 in 2005/06 to 3.5 in 2006/07 (This is a standardized score whereby 0 is the lowest implying highly corrupt and 10 the highest implying highly clean).

### **23.6 Sector Policy Alignment to MGDS**

The review indicates that policies implemented under corruption are aligned to the MGDS in terms of addressing almost all the issues outlined within the sector outcomes. The policies are reflected in the following strategic objectives:

- Maximize the potential of the human and capital resources available to the Bureau for the efficient execution of its activities
- Proactively prevent corrupt practices in public and private sector bodies
- Develop the National Integrity System (NIS) through policy leadership and enhanced collaboration
- Enhance public awareness of corruption and of the Anti-Corruption Bureau's work
- Effectively investigate allegations of corruption, bring offenders to court and ensure that they are successfully prosecuted.

### **23.7 Follow-up on Previous Reviews & Lessons Learned**

#### **Follow-up on Previous Reviews**

There were no specific recommendations that were made on corruption (Anti Corruption Bureau) in the previous reviews.

## **Lessons Learned**

The following are important lessons that were drawn which had an impact on the reporting quality of this annual report for the sector:

1. Lack of capacity of its human resource and existence of vacant position affects the effective delivery especially on its planned outputs.
2. The review has also shown that output/indicator in the MGDS is too broad and as such it was difficult to report on progress made.

### **23.8 Policy Recommendations**

One key recommendation from the current review is as follows:

1. The sector needs to lobby with Ministries of Finance and Justice to facilitate the fast tracking system of corruption cases in order to reduce the number of court cases that have stayed in the court system for over two (2) years.

## CHAPTER 24: JUSTICE AND RULE OF LAW

### 24.1 Justice and Rule of Law

The Justice and Rule of Law sector comprises of the Ministry of Justice and Constitutional Affairs, the Directorate of Public Prosecutions (DPP), the Department of Legal Aid, the Registrar General, the Administrator General, the Malawi Law Commission, the Judiciary and the Ombudsman. The creation of a strong legal system that safeguards the interest of the nation and promotes the rule of law is also fundamental factor for achieving sustainable economic growth development. This, among others, is envisaged to create an enabling legal and regulatory framework that provides incentives for economic activities. The long term goal is to increase access to justice and entrenched rule of law.

### 24.2 Expected MGDS Outcomes

Beyond the key expected medium-term outcomes of providing a more responsive, efficient and effective judicial authority for the Justice/ Rule of Law sub-theme, there are other expected outcomes to achieve the following among others:

- (a) Increased public confidence in the judicial system.
- (b) Improved ability of the private sector to obtain equitable and fair settlement of disputes in reasonable time and cost.

#### 24.2.1 Achievements for the Year

Given the lack of data on the annual MGDS indicators, this review has used anecdotal information from the sector to review performance on two of the annual indicators regarding percent access to justice by citizens and prosecution rates. During the period under review, the sector has seen an increase in number of clients being represented by lawyers at the expense of the State through the Department of Legal Aid, as well as an increase in the number of cases prosecuted by the Directorate of Public Prosecutions. However, there has been an increase in the number of murder cases and this has adversely affected the rate of disposing of the backlog of these cases. Progress has also been made towards the achievement of outcome (b) above in terms of setting up of a Commercial Court in Blantyre. Some indicators are presented in Table 45 below.

**Table 45: MGDS Annual Indicators for Rule of Law**

| MGDS Output/Outcome Indicators  | Baseline (2005) | 2007 Target | 2007 Actual      |
|---|-----------------|-------------|------------------|
| Number of institutions of justice per 100,000 population disaggregated by type:<br>a) Courts<br>b) Police Posts | 1.2             |             | No data provided |



|                                  |  |  |  |
|----------------------------------|--|--|--|
| % access to justice by citizens* |  |  |  |
| Prosecution rates                |  |  |  |

**Source:** TWG on Democratic Governance;

\* Data only available through a survey after 3 years

To corroborate the anecdotal information, the review has also taken into account the performance of one key sector output geared towards achieving the MGDS outcome of a more responsive, efficient and effective judicial authority. As indicated in the Table 46 below, three out of the four indicators for the key sector output were not achieved. The data indicates that there have been no enactments of reviewed laws. This arose from a range of reasons such as; limited research capacity, lengthy consultations and inadequate funds to either commence or conclude law reforms urgently required in the country. There have also been a lot of delays in the passage of Bills and a large majority of recommendations by the Law Commission suffered significant delays at various stages of the enactment process. It was the view of the sector that delays in endorsing recommendations may be due to bottlenecks at other levels beyond its control. It may be noted that some bills were actually prepared but enactment of reviewed laws stalled in parliament, and in some cases, prepared bills were not approved by cabinet for publication and presentation to parliament. It was the view of the sector that delays in endorsing recommendations at government level and processing bills in parliament may be due to, among other things, lack of political will to prioritize legal reforms, political bickering, as well as lack of appreciation of the national importance of the proposed legal reforms.

**Table 46: Key Justice/Rule of Law Sector Outputs Indicator Performance**

| Sector Outputs   | Output Monitoring Indicators                                 | Target 2006/07                 | Actual 2006/07      | Target Achievement |     |          |
|--|--|--------------------------------|---------------------|--------------------|-----|----------|
|  |  |                                |                     | Not met            | Met | Exceeded |
| 1. Contemporary applicable and relevant laws conforming to the Constitution and International applicable law and meeting national needs. | 1.1a Timely drafting of law and enactment of new legislation | 1 Constitutional review report | Ongoing             | Not met            |     |          |
|  |  | 4 Reports                      | 4 Reports completed |                    | Met |          |
|  |  | Number of bills 43             | 17 bills drafted    | Not met            |     |          |
|  | 1.1b Timely enactment of reviewed laws                       | 4 Bills                        | 0                   | Not met            |     |          |

**Source:** TWG on Democratic Governance

## 24.2.2 Recurrent Budget Performance

The analysis indicates that all activities that were implemented during the year under review were aligned to the MGDS activities. However, there is some variance between the list of activities in the Output-Based Budget and the MGDS. The analysis of sector activity budgets vis-à-vis the MGDS activity costing indicates a large funding gap between the activity budgets and the MGDS costing. The MGDS activity costing does not match the reality for activity implementation requirements and the shortfall in funding meant a number of activities were either partly undertaken or not at all.

It is worthwhile to mention that some activities that were not planned and budgeted for were implemented. This was due to the availability of donor funds to meet implementation of demand-driven Programmes and the need to respond to immediate national or sector priorities that in the end contribute towards the achievement of the MGDS annual output targets.

### **24.2.3 Overview of Development Budget**

Currently there is only one EU funded project called 'Rule of Law and Civic Education'. The objective of this project is to promote Rule of Law and Civic Education. The sub-sector does not have the necessary data to do analysis on the performance of this development project.

### **24.2.4 Development Projects Output Performance**

Currently there is only one EU funded project called 'Rule of Law and Civic Education'. The objective of this project is to promote Rule of Law and Civic Education. Since actual implementation started around March this year, the effective assessment period on deliverables was significantly reduced. However, most of the activities of this project are not 'development' oriented as such. However, the project registered some positive progress in the expected project outputs.

### **24.2.5 Donor Alignment & Harmonization**

During the period under review, aid development support to the Malawi government in the Justice and Rule of Law sub-sector has been relatively aligned to national priorities. It is estimated that about 90 percent of this aid was channelled through the government budget while 40 percent of technical co-operation flows are implemented through coordinated programmes consistent with the MGDS. However, there is still room for more and better coordination in both channelling of flows and the technical cooperation. The sector observed that there is also Donor tendency to manage and oversee its own Programmes and this leads to some implementation problems. Donors perceive Government Ministries as lacking capacity to effectively manage. In terms of procurement, it is felt that most donors prefer procurement of equipment and services using their own systems. This tendency is promoted by rigid international agreements.

### **24.3 Constraints in Analysis**

The main challenge facing the sub-sector is inadequate data due to lack of baseline information, comprehensive data bank and reporting system. The sub-sector also lacks skills for data collection and analysis. A comprehensive Monitoring and Evaluation Plan for the sub-sector has not been developed.

Some key stakeholders from the sub-sector also did not participate in the MGDS annual review process as such there are information gaps.

### **24.4 Integration of Crosscutting Issues**

The sector has integrated crosscutting issues, which include HIV and AIDS, Gender, Science and Technology, and statistics. The integration of HIV and AIDS has been done through formulation and implementation of HIV/AIDS workplace programmes. Malawi Law Commission carried out a review of gender related laws and ensured that gender issues were addressed in all laws under review. The sub-sector has also integrated the aspects of science and technology through acquisition of ICT resources, developed ICT skills and expertise amongst staff institutions. The sector continues involving NSO in collecting, analyzing data on criminal litigation in Malawi.

### **24.5 Overall Sector Performance**

The sector did not provide data on MGDS annual indicators on which to base the analysis of overall sector performance. However, using the sector output indicators, the review has found that 75 percent of the targeted outputs were not met. This means that the overall performance for the Justice/Rule of Law sub-sector is way below average for the period under review.

### **24.6 Sector Policy Alignment to MGDS**

The review indicates that policies implemented under Justice and Rule of Law sub-theme are in alignment with the MGDS in terms of addressing almost all the issues outlined within the sector outcomes. The Justice and Rule of Law sub-sector seeks to increase access to justice and entrenched rule of law. To achieve this, the sub-sector implemented various programmes and projects geared towards developing a strong justice system and create an enabling legal and regulatory framework that provides incentives for economic growth and development. Some of these activities include:

- Reviewing the Republics Constitution and laws relating to Marriage and Divorce, Land and Traditional Courts;
- Providing an efficient administration of deceased estates;
- Providing a conducive environment for registration of businesses;

- Establishment of regional offices in Mzuzu for the Departments of Legal Aid, Administrator General and Directorate of Public Prosecutions in order to improve and increase access to justice.

## **24.7 Follow-up on Previous Reviews & Lessons Learned**

### **Follow-up on Previous Reviews (JCPR)**

The recent JCPR review recommended that there should be more detailed work on defining agreed indicators for progress for the governance sector in order to achieve consistency. The Ministry of Justice was to request MEP&D to lead this process in December 2007. The other main recommendation from the previous JCPR, which is still outstanding, is to re-enforce the need for and achievement of more results focused reviews. During the period under review, this might not have improved significantly.

### **Lessons Learned**

- 1) The sub-sector has noted that some key activities implemented for the sector are not adequately represented in the MGDS and therefore that there should be room to improve or modify some of the sub-sector outputs and indicators.

## **24.8 Policy Recommendations**

- 1) There is need to put in place M&E structures and processes. Coordination and harmonization in the sub sector needs to be improved in order to improve access to justice by all.
- 2) There is need for the sector to redefine some of their targets to reflect the situation on the ground.

## CHAPTER 25: SECURITY

### 25.1 Security

Security is important in safeguarding human resources, infrastructure, goods and services in the country. This is critical in the creation of enabling environment for economic and social activities. The Long-term goal is to make Malawi a safe, secure and crime free nation. The security sub-theme consists of the following Government ministries and departments namely:

- Ministry of Home Affairs<sup>9</sup>, which is the parent ministry for Malawi Police Service, Prisons and Immigration departments.
- Ministry of National Defence, which is the parent ministry for the department of Malawi Defence Forces.

Together, all the above institutions contribute to the achievement of the MGDS medium –term expected outcome for security of reduced crime levels.

### 25.2 Expected MGDS Outcomes

Beyond the expected medium-term outcome for the Security of reduced crime levels, the sub-sector is expected to among others achieve the following:

- To reduce the level of crime through enhanced professionalism and efficiency in prevention, detection, investigation of crime and prosecution of offenders
- To promote community safety and security through enhanced partnership with the community and all stakeholders
- To promote public order and safety in the communities, reduce the fear of crime, provide proper management of disasters, emergencies and other critical incidences.

#### 25.2.1 Achievements for the Year

As indicated in Table 47 below, there is no data provided on the MGDS annual indicators nor on the output indicators for the security sub-sector. This has made it difficult to make any analysis on performance of the MGDS annual indicators.

**Table 47: MGDS Annual Indicators for Security**

| Indicator                | Baseline (2005) | 2006/07 Target | 2006/07 Actual |
|--------------------------|-----------------|----------------|----------------|
| Crime detection Rate     | 676/100,000     | 666/100,000    |                |
| Police/ Population ratio | 1: 1384         | 1:1382         |                |
| Warden/prisoner ration   | 1:16            |                |                |

Source: TWG on Democratic Governance

<sup>9</sup> Ministry of Home Affairs did not participate in the review process

### **25.2.2 Recurrent Budget Performance**

The review indicates that all activities that were implemented by the Malawi Prison Service, Ministry of National Defence, and Malawi Defence Forces during the year under review were not aligned to the MGDS activities. There was some alignment for the Malawi Police Services (MPS) activities. However comparing sector activity budgets and the MGDS costing, there is a discrepancy between the sector budget estimates and the MGDS costing.

In the MPS, actual expenditures were in line with the planned activities. However, there were some over expenditures in some activities largely because the police respond to emergencies that may not have been anticipated during the planning process. For the Ministry of National Defence, actual expenditures were not in line with what was really planned mainly because of delays in funding.

### **25.2.3 Overview of Development Budget Performance**

Malawi Police Service has 3 projects that appear in the development namely Police Infrastructure Programme, Police Capacity Building Project and Malawi Safety Security and Access to Justice (MaSSAJ). Malawi Prison Services had seven development projects and these are; new Mzimba prison, Rehabilitation of Prison Training School, Construction of Mwanza Staff Houses, Irrigation Development in Prisons, New Ntchisi Prison, Construction of Maximum Security Prison and Rehabilitation of Dedza and Others. In the year under review, Immigration Department had 2 on going development projects namely: the Border Control System project and the Construction of Office Blocks, Staff Houses, Provision of Boreholes and Toilet Facilities. The Implementation of the Border control system project in the year under review was problematic. This is was due to insufficient funds allocated to its pilot phase, which involved computerization of Mwanza and Chileka border posts and Immigration headquarters. This led to reallocation of funds to procurement of ICT equipment for the pilot sites using the available funds.

For the Ministry of National Defence, all the Infrastructure programmes planned for the 2006/07 Financial Year were captured in the development 2006/07-2010/11 and all were to be funded by the Government of Malawi. However, the Ministry was unable to do all what was planned because many of these projects did just start in the Year under review and were carried to 2007/08 Financial Year.

#### **25.2.4 Development Projects Output Performance**

In the case of Prisons, it was able to carry out rehabilitation Programmes in prisons.

#### **25.2.5 Donor Alignment & Harmonization**

##### **Malawi Police Service**

Donor funding to the Malawi Police Service in the fiscal year 2006/2007 is 77 percent as reported in the national budget. This compares favourably to the 2010 target of 85 percent which indicates alignment to MPS priorities. Donor support towards the strengthening of MPS capacity by coordinated support programmes consistent with GoM national development is 40 percent compared with the 50 percent 2010 target. About 80 percent of donors and of aid flows use GoM procurement systems which adhere to broadly accepted practices. Most of aid flows to the MPS use GoM public financial management systems (80 percent) compared to 90 percent 2010 target. On strengthening capacity by avoiding parallel implementation structures there has been good progress as the biggest donor to the MPS, DFID, whose contribution accounts for 70 percent of aid flows uses MPS implementation structures. Percentage of aid disbursements released according to agreed schedules in annual or multi-year frameworks is about 90 percent of the total aid flows to the MPS.

On use of common arrangements or procedures 77 percent of aid was provided as programme-based approaches (PBAs). On encouraging shared analysis, little progress can be seen on the ground as no joint field missions or country analytic work, including joint diagnostic reviews were conducted during the period under review.

In general terms, donors working in the sector have made a lot of progress aligning and harmonizing their funding and programmes with MPS priorities, procedures and implementation arrangements. This is largely because the department's main donor for the period under review disbursed funding through budgetary support.

##### **Malawi Prison service**

Most of the aid that the Malawi Prison service received from its donors is to a larger extent aligned to its priorities. However much if not all of the donors funding is not reflected in the national budget.

Coordinated effort is present to a certain extent, for instance other donors approach Prisons directly to ask if they could jointly come up with a plan of action, how implementation and monitoring of performance would be done and or evaluation of the project. However, there are times when the department has

dealt with certain donors who identify projects with a budget known only to themselves and bring their own personnel to undertake the implementation and evaluation. The whole process from project identification to project evaluation is done without involving Prisons management.

Most of the donors use the country's procurement systems in procurement of project items, however there are a few notable differences especially in the thresholds. Government procedures have limitation on how much an institution can buy beyond which, that institution is supposed to seek authority. The donors may be a bit flexible in some cases and rigid in others. They may have problems with complying to government procurement and public Financial Management systems because they follow their own organization's laid down procedures. Consequently it is sometimes difficult to monitor the progress and impact of the developments agreed.

### **Malawi Immigration Department and Ministry of Defence**

A donor alignment and harmonization in the 2006/07 general assessment of the implementation of Paris declaration on Aid Effectiveness is not applicable to Immigration and MoND since they did not have donors in the year under review.

### **25.3 Constraints in Analysis**

- Most of the data on the 2006/07 achievements of the output indicators for the security sub-theme is missing, which has made it very difficult to corroborate findings on the performance of the sub-sector.
- There is also no data readily available on development project outputs in order to assess their performance.

### **25.4 Integration of Crosscutting Issues**

The Malawi Police Service is implementing an HIV and AIDS workplace policy with financial assistance from both the National AIDS Commission and the Government of Malawi (2% ORT). It is worth noting that MPS is an equal opportunities organization in which women are given special consideration both in recruitment of new officers and promotion to decision making positions. The MPS is also a member of the SARPCCO Police Women's Network. The MPS is making a lot of effort to keep abreast of new technologies in areas such as data management, forensic science, motor vehicle speed detection, financial management, telecommunication and others. An IT unit has been set up at Police Headquarters and a forensic science laboratory is in the process of being established. The MPS also works hand in hand with the National Statistical Office who analyse and publish some of the department's statistics.

Malawi Prison Services with funding from NAC has managed to train about 20 VCT counselors and about 144 peer educators. VCT centers have been opened



in our maximum prisons namely Zomba Central Prison, Mzuzu Prison and Maula Prison respectively. Peer educators are spread in all our prisons. Malawi Prison Service has also established a number of woodlots in a number of prisons as one way of conserving the environment. Emission of smoke arising from the use of firewood in prisons has to a lesser extent reduced because of electrification of most of our prisons resulting in a decrease in the volume of firewood used.

In the Malawi Immigration Department, integration of HIV and AIDS has been done through a project on mainstreaming of HIV and AIDS at work place with the assistance of the National Aids Commission. Secondly, ICT has been a priority through the development of the ICT unit and the Border Control System project whose objective is to computerise the sectors border control and record management systems. Lastly, the sector also provides monthly statistics to the National Statistical office on the number of foreigners/tourists travelling through the borders.

The Ministry of Defence planned that issues of HIV/AIDS and Gender be mainstreamed and that awareness campaigns be conducted on HIV/AIDS and Gender respectively. However, the Ministry has not yet incorporated gender issues in the defence policy since the policy had not been finished yet

## **25.5 Overall Sector Performance**

There are gaps in terms of MGDS annual indicators and sector output performance across all the sub-sectors, making it difficult to make any analysis on the performance of security sector. Furthermore, the current MGDS annual indicator table does not have any indicator on tracking results achieved under immigration.

## **25.6 Sector Policy Alignment to MGDS**

The review indicates that policies implemented in the security sub-sector are in alignment with the MGDS in terms of addressing almost all the issues outlined within the sector outcomes. Policy Actions taken to achieve the sectors outcomes are as follows:

### **For Ministry of National Defence**

- Develop the national defence strategic plan. However, the strategic plan was not finalized in the year under review.
- Produce a Defence Policy: The defence policy was not produced as the strategic plan was not finalized yet
- Produce the Ministry of National Defence Act: the act is expected to start after the policy has been finished.
- Develop Monitoring and Evaluation systems: It was planned that an electronic data base be produced, this was not done thus, manual system is still in operation.

- Facilitate recruitment of soldiers: This was budgeted for 2007/08 financial year

#### **For Malawi Police Services**

- Establishing criminal intelligent units to target active criminals at National, Regional and Station levels.
- Developing mutual international relationships with sister police services for effective control cross boarder crimes by becoming members of international and regional police organizations such as Interpol and Southern African Regional Police Chiefs Cooperation Organization (SARPCCO).
- Enhancing legal knowledge of prosecutors through better training in high learning institutions.
- Modernizing the VVIP and diplomatic protection services by training presidential and VVIP close protection officers.

### **25.7 Follow-up on Previous Reviews & Lessons Learned**

#### **Follow-up on Previous Reviews**

Malawi Prison Services is the only sub-sector that has followed-up on previous reviews. During the implementation of the MPRS, the sector experienced a number of problems ranging from inadequate funding of activities and lack of political will which impacted negatively on the sector to meet the set activities. There is a general negative attitude towards the department of prisons. As a result, it was recommended that government should allocate enough resources towards prisons services. However, the situation has been different, MPS are not prioritized such that government divert funds which are intended for projects under the sector onto other areas. Nothing has been done M&E because of lack of capacity to undertake the exercise. On accountability and transparency, the prison-sector has trained and appointed a committee responsible for financial management, procurement and ICT. The sector has also intensified its activities on HIV and AIDS.

#### **Lessons Learned**

- Data on the 2006/07 achievements for both annual and sector output indicators for the sector is missing, which has made it very difficult to make analysis on the sector performance.
- There is also no data readily available on most development project outputs in order to assess their performance.

### **25.8 Policy Recommendations**

- a) There is need of strengthening the M&E system within the democratic governance sector because it is still very weak. However, it should be

appreciated that the system has just been formally mainstreamed through the institution of the Research and Planning Unit, which will in turn service the department on the planned programmes and project activities. The unit has inadequate human, material and financial resources despite having its own budget line.

- b) Lack of capacity has contributed to the sector's failure to meet the requirements set out in the MGDS. Alternatively, there may be need for consideration of a standard Monitoring and Evaluation tool upon which all relevant stakeholders will use as a bench mark for their budget performance in line with strategies in the MGDS
- c) The sector outputs should be clearly outlined in the MGDS for it to comprehensively implement the MGDS and easily review the implementation.
- d) There should be adequate funding to various programmes and projects in order to have a comprehensive implementation of the MGDS programmes.

## CHAPTER 26: HUMAN RIGHTS

### 26.1 Human Rights

The sector of Human Rights is also within the theme of democratic governance, which currently implements its programmes using a Rights-based approach to development, as the basis of equality and equity in the distribution of the development gains and the level of participation in the development process. During the year under review (2006/07), the key objectives of the human rights sector included the following:

- People in Malawi (particularly the most vulnerable groups) to know, understand and freely exercise their human rights
- The authorities in Malawi, including the private sector, to respect people's rights, including their economic, social and cultural rights, and are held accountable when those rights are violated
- Effective partnerships with official and non-governmental organisations and other civil society organisations and enhancement of their human rights capacity.

### 26.2. Expected MGDS Outcomes

The expected medium-term MGDS outcomes under human rights include raising human rights awareness and responsibilities among all Malawians, particularly the vulnerable groups and the protection and respect of human rights including the economic, social and cultural rights and accountability of those rights. The awareness and protection of human rights empowers Malawians, particularly the most vulnerable groups of people who form the large part of the population, to contribute to social, economic and political development of this country more effectively.

#### 26.2.1 Achievements for the Year:

According to Table 48 below, Human Rights has three annual MGDS indicators out of which only two were reported.

**Table 48: Progress on MGDS Annual Indicators – Human Rights**

| MGDS Output/<br>Outcome Indicators                                   | Baseline<br>(2005) | 2006/0<br>7<br>Target | 2006/0<br>7<br>Actual | Target Achievement |     |          |
|--|--------------------|-----------------------|-----------------------|--------------------|-----|----------|
|  |                    |                       |                       | Not<br>met         | Met | Exceeded |
| Number of Reported human rights violation cases effectively resolved | 67                 | 3000                  | 900                   | Not<br>met         |     |          |
| Average time taken to process human rights complaints reported       |                    |                       | 3<br>months           |                    |     |          |
| % of the population that is aware about their basic human rights.    | -                  |                       | -                     |                    |     |          |

**Source:** TWG for Governance

The performance of the first indicator on number of reported human rights violation cases effectively resolved was below target by 70 percent. This low

performance was due to both shortage of staff and skills within the Human Rights Commission. We note that lawyers and other professional staff have been recruited since July 2007. The second indicator on average time taken to process human rights cases lacks the necessary baseline and target information to gauge its performance. The last indicator data is only available through a survey, which is conducted every 2-3 years. The review has also assessed the achievement in the sub-sector outputs to understand performance towards the MGDS outcome. This is presented in Table 49 below.

**Table 49: Progress on Human Rights Output indicators**

| Output                     | Output indicators  | 2006/07 Target | 2006/07 Actual | Target Achievement |     |          |
|----------------------------|--|----------------|----------------|--------------------|-----|----------|
|                            |  |                |                | Not met            | Met | Exceeded |
| Awareness of human rights  | Number of people aware of children's and women's rights as provided in CEDAW and CRC                   | 200,000        | 201,818        |                    | Met |          |
|                            | Number of teaching and training manuals in circulation   | 10,000         | 11,500         |                    |     | Exceeded |
|                            | Number of people trained in advocacy from CSO working with vulnerable groups                           | 40             | 21             | Not met            |     |          |
|                            | Number of human rights materials developed, produced and disseminated                                  | 50,000         | 10,000         | Not met            |     |          |
|                            | Number of trainers from institutions that deals with vulnerable groups trained                         | 80             | 29             | Not met            |     |          |
| Protection of human rights | 1 Number of cases investigated   | 3000           | 900            | Not met            |     |          |
|                            | Number of litigated cases handled  | 80             | 45             | Not met            |     |          |
|                            | Legislation and administrative framework for the protection and promotion of human rights put in place | 3              | 7              |                    |     | Exceeded |

**Source:** TWG for Governance

The analysis on output indicators indicates that only three out of eight indicators met their targets. However, based on the performance per output, only the one on protection of human rights was achieved on average while the one on

awareness of human rights was not. The positive performance in the former output was heavily skewed by the positive performance of one indicator (putting a legislative framework for protection of human rights in place) out of the three used to measure this output. This implies that the performance of the sector towards achieving the MGDS outcome is still below average for the period under review.

#### **26.2.2 Recurrent Budget Performance**

Human rights commission had a total budget of MK 90 million in the 2006/07 financial year, which consisted of the recurrent expenditure only. Out of the total budget, MK48 million was for Administrative and Support Services, leaving MK42 million for core activities of the commission that represents 46 percent of the total resources. No resources were allocated toward the development projects in the budget. All the human rights activities that were budgeted under 2006/07 budget estimates were the same as those that were identified in the MGDS. Hence, the budget was aligned to MGDS.

#### **26.2.3 Overview of Development Project Output Performance**

There was only one project funded by UNDP / NORAD with the main objective of building the institutional capacity of the MHRC in order to promote and protect human rights in Malawi. The output performance of this project is what is reflected under sector output performance that is negative overall, which indicates that only two out of the five met their target. Nonetheless, the two indicators that met their target have a bearing of raising human rights because they are to do with number of people aware of children's and women's rights as provided in CEDAW and CRC and the other one is on the number of teaching and training materials in circulation. All the planned activities were implemented though they have relatively different levels of achievements.

#### **26.2.4 Donor Alignment & Harmonization**

No data was provided for donor alignment and harmonization for human rights specific activities.

### **26.3 Constraints in the Analysis**

- The third annual MGDS indicator on percent of the population that is aware about their basic human rights requires baseline survey, which is one of the activities yet to be undertaken in collaboration with Ministry of Justice and National Statistics Office (NSO) in the current financial year.

### **26.4 Integration of Crosscutting Issues**

The Commission has an HIV and AIDS Steering Committee that facilitates the provision of HIV and AIDS related services at work place. On part of technology,

the complaints handling system was being computerized. Also the Commission's programme on right-based approach to social service delivery incorporates all the cross-cutting issues like gender, HIV/Aids, ITC and literacy.

## **26.5 Overall Sector Performance**

## **26.6 Sector Policy Alignment to MGDS**

The Strategic Plans of the human Rights Commission are aligned to MGDS. The plans focus on among other things, sensitizing people in Malawi (particularly most vulnerable groups) to know, understand and freely exercise their human rights.

## **26.7 Follow-up to Previous Reviews and Lessons Learned**

### **Follow-up on Previous Reviews**

There were no recommendations on Human Rights from the MPRS review. The JCPR made one in general on democratic governance for the need to divide the sector into four focal areas around which SWAps could be developed for effective coordination and achievement of results. One of these focal areas was Human Rights but to-date, nothing has been put in place to this effect.

### **Lessons Learned**

1. Currently the nation does not have baseline data on public human rights awareness that makes it difficult to determine the level of human rights awareness
2. Human rights sector has very little donor alignment and harmonization.

## **26.8 Policy Recommendations**

1. The Ministry of Economic Planning and Development should include human rights activities in MGDS costing sheet that were submitted but were not included.
2. The Ministry of Finance should increase funding for human rights activities in order to meet the set MGDS targets that are under human rights.
3. The Human Rights Commission should fill the existing vacancies in order to implement activities in the MGDS.
4. The Human Rights Commission should also train the staff to acquire the desired skills to execute their jobs.
5. The baseline data on Human Rights should be gathered this year by the commission.

## CHAPTER 27: DECENTRALIZATION

### 27.1 Decentralization

Malawi recognizes local Governments as key to national development and good governance. The main objective is to devolve central Government powers, functions and resources to Malawians through their local authorities (assemblies). The long-term goal is to enhance decision-making and participation of local communities in development planning and implementation. For purposes of this review, Decentralization sub-sector comprised of the Ministry of Local Government and Rural Development, and Local Government Finance Committee.

However, it should be noted from the onset that during the review, *Ministry of Local Government and Rural Development did not provide any information regarding progress made in Decentralization*. The analysis below is based on the information provided by the Local Government Finance Committee only.

### 27.2 Expected MGDS Outcomes

Beyond the general expected medium-term outcomes for Decentralization of local Assemblies to be in full control of development planning and implementation, this sub-theme is expected to among others achieve the following:

- Improved community participation,
- Efficient accountability,
- Good governance systems,
- Vibrant M&E systems, clear and strengthened linkages of various policy reforms,
- Reduce conflicts of roles among various stakeholders at the district level.

#### 27.2.1 Achievements for the Year

As indicated in Table 50 below, the sector has three indicators out of which two have data gaps.

**Table 50: MGDS Annual Indicators for Decentralization**

| MGDS Output/<br>Outcome Indicators  | Baseline<br>(2005) | 2007<br>Target | 2007<br>Actual | Target Achievement |     |          |
|---|--------------------|----------------|----------------|--------------------|-----|----------|
|   |                    |                |                | Not<br>met         | Met | Exceeded |
| Number of sectors fully developed   | 7                  | 10             | 7              | Not<br>met         |     |          |
| Number of districts with approved District Development Plan in place.   | 40                 | 40             |                |                    |     |          |
| Number of motions or bills passed in parliament on Private members days.<br><br>Alternative:<br>Number of public policies changed consistent with CSO advocacy. |                    |                |                |                    |     |          |

**Source:** TWG on Democratic Governance



However, the only indicator with data available is 'number of sectors fully developed' which indicates poor performance in terms of its failure to achieve the set annual targets by 30 percent. To complement findings based on this single indicator, the review also considered the achievements made in some key sector output indicators for the period under review (2006/07) in order to corroborate performance towards the MGDS outcomes. The latter assessment is presented in Table 51 below:

**Table 51: Key Decentralization Sector Outputs Indicator Performance**

| Sector Outputs<br>(as in MGDS Annex 1)                                  | Output Monitoring Indicators   | Target 2006/07 | Actual 2006/07 | Target Achievement |     |          |
|---|--|----------------|----------------|--------------------|-----|----------|
|   |  |                |                | Not met            | Met | Exceeded |
| 1.0 Devolution of resources and authority to local governments deepened | 1.1 Number of assemblies with updated development plans or development budget reviewed | 5              | 6              |                    |     | Exceeded |
|   | 1.2 Number of meetings with central government agencies                                | 4              | 4              |                    | Met |          |
|   | 1.3 Number of assemblies paid  | 12             | 12             |                    | Met |          |
|   | 1.4 Number of assemblies with improved revenue administration system                   | 12             | 12             |                    | Met |          |
|   | <b>1.5 No. of new sector devolving functions</b>                                       | <b>2</b>       | <b>1</b>       | <b>Not met</b>     |     |          |
|   | 1.6 No of assemblies   | 10             | 22             |                    |     | Exceeded |
|   | 1.7 No of assemblies   | 10             | 22             |                    |     | Exceeded |

**Source:** TWG on Democratic Governance

Contrary to the negative performance indicated by using one indicator, achievements in the sector outputs indicate that only 1 out of the 7 output indicators did not meet its target. Out of the six indicators that met their targets, three indicators exceeded their target. However, it is important to note that in terms of achieving the MGDS outcome of local Assemblies being in full control of development planning and implementation, the indicator that failed to meet its target is that of number of new sectors devolving their function. In this regard, although the overall sector output performance is positive, the negative performance of this indicator partially corroborates the finding in the annual MGDS indicator.

### **27.2.2 Recurrent Budget Performance**

The analysis indicates that seven out of nine activities that were implemented during the year under review were aligned to the MGDS activities. However, there is some variance between the list of activities in the Output-Based Budget and the MGDS. Specifically, the review indicates that activities like financial

management in assemblies improved, and Inter and intra-governmental transfer systems review are not reflected in the MGDS. Also the activity to implement intra-governmental resource allocation systems was not undertaken due to delays in funding of an international consultant on the inter-governmental fiscal transfers study otherwise all activities were implemented.

### **27.2.3 Overview of Development Budget Performance**

The projects for local governments were not reflected in the 2006/2007 development. Nevertheless, there are currently attempts to link the local development project to the development. This will require partly the devolution of the development budget from line ministries to assemblies and/ or the operationalization of the Local Development Fund.

### **27.2.4 Development Projects Output Performance**

The projects for local governments were not reflected in the 2006/2007 development

### **27.2.5 Donor Alignment and Harmonization**

The sector has not provided information on Donor Alignment and Harmonization.

## **27.3 Constraints in Analysis**

The mainstreaming of all national frameworks is often delayed at the local government levels. In the case of the MDGS, it was not fully introduced at local government level in 2006/2007. As a result budget submissions by assemblies did not follow the MDGS framework. There should be timely or parallel orientation of local governments in all national frameworks.

## **27.4 Integration of Crosscutting Issues**

The sector has managed to integrate gender crosscutting issues for instance;

- HIV and AIDS through every year 2 percent of the approved budget resources are earmarked for HIV and AIDS activities at NLGFC and Assembly level and NACs Districts interventions.
- Mainstreaming of gender in the local government sector is done in line with the National Gender Policy.
- Provision of Programme resources in LA budget to address environment concerns especially sanitation and hygiene in markets.
- The National Local Government Finance Committee in collaboration with the Ministry of Local Government and Rural Development facilitated the installation of the Integrated Financial Management System (IFMIS) in 12 assemblies with a view to improve financial information and reporting.

- District assemblies also adopted the computer-based Local Assembly Management Information System (LAMIS), which is used to track implementation of MASAF projects.

## **27.5 Overall Sector Performance**

Given that out of the three annual indicators in the sub-sector, only one with data available on ‘number of sectors fully developed’ indicates poor performance because of its failure to achieve the set annual targets, it can be said that the sector is performing below average. However since many of the sector outputs indicates good performance, it can be argued that the sector is more than likely to achieve its MGDS indicators if resources are shifted to address the under performing areas.

## **27.6 Sector Policy Alignment to MGDS**

The review indicates that policies implemented in the Decentralization sub-theme are in alignment with the MGDS in terms of addressing almost all the issues outlined within the sector outcomes. The policies include the following:

- The Government has designed and is implementing, at various stages, several decentralization support Programmes. In furtherance of improved accountability, IFMIS mounted on Sage line 100 was piloted in 4 assemblies and has since been rolled out to 8 additional assemblies.
- A Capacity Development Programme for local governments has been designed, which will seek to address capacity constraints faced in service delivery at the local level.
- In terms of promoting local planning and implementation, Government has set up a financing mechanism known as the Local Development Fund, which seeks to provide the means for local government and communities to deliver on services that address the needs of the people as well as facilitate and entrench the democratization and popular participation of in development.
- In order to enhance the monitoring capacity in local governments, officers have been recruited in all districts to operationalize the monitoring and evaluation system.
- The National Decentralization Policy and the Local Government Act has been reviewed in order to create a more enabling environment for the decentralization process. Case by case functional review has been undertaken for each of the local government paving way for integration of sector into the district office.

## **27.7 Follow-up on Previous Reviews**

The Review of the Malawi Poverty Reduction Strategy recommended that adequate resources for undertaking M&E should be made available in the budgets even for districts. There has been a general increase of conditional and

unconditional transfers to assemblies, part of which is used for monitoring and evaluation. However, in case of some districts limited transport means in conditions of adverse terrain has limited physical monitoring. External monitoring through audits of assemblies has completed local monitoring efforts at the assembly level.

The review also recommended that government should establish monitoring and evaluation units in all government institutions and ensure that management supports monitoring and evaluation activities. Government has moved to recruit M & E officers for each district and in terms of coordination at the district level, the civil society organizations and local governments collaborate through the District Executive committees.

## **27.8 Policy Recommendations**

- 1) As sectors devolve, appropriate capacity and systems including financing must be transferred to the local government level for improved service delivery. The current position still ties a lot of resources at the central level. It is important that in making budget allocations assemblies must be financed in tandem with their level of service delivery.
- 2) The problem of staff constraints at local government level can partly be resolved through full integration of staff at the local government level and improvement of social facilities to attract and retain staff.

## CHAPTER 28: TOURISM AND CULTURE

The Tourism sub-sector aims at developing and promoting tourism for economic development. It contributes to the Gross Domestic Product through its multiplier effect and cross cutting capacity with other economic sectors such as construction, aviation, transport, agriculture and others. Its medium term goal is to increase the contribution of tourism to GDP from 1.8% to 8 percent. The culture sub-sector aims at the preservation, conservation and promotion of Malawi's natural and cultural heritage for socio-economic development and good governance. Culture is a key component in the development of tourism in form of monuments, historical sites, artifacts, crafts, traditional dances and various works of art. The cultural industry which includes drama, film production and music also provides an opportunity to Malawi population in form of income generation.

### 28.1 Expected MGDS Outcomes

The expected medium-term outcomes for the tourism sub-sector are outlined in Text Box 21. However, the cultural aspects are not outlined in the MGDS.

### 28.2 Achievements for the Year

The MGDS does not have any annual indicators for this sector. As such, the sector is assessed based on its sector output indicators as outlined below in Table 52 as a means of measuring progress towards the attainment of MGDS outcomes.

#### Text Box 21: Expected MGDS Outcomes for the Tourism Sub-sector

- Malawi established as a principal and leading eco-tourism destination in Africa
- An enabling, favourable and sustainable environment for the private sector to conduct tourism business created
- Tourism establishments to meet acceptable standards to compete regionally and internationally
- Malawi as a tourist destination to achieve growth in high spending tourists

It must be noted that the number of international tourists recorded at ports of exit and entry increased during the review period by 45.7 percent. The same period saw an increase in the average tourist spending by almost 85%. The number of marketing campaigns internationally was reduced due to the limited marketing budget. No funding was available in order to carry out construction of eco-lodges in priority sites.

**Table 52: Sector Output Indicators for Tourism and Culture**

| <b>Output Indicator</b>   | <b>Baseline (2005)</b> | <b>2006/2007 Target</b> | <b>2006/2007 Actual</b> | <b>Target Achievement</b> |
|---|------------------------|-------------------------|-------------------------|---------------------------|
| Number of International Tourist Arrivals                                    | 438,000                | 550,000                 | 637,772                 | Exceeded                  |
| Average Expenditure per Tourist (MK)  | 23,379                 | 36,500                  | 43,362                  | Exceeded                  |
| Number of International Marketing Campaigns Undertaken                      | 6                      | 6                       | 3                       | Not met                   |
| Proportion of Local Awareness/Marketing Campaigns                           | 65%                    | 70%                     | 45%                     | Not met                   |
| Number of Tourism Enterprises inspected, classified and licensed            | 720                    | 822                     | 912                     | Exceeded                  |
| Number of Awareness Campaigns undertaken on the Tourism Law and Regulations | 10                     | 10                      | 2                       | Not met                   |
| Kilometers of Access Roads to Selected Resort Areas completed               | 20                     | 4                       | 1.5                     | Not met                   |
| Number of Model Cultural Villages Constructed                               | 2                      | 1                       | 1                       | Met                       |
| Number of eco-lodges constructed in priority sites                          | No data                | No data                 | No data                 | No data                   |

Although there are no outcomes in the MGDS for the culture sub-sector, notable progress has been made in achievement of the following outputs among others:

- The declaration by UNESCO World Heritage Committee that Chongoni Rock Art Site is a World Heritage Site following submission of a research document.
- Continued with the construction of the Memorial Tower
- Rehabilitated Livingstonia Mission National Monuments

- Started rehabilitating the National Archives in Zomba

### **28.2.1 Recurrent Budget Performance**

The recurrent budget for 2006/07 for the tourism sub sector was MK115 million which was divided among marketing, planning and development, and Safety and Standards. Overall, marketing was allocated about MK52 million which was by far not adequate to undertake effective destination marketing and organize travel media. The other two programmes on planning and safety were able to undertake most of their activities which are aligned to the MGDS. The other key indicators such as construction of eco-lodges to attract high paying tourists, were not carried out because these were not funded during the period under review and the development budget was low. However, budget utilisation was at 100% since all the budget was used to implement planned activities.

As for the culture sub-sector, funding in the 2006/07 financial year was MK18,643,568. Out of this, MK820,122, was allocated to Culture Headquarters, MK4,383,058 to Antiquities, MK2,110,450 to Arts and Crafts, MK6,111,064 to Censorship Board of Malawi, MK2,754,532 to Museums of Malawi and MK2,464,342 to the National Archives of Malawi. This is far below the required amount for the Department of Culture to make a significant contribution to the expected sector outcomes.

### **28.2.2 Overview of Development Budget Performance**

In 2006/07, the tourism sub-sector had only two development projects, the construction of the Mpale Cultural Tourism Village and the construction of access roads to selected resort areas. The Cultural Tourism project was funded K13 million and the access roads was funded MK7 million. The culture sub-sector had two development projects supported by Government. These are the Development of Kamuzu Memorial Park and Development of National Monuments and Construction of the Cenotaph. The two projects were carried out in collaboration with the Department of Buildings.

### **28.2.3 Development Projects Output Performance**

Through Government Funding, the tourism sub-sector planned to construct 1.5 km of access road to Kuchawe Inn and complete the construction of the first model Cultural Tourism Village at Mpale in Mangochi. Delays in funding for the two projects resulted in escalation of factor prices. However, the period under review saw the completion of the 1.5 km access road to Kuchawe Inn with a 65 percent of works at the cultural Village project. Overall, the sector's performance on development budget was satisfactory despite the variances in funding. The culture sub-sector finished the work on Kamuzu Mausoleum, continued with the construction of the Memorial Tower.

In the period under review, the culture sub-sector started the rehabilitation work of the National Archives in Zomba, finished rehabilitation of Livingstonia Mission Monuments through financial support of the Norwegian Embassy. In addition, the sub-sector also engaged in the promotion and preservation of Gule wa Mkulu and Vimbuza, funded by UNESCO which were proclaimed as Masterpieces of Oral and Intangible Heritage of Humanity by UNESCO in 2005.

### **28.3 Donor Alignment and Harmonization**

There was no analysis to indicate donor alignment and harmonization in the sector.

### **28.4 Constraints in analysis**

Lack of data on culture outputs and the absence of MGDS indicators for both sub-sectors posed a great challenge in terms of assessing progress achieved in the sector.

### **28.5 Integration of Cross-Cutting Issues**

The sector has integrated crosscutting issues such as HIV and AIDS, Environment, Gender and ICT in its policy. The various sections under their departments have been charged with responsibilities to implement these cross cutting issues.

### **28.6 Overall Sector Performance**

Overall, the performance of the Tourism sub-sector was average recognizing that out of its nine outputs, the sub-sector met or exceeded 4, did not meet 4 and one output had no data available. Despite limited funding, which is a major constraint, the increased numbers of international tourists arrivals, the increased visitor spending and completion of the planned access road project are evidence of concerted efforts to develop and promote tourism.

Culture sub-sector also registered some gains in terms of international recognition of some of Malawi's cultural values. Progress on memorial tower, and ground work for a national museum were conceived during this period. However, the major constraint that faces the cultural sector has been funding. As highlighted in the preceding paragraphs, no data was provided for an objective analysis of the overall sector performance.

### **28.7 Sectoral Policy Alignment to MGDS**

Policies implemented under the tourism sub-sector are in alignment with the MGDS in terms of addressing almost all the issues outlined within the specific sectoral outcomes. Although the culture sub-sector outcomes are not articulated



in the MGDS, its policies are implied below. The implementation of the activities of both sub-sectors are guided by:

- The Strategic Tourism Development Plan (2002-2007)
- The National Tourism Policy of 2000
- The Tourism and Hotels Act of 1968 as amended in 2003
- Arts and Crafts Act of 1990
- Censorship and Control of Entertainment Act 1968
- The Copyright Act of 1989
- The Monuments and Relics Act of 1990
- Museums Act of 1989
- Printed Publications Act of 1947 and Archives Act of 1975

## **28.8 Follow-up on Previous Reviews and Lessons Learned**

Under tourism, the previous review on MPRS made the following recommendation:

- Government should consider reviewing the cost structure of tourism facilities considering that the utilization of hotels by tourists is very minimal.

However, the sector has not provided any information on the follow up to the above recommendation.

### **Lessons Learned**

- Both tourism and culture sub-sectors have no clearly defined MGDS indicators.
- Culture issues are not well articulated in the MGDS.

## **28.9 Policy Recommendations**

1. More funding needs to be identified for destination marketing in order to increase Malawi's visibility in the international market.
2. There is need to formulate MGDS indicators for both tourism and culture in order to measure progress towards achievement of the outcomes.
3. The MGDS does not clearly articulate issues to deal with culture. These issues should therefore be incorporated through the MGDS addendum.
4. The sector should undertake an analysis of donor alignment and harmonization.

## **PART III: SUMMARY OF EXPENDITURE ACROSS SECTORS**

### **CHAPTER 29: EXPENDITURE IN KEY PRIORITY AREAS**

This section reviews funding allocation and expenditure in all the key priority areas. The assessment involves comparison of funding among the key priority areas; its budget implication on the achievement of MGDS outcomes for the key priority areas; and finally emerging issues on funding and expenditures to these areas. The analysis only involves four out of the six key priority areas namely: 1) Agriculture and Food Security; 2) Irrigation and Water Development; 3) Transport Infrastructure Development; and 4) Nutrition, HIV and AIDS. For the other two key priority areas of Energy Generation and Supply and IRD, it was difficult to isolate the specific funding and expenditures from the mainstream sectors through which their activities are implemented. The two fall under the Ministries of Natural Resource and Local Government and Rural Development respectively.

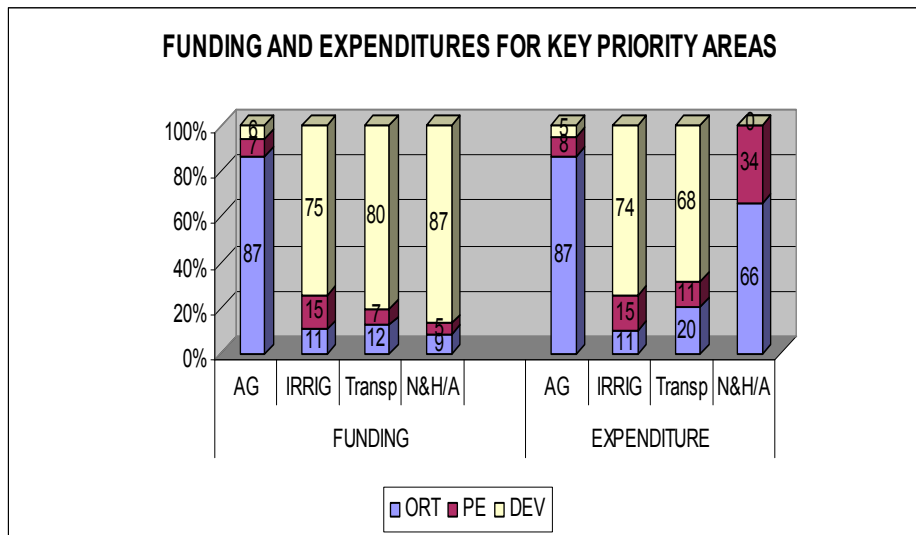
#### **29.1 Comparison of funding and Expenditure to Priority Areas**

In Figure 16 below shows funding and expenditure patterns for recurrent transactions, personal emoluments (PE) and development expenditure during the year under review for the four key priority areas namely; Agriculture and food Security, Irrigation and Water Development, Transport Infrastructure Development and Nutrition and HIV& AIDS.

Under Agriculture and food security, the large percentage out of the total funding was allocated towards ORT as compared to Personal Emoluments (PE) and development funding (reflects only Part II). The recurrent funding was 87 percent while that for Development and PE were 6 percent and 7 percent respectively. However, it must be pointed out that much of the recurrent funding for Agriculture and Food Security was spent on the fertilizer subsidy Programme.

Funding for Irrigation and water development had more for development activities amounting to 75 percent out of the total funding compared to 11 percent and 15 percent for ORT and PE respectively. The other two key priority areas namely; Transport Infrastructure Development; and Nutrition and HIV AIDS had similarity in ratios of funding allocations as Irrigation and Water Development. Total development funding to Transport Infrastructure Development was 81 percent compared to 13 percent and 7 percent for ORT and PE respectively, while Nutrition, HIV & AIDS had 87 percent as development budget compared to 9 percent and 5 percent for ORT and PE respectively.

**Figure 16: Funding and Expenditure to key priority areas**



**Source:** Ministry of Finance

**Note:** AG stands for Agriculture and Food Security;  
IRRIG is Irrigation and Water Development;  
Transp stands for Transport and Infrastructure Development;  
N&H/A stands for Nutrition, HIV and AIDS

In terms of expenditure, the pattern for the three key priority areas of Agriculture and Food Security; Irrigation and Water Development; and Transport Infrastructure Development was similar to the funding pattern. For Agriculture and Food Security expenditure on ORT was 87 percent out of total expenditure with PE and development expenditure accounting for 8 percent and 5 percent respectively. For Irrigation and Water, development expenditure was 75 percent while PE and ORT expenditures were 15 percent and 11 percent.

However, the expenditure pattern for Transport and Infrastructure Development differed from its funding in that while it had been funded to the tune of 80 percent for its development activities, expenditure was 68 percent out of the total expenditure budget. This led to a slight increase in proportion of expenditures on PE and ORT to 12 percent and 20 percent respectively. Likewise, for Nutrition, HIV and AIDS, the expenditure pattern differed from funding in that total expenditures was made only on ORT and PE with no spending on development activities. Specifically, 66 percent out of total expenditure was spent on ORT and 34 percent was for PE.

## 29.2 Budget Implications on Achievement of Key priority Area Outcomes

1. As indicated earlier, the Agriculture and Food Security sector performed above average. This was linked to the fertilizer subsidy Programme funded under ORT. The sector could even have performed much better to achieve sector outcomes if the proportion of funding had been more towards the development budget (reflects only government funding-Part II).
2. The overall performance in Irrigation and Water Development sector was below average, despite the huge budget allocation on development for the sector. The low performance was due to poor sectoral output performance and projects output performance.
3. Budget utilization for Transport Infrastructure Development was low especially under the development budget and this might be the reason why the output performance was low.
4. Surprisingly, Nutrition HIV and AIDS according to this review, performed above average in terms of achievement of its sector outputs despite the fact that the sector budget allocation to development expenditure (figure 15) from Part II funding was almost nil. The positive performance in outputs could be explained through the Part I funding towards this sector, which is not reflected in the analysis above on the sector budget.

## 29.3 Emerging Issues on Funding and Expenditure to key Priority Areas

Based on the funding patterns to the key priority areas for 2006/07, the review notes the following emerging issues:

- 1) Much as the MGDS puts emphasis on Agriculture and Food Security as key priority number 1, development funding from government (Part 2) and expenditure to this area is very small. If development funding to this sector is increased significantly, it could lead to improvement in the sectoral performance;
- 2) Nutrition, HIV and AIDS has a discrepancy between the funding and expenditure patterns. The sector received more development funding than ORT and PE combined. However, in terms of expenditure the sector only spent on ORT and PE (**figure 15**) than on development;
- 3) For Transport and Infrastructure Development key priority area, the development funding was more than development expenditure implying that either the sector under utilized this component of the budget or spent it on unplanned activities.

## CHAPTER 30: EXPENDITURE IN THEMATIC AREAS

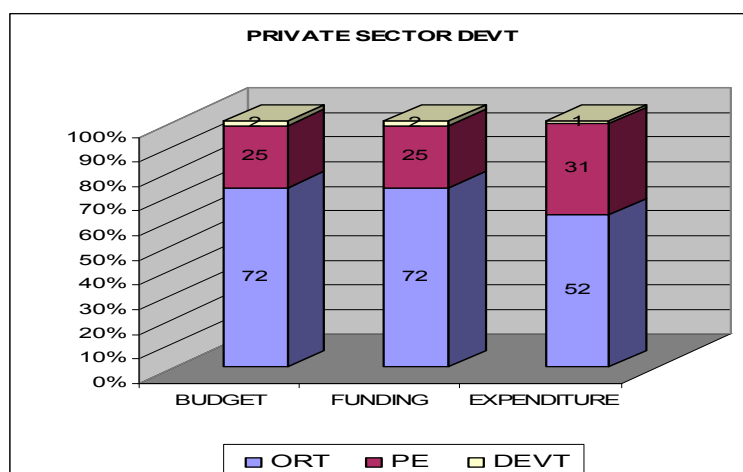
### 30.1 Sustainable Economic Growth

#### 30.1.1 Trade and Private Sector Development

Trade and Private Sector Development was funded the same amount as had been budgeted on ORT, Personal Emoluments (PE) and for development activities. However in terms of expenditure, the sector spent more money on PE than had been budgeted and spent less on ORT as can be seen from the chart below (Figure 17). A review of the sector detailed expenditure on planned outputs indicates that this diversion affected implementation of some outputs such as promotion of rural industrialization and improvement of cooperative management.

On the development budget, the sector was funded to the same amount as had been budgeted. However, expenditure was slightly less than the funding that the sector received. This affected project activities such as training of agro-processors and resuscitation of rural industries.

**Figure 17: Funding and Expenditure to Private Sector Development**



#### Emerging Issues on Budget

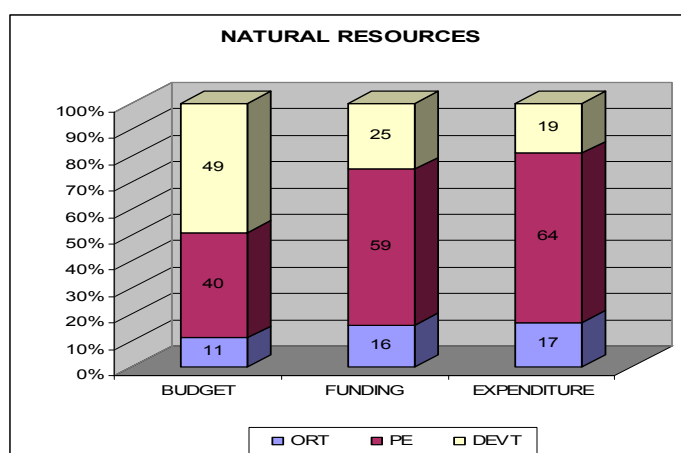
- 1) In the Trade and Private sector, overall achievement of outputs may have been affected by the diversion of funds from ORT to Personal Emoluments; and
- 2) According to this review, the sector expenditure on development activities is only about 1 percent in terms of government funding. This may have

implications on achievement of the MGDS outcomes for Trade and Private Sector Development in the long-run.

### 30.1.2 Conserving the Natural Resource Base

The Natural Resources sector received slightly more ORT and PE funding than it had budgeted, which means it got less funding for development when compared to the sector budget as shown in Table 18. In turn, the sector spent more on PE and ORT than had been budgeted and spent much less on development activities. The decrease in funding to development activities partly explains why the sector failed to meet most of its targets.

**Figure 18: Funding and Expenditure to Natural Resources**



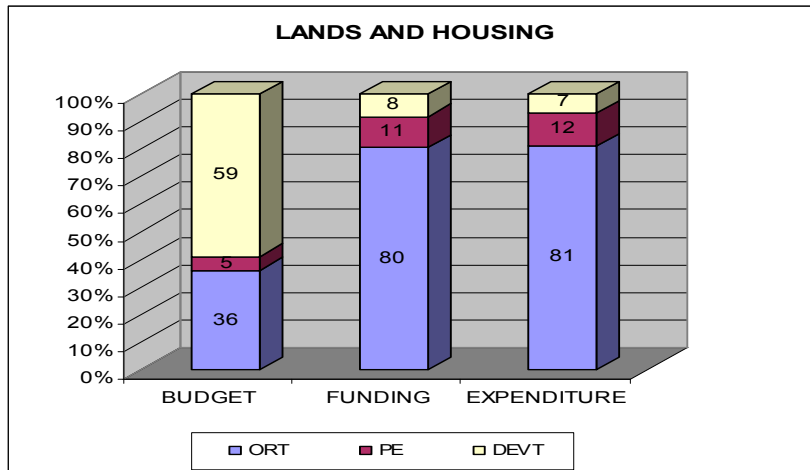
#### Emerging Issues on Budget

1. The proportion spent on development was less than what the sector had budgeted and received in funding; and
2. The fact that the sector spent more funds on ORT and Personal Emoluments (PE), with expenditure on PE about four times that of ORT needs to be re-examined.

### 30.1.3 Lands and Housing

Lands and Housing sector got more funding in ORT than they had budgeted because the bulk of their funding goes to pay rent for government institutions and selected residential houses. The implication of spending a big portion of its funds on government institutions and rentals means that not much is left for development activities. For instance, while the sector had budgeted for almost 60 percent of its total budget to go towards development activities, its actual expenditure out of the total expenditure ended up being only 7 percent. In addition, more money went into funding personal emoluments than had been budgeted as shown in Table 19 below.

**Figure 19: Funding and Expenditure to Lands & Housing**



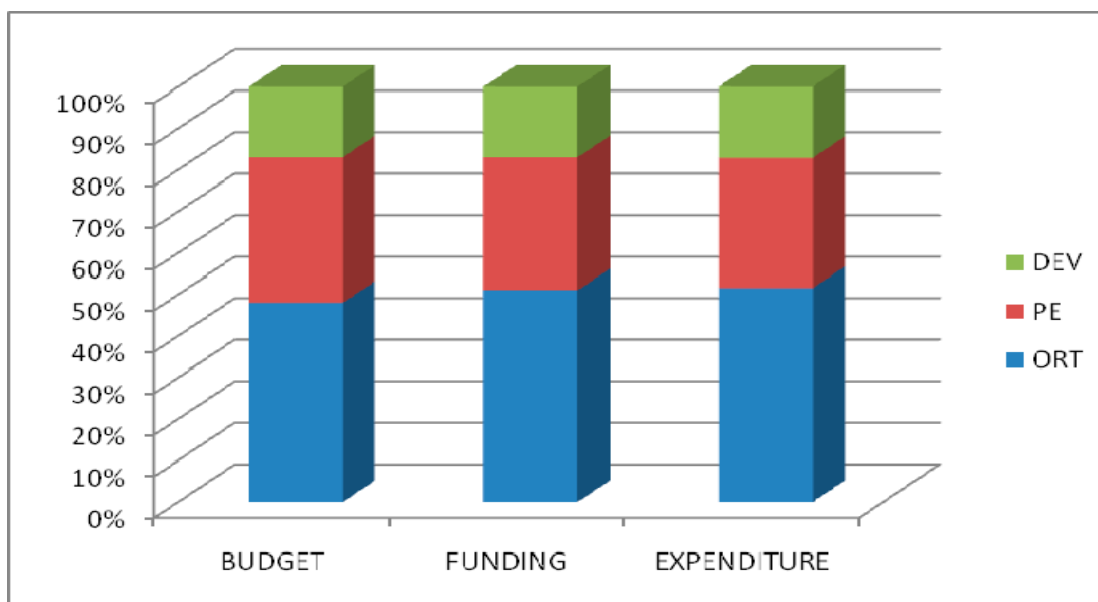
### **Emerging Issues on Budget**

- 1) Despite the fact that the Lands and Housing sector budgets almost 60 percent of their total budget for development activities, they receive more in ORT funds used for paying rent. This in turn ends up affecting the amount of funds given and spent on development activities, which affects the sector performance.

### **30.2 Social Protection and Disaster Risk Management**

Social Protection and Disaster Risk Management sector got 51, 32, and 17 percent funding on ORT, PE and development expenditure respectively as shown in Table 19. The utilization of the resources was almost equal to all the funds received from treasury. However, it is important to note that development activities received only 17 percent out of the total resource envelope.

**Figure 20: Summary of Budget Analysis for Social Protection and Disaster Risk Management**



### Emerging Issues on Budget

1. The small percent of resources allocated towards development activities affects the achievement of MGDS outcomes; and
2. Although the sector indicates 100 percent utilization of the funds received from treasury, this has not translated into achievement of sector outputs as illustrated earlier on under results performance.

## 30.3 Social Development

### 30.3.1 Health and Population

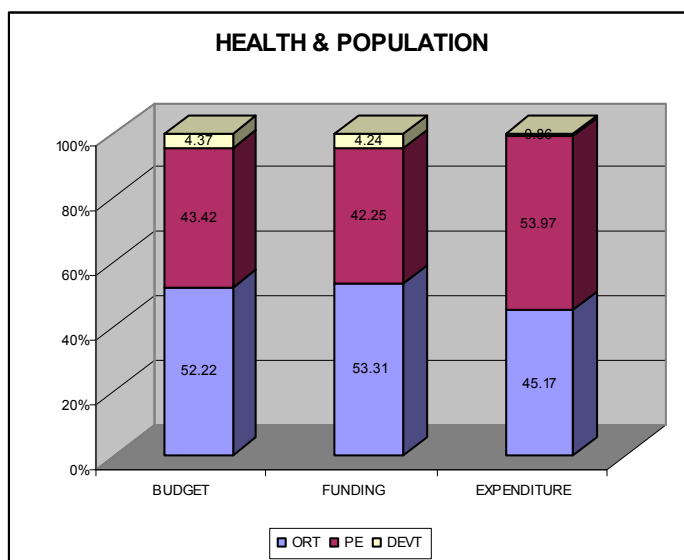
The Health and Population Sector budgeted around 52 percent for ORT resources out of its total budget, and received about 53 percent in funding. Out of the funding received, 45 percent was spent on ORT. In terms of Personal Emoluments (PE), the budget estimates and the actual funding do not vary much but the actual expenditure varies by approximately 10 percent.

In terms of total expenditure, a larger portion was spent on PE than was budgeted while less is spent on ORT and development activities. A detailed analysis of the sub-sector attributes the variance in the ORT expenditure to a difference between the list of the activities in the Output-Based Budget and those in the MGDS. Notable activities include those, which are part of the Health SWAp that were left out of the MGDS. As a result, the sector output budget actual expenditure does not reflect the planned activities according to the MGDS.



For the Population sub-sector, no resources were provided under the ORT Budget. As a result, most of the planned activities for the year under review were not implemented due to lack of funds. Furthermore, all activities are stipulated within the National Population Policy, which is yet to be endorsed by cabinet.

**Figure 21: Summary of Budget Analysis for Health and Population**



It is important to note that data for Part I of the Development Budget was not available and yet it constitutes a large part in the Health sub-sector. As such, the results from this analysis (**Figure 21**) represent only Part II funding since a large number of development projects in this sub-sector are implemented through parallel Project Implementation Units (PIUs) funded directly by donors. This may explain why there is only about 0.86 percent of the expenditure on development activities. Nonetheless, the illustration above demonstrates that a bigger proportion of the funding from government goes to ORT, followed by PE.

### Emerging Issues on Budget

The consolidated expenditure on Health and population for the 2006/07 Budget reveals the following issues:

- 1) It can be argued that achievement of sector outcomes for health and population was affected by the disparity between sector activities and MGDS activities, which may have resulted into no funding for activities not aligned to the MGDS.
- 2) The mismatch between the MGDS activities and the SWAp activities may also have led to diversion of funds from the planned activities according to the MGDS to the unplanned activities within the SWAp workplan;

- 3) The budgetary estimates and funding towards the Development activities are the least, and even the final expenditure is minimal thus little and thus no progress is reflected in terms of development projects.
- 4) Furthermore, the absence of Part II funding data generates an erratic revelation because a number of projects, which largely are donor funded, cannot be verified. The latter issue, nevertheless, brings to light the fact that the Government provides very little funding towards the Development Budget.

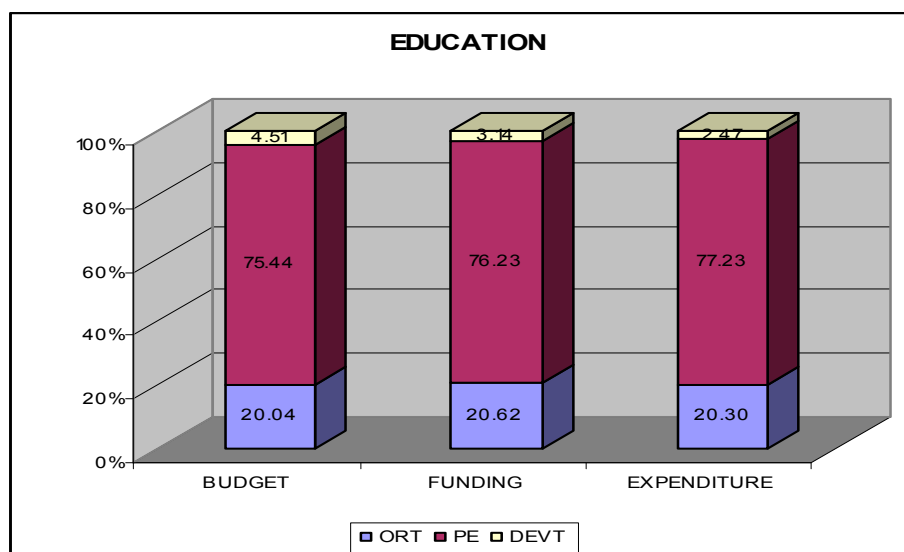
### 30.3.2 Education

#### Budget Implications on Achievement of Sector Outcome

The total funding to the education sector was about MK 11.9 billion, out of which 76.2 percent concentrated on PE. In terms of budgeted amounts for the sector, the sector got slightly more than what they had budgeted for except for the development activities.

Out of the total funding available for the sector, much less was allocated and spent on development activities while most of it was spent on PE as shown in Figure 22. Since the bulk of the funds are being spent on other recurrent activities and the personal emoluments, this implies that some activities were either not implemented effectively or not implemented at all. For instance, the sector review indicated that out 7 girls hostels that were meant to be constructed, only 2 hostels were finalized; and for the rehabilitation of four national secondary schools-Dedza, Blantyre, Mzuzu, and Lilongwe- only the designs were done.

**Figure 22: Summary of Budget Analysis for Education**



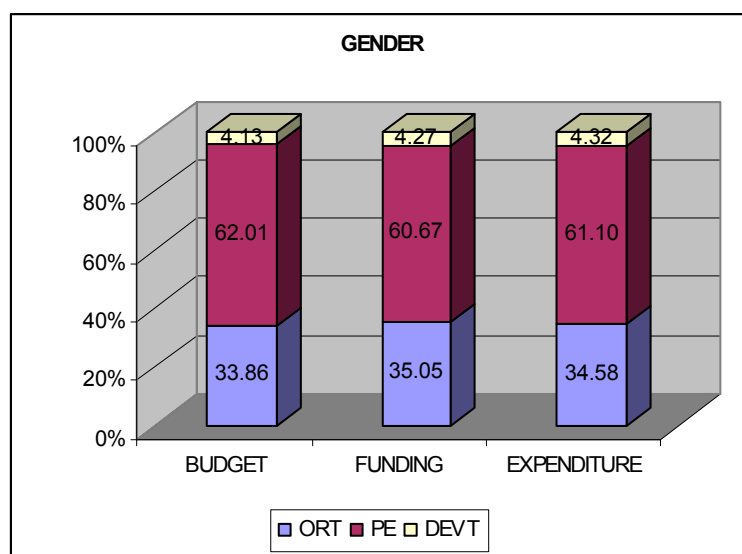
### Emerging Issues on Budget

- 1) The personal emoluments have a larger share of the funding as well as the expenditure, which needs to be re-examined by the sector.
- 2) Though the funding for development activities is the smallest at about 3 percent only, even much less is actually spent (about 2 percent) on the implementation of development activities.

### 30.3.3 Gender

The Gender sector, on average, during the year of implementation, received funding according to their budget with a little addition on the development and ORT activities as shown in Figure 23. There was over spending on personal emoluments and ORT activities than the development activities, which might explain why some planned activities such as recruitment and deployment of 44 CDAs was not implemented as had been budgeted.

**Figure 23: Summary of Budget Analysis for Gender**



### Emerging Issues on Budget

- 1) Although the sector expenditure matched the budget, the budget analysis indicates that very little funds from government go towards the development activities.
- 2) The skewed budget funding and expenditure away from development activities implies that most gender activities are funded by the Development Partners. Hence in the cases where there is no donor support to carry out the planned activities, nothing much is implemented.

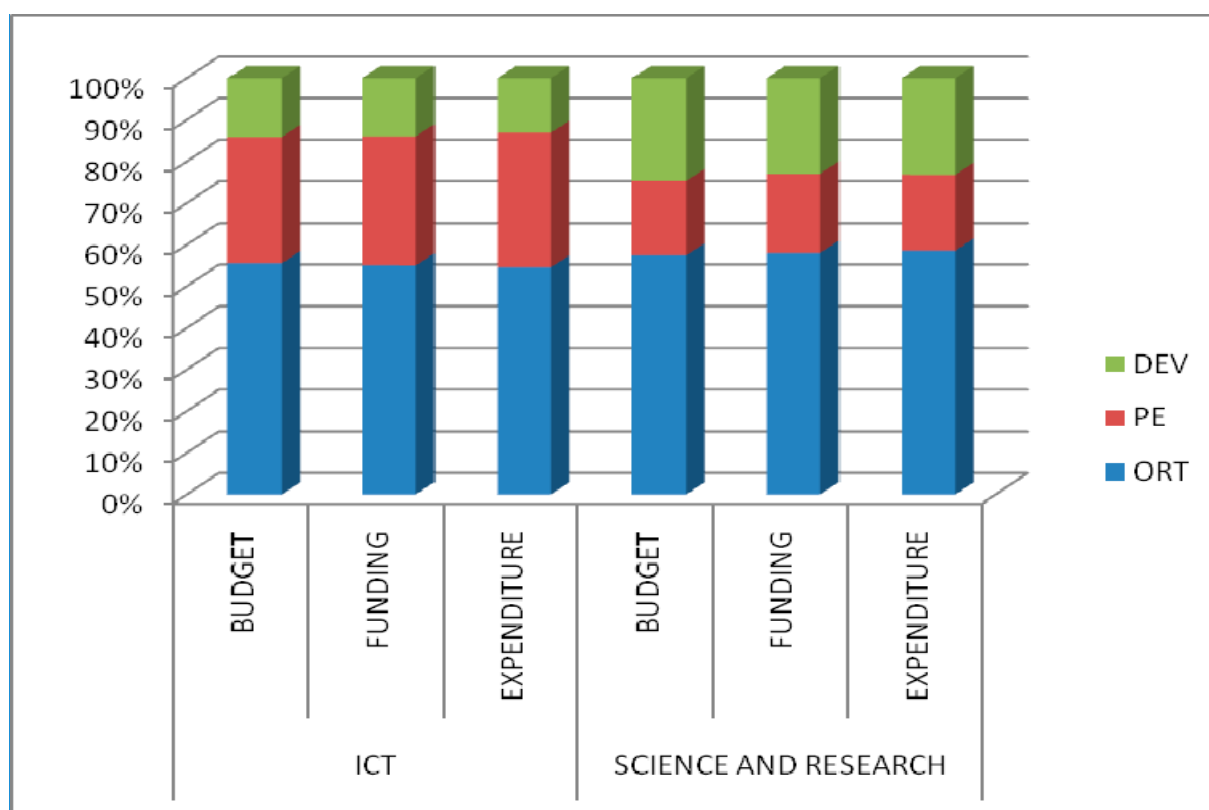
## 30.4 Infrastructure Development

### 30.4.1 ICT, Research, Science and Technology

Both ICT and Research & technology sub-sectors were funded the same amount as had been budgeted on ORT, personal emoluments, and development activities. ORT received the lion's share of either budget of about 50 percent while development activities received the least especially for the ICT sub-sector.

The expenditure pattern in both sub-sectors was the same amount as regards what had been budgeted on ORT, PE and development activities. The expenditure pattern is presented in Figure 24 below. However, Science and Research received and spent more funds for development activities than personal emoluments as compared to ICT. Overall, the ICT, Science and Research sector indicates that funds budgeted were received and utilized accordingly.

**Figure 24: Summary of Budget Analysis for ICT, Research, Science and Technology**



#### Emerging Issues on Budget

1. The proportion of development budget to total budget is small in the ICT sub-sector; and
2. According to a more detailed review on the sector budget performance, the Science and Research sub-sector failed to implement an activity due to late disbursement of funds by the treasury.

### **30.5 Improving Governance**

Figure 25 below, summaries the revised estimate budgets, actual funding and expenditure for Other Recurrent Transactions (ORT), Personal Emoluments (PE) and development budget for all the institutions that fall under the theme of improved governance in two parts. The first part summarizes all the sub-sectors under Economic Governance and the second part covers those under Democratic governance.

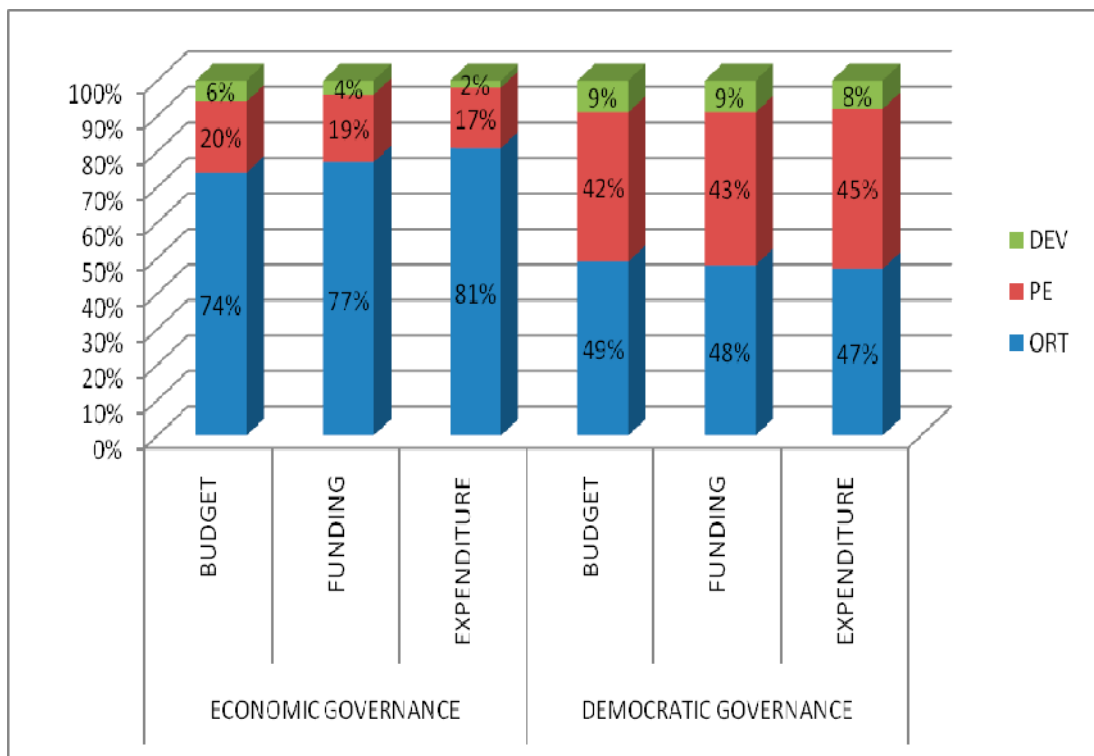
As indicated by the figure below, the review indicated that under economic governance, a bigger proportion of the budget was allocated to ORT. On one hand, while about 74 percent of the approved budget had been allocated to ORT, the actual funding for it went up to 77 percent of the budget and the actual expenditure to a further to 81 percent of the budget. This implies that some funds meant for other activities were used for ORT. On the other hand, the budget, funding and actual expenditure for PE was more or less the same at 20 percent, 19 percent and 17 percent, respectively. Unlike ORT, the PE expenditure was lower than the budget and the funding. For the development budget, there was a big variation between the budget and actual expenditure as the funds were reallocated and used on other activities.

Under democratic governance, the ratio of ORT to PE was almost one to one. However, the analysis revealed that the budgetary allocation towards the development budget under this sub theme was also on the lower side as is the case under economic governance. The review also indicated some slight inconsistencies in terms of budget, funding and expenditure proportions. Under this sub theme, 49 percent of the budget was allocated to ORT, 48 percent was funded while the expenditure was 47 percent of the budget. This suggests that some funds budgeted for ORT were reallocated to other non ORT activities. The PE expenditure was about 3 percent and 2 percent more than the budget and funding, respectively. This implies that more was spent on PE than what was budgeted for. As for the development budget, the budget and funding were the same. However, the expenditure was one percentage point lower than the two.

A more detailed review of the budget indicates that the gap between the budget and expenditure is narrowing down in recent years, which was not the case in the past. This is partly attributed to the introduction of the IFMIS system, which restricts Ministries and Department to spend within their means. However, the reallocation of funds from one activity to another is still a major problem within the Ministries and Departments.

On the development budget, it was observed that the figures used in the analysis were under represented as it mainly captured part I resources that are in the development. This means that all the part I funds which do not go through the normal government accounting system were not used in the analysis. This is attributed to the existence of the numerous project/programme implementation units, which do not use the recognized government established structures.

**Figure 25: Summary of Budget Analysis for Improved Governance**



### Emerging Issues on Budget

1. Under economic governance, funds were reallocated from PE to ORT and this was used to fund some sector activities. This partly contributed to the above average performance reported under this sub theme.
2. On democratic governance side, funds were diverted from ORT to PE. This means some activities were not implemented at the expense of Personal Emoluments (PE). As such, this partly affected the achievement of sector outcomes under this sub theme; and
3. Generally, under both the two sub-sectors, a small proportion of the budget was allocated to the development budget. This reflects the over-reliance on donor funding for the development budget.

## CHAPTER 31: RECOMMENDED BUDGET REORIENTATION

Given the meager contribution by government funding to development activities across all sectors as shown in Table 52 and Table 53, it is important that all sectors begin to reorient their budget in order to provide support for development activities. According to this review, the expenditure on development activities without taking into account the contribution from donor funding has indicated that it ranges from zero to 20 percent in each sector. The sectors with the lowest spending (less than 10 percent) as percent of their current total expenditure budget that need to take a more serious look at their budgets in this regard include the following:

**Table 53: Development Expenditure Figures by Funding Source**

| Rank | Sector                             | Expenditure on Development Activities as % of total Expenditure (Government Funding only) |
|------|------------------------------------|---|
| 1.   | Nutrition, HIV and AIDS            | 0   |
| 2.   | Health and Population              | 0.86  |
| 3.   | Trade & Private Sector Development | 1   |
| 4.   | Economic Governance                | 2   |
| 5.   | Education                          | 2.47  |
| 6.   | Gender                             | 4.32  |
| 7.   | Agriculture                        | 5   |
| 8.   | Lands and Housing                  | 7   |
| 9.   | Democratic Governance              | 8   |

The other sectors that also need to reorient their budgets but are at least spending about 20 percent of their total budget on development activities. These include:

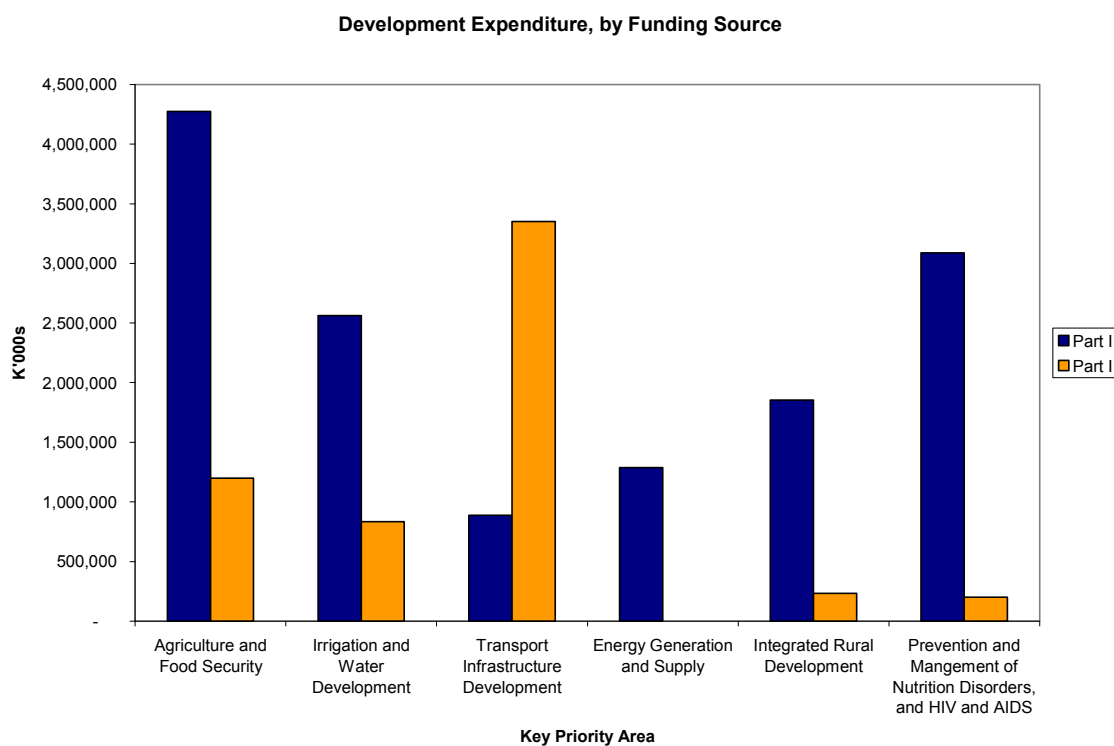
- Natural resources (combines fisheries, forestry, wildlife and environment budgets), which is at 19 percent
- Social protection and Disaster risk management at 20 percent
- Information and Communication Technology (ICT) at 20 percent
- Research, Science and Technology at 30 percent

Only about two sectors currently spend a big portion on their government funding on development activities. These include:

- Transport Infrastructure development
- Irrigation and water development

The above findings imply that a number of sectors spend their government funds on ORT and personnel emoluments, which depicts a heavy reliance on donor funding to fund their development activities. This finding highlights issues of sustainability on the part of government in funding its national strategy, especially as regards the achievement of MGDS outcomes without donor-support in the long-run. The proportion of development expenditure scenario is further confirmed in Figures 26 and 27 below;

**Figure 26: Development Expenditure by Funding Source – Key Priority Areas**



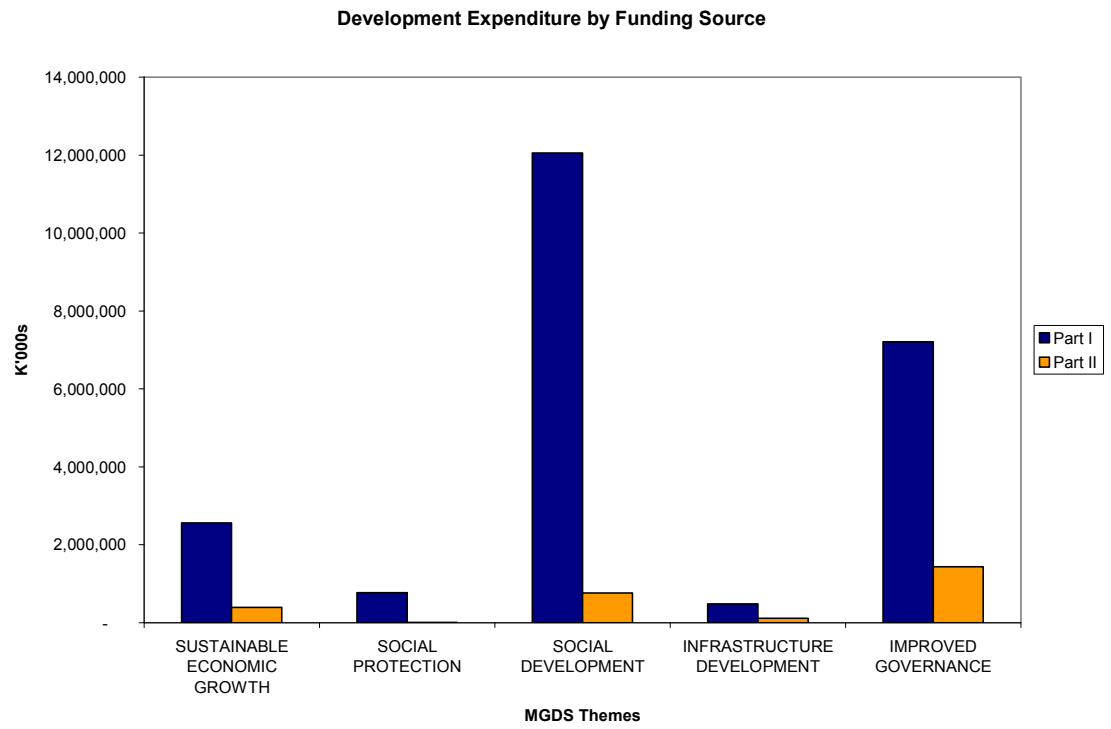
Comparison of development expenditure by funding source (Part 1 vis-à-vis Part II) as illustrated in Figure 25 for key priority areas confirms that Part I accounts for the biggest proportion of development expenditure in all cases except for Transport Infrastructure Development. In the case of Energy generation, Part I funding accounts for 100 percent of the development expenditure. In terms of absolute amounts, the highest contribution of Part I funds go to mainly Agriculture and Food security; Nutrition, HIV and AIDS and for Irrigation and Water Development.

Likewise, development expenditure for Part 1 vis-à-vis Part II as illustrated in Figure 26 for thematic areas confirms that Part I accounts for the biggest proportion of development expenditure compared to Part II. In this case, the bulk of the funding goes to the theme of social development, while social protection receives 100 percent of its development expenditure from Part I. Table 54 below



highlights the actual amounts contributes towards each key priority area and theme.

**Figure 27: Development Expenditure by Funding Source – Thematic Areas**



**Table 54: Development Expenditure Figures by Funding Source 2006/07**

|  | Part I                | Part II              |
|--|-----------------------|----------------------|
| <b>SUSTAINABLE ECONOMIC GROWTH</b>             | <b>2,561,261,091</b>  | <b>397,202,050</b>   |
| Trade & Private Sector Development             | 1,145,364,180         | 5,000,000            |
| Natural Resources                              | 819,171,156           | 273,068,715          |
| Lands & Housing                                | 596,725,755           | 119,133,335          |
| <b>SOCIAL PROTECTION</b>                       | <b>775,499,093</b>    | <b>11,999,999</b>    |
| Social Protection and Disaster Risk Management | 775,499,093           | 11,999,999           |
| <b>SOCIAL DEVELOPMENT</b>                      | <b>12,049,820,651</b> | <b>766,023,931</b>   |
| Health & Population                            | 5,948,791,551         | 382,640,518          |
| Education                                      | 5,964,679,242         | 373,383,413          |
| Gender   | 136,349,858           | 10,000,000           |
| <b>INFRASTRUCTURE DEVELOPMENT</b>              | <b>481,056,926</b>    | <b>117,166,665</b>   |
| ICT  | 13,955,067            | 83,833,333           |
| Research, Science and Technology               | 467,101,859           | 33,333,332           |
| <b>IMPROVED GOVERNANCE</b>                     | <b>7,206,315,492</b>  | <b>1,436,491,839</b> |
| Economic Governance                            | 3,757,762,137         | 181,557,574          |
| Democratic Governance                          | 3,448,553,355         | 1,254,934,265        |

## **PART IV: SUMMARY OF MGDS IMPLEMENTATION, M&E ISSUES**

### **CHAPTER 32: MGDS IMPLEMENTATION, AND M&E ISSUES**

According to the MGDS, implementation of the strategy was expected to involve all stakeholders including: the Executive, Parliament, Judiciary, civil society organizations, the private sector and the general public. Likewise, the review of progress in implementation of the MGDS involved all the stakeholders in order to enhance the understanding of the performance of the strategy for the year under review. The annual review became a channel of dialogue between Government, Civil Society and Development Partners to understand progress made in the following:

- Sector alignment of activities to the MGDS in terms of budget submissions that either include activities outside the MGDS or exclude activities inside the MGDS
- Use of the MGDS Annual indicators in understanding performance towards the desired sector outcomes in order to feed into the key decision processes such as budgeting and policy direction.
- Development Partners support and alignment to MGDS activities

#### **32.1 Summary of Sector Activity Alignment to the MGDS**

As shown in Table 55 below, a review of sector activity alignment with the MGDS indicates that all the key priority areas have almost fully aligned their activities to those stated in the MGDS except for IRD. There is a mixed picture in the case of thematic areas in that some sectors such as Governance, ICT and Wildlife portray a high level of alignment to the MGDS while the rest indicate an alignment of their activities to the MGDS being below 50 percent. The most outstanding sector in terms of non-alignment is the population sub-sector, which maybe because of the lack of a national population policy in place.

Another important aspect highlighted in the table is the number of activities outlined in the MGDS that have been excluded from sector budgets. While no percentage measure was computed to assess the extent of this exclusion per sector, suffice to note that all sectors excluded activities currently in the MGDS. It is not clear from this review why there was this omission on the part of the sectors but what is commonly presented within the various sector reports is that the MGDS came on board when many of them had already started implementing their Programmes.

**Table 55 : Progress made in Sector Activity Budget Alignment to the MGDS**

| <b>MGDS Focus</b>                       | <b>Total No. of Activities<sup>10</sup> in Sector Budgets (A)</b> | <b>No. of Activities in line with MGDS (B)</b> | <b>No. of Activities Outside the MGDS (C)</b> | <b>No. of Activities in MGDS Excluded from Sector Budgets (D)</b> | <b>Percent Alignment to MGDS [B/A * 100]</b> |
|---|---|--|---|---|--|
| <b>A. Key Priority Areas</b>            |   |  |   |   |  |
| 1. Agriculture & Food Security          | 166   | 141  | 25  | 15  | 85%  |
| 2. Irrigation and Water Development     | 42  | 38   | 4   | 9   | 90%  |
| 3. Transport Infrastructure Development | 43  | 30   | 13  | 6   | 70%  |
| 4. Energy Generation & Supply           | 9   | 7  | 2   | 4   | 78%  |
| 5. Integrated Rural Development         | 37  | 13   | 24  | 6   | 35%  |
| 6. Nutrition, HIV and AIDS              | 62  | 34   | 28  | 11  | 55%  |
| <b>B. Thematic Areas</b>                |   |  |   |   |  |
| <b>1. Sustainable Economic Growth</b>   |   |  |   |   |  |
| ➤ Trade and Private Sector Development  | 15  | 7  | 8   | 12  | 47%  |
| ➤ Natural Resources                     |   |  |   |   |  |
| i) Wildlife                             | 16  | 13   | 3   | 2   | 81%  |
| ii) Forestry                            | 11  | 5  | 6   | 4   | 45%  |
| iii) Fisheries                          | 14  | 6  | 8   | -   | 43%  |
| iv) Environment                         | 16  | 8  | 8   | 6   | 50%  |
| ➤ Lands & Housing                       | 27  | 6  | 21  | 16  | 22%  |
| <b>2. Social Protection</b>             | 7   | 3  | 4   | 20  | 43%  |
| <b>3. Social Development</b>            |   |  |   |   |  |
| ➤ Health                                | 34  | 12   | 23  | 5   | 35%  |
| ➤ Population                            | 5   | 0  | 0   | 0   | 0%   |
| ➤ Education                             | 27  | 10   | 17  | 42  | 37%  |
| ➤ Gender                                | 10  | 4  | 6   | 0   | 40%  |
| <b>4. Infrastructure Development</b>    |   |  |   |   |  |
| ➤ ICT                                   | 12  | 12   | 0   | 30  | 100%   |

<sup>10</sup> Count excludes the Administrative Activities such as Meetings

|                                  |    |    |    |                  |      |
|----------------------------------|----|----|----|------------------|------|
| ➤ Research, Science & Technology | 15 | 10 | 5  | 11               | 67%  |
| <b>5. Governance</b>             |    |    |    |                  |      |
| ➤ Economic Governance            | 36 | 36 | 0  | 7                | 100% |
| ➤ Democratic Governance          | 39 | 28 | 11 | 27 <sup>11</sup> | 72%  |

**Source: Drafting team's calculations based on reports from the sectors**

**Note:** There is no one on one relationship between the Sector activities with the MGDS activities because in some cases, one sector activity relates to several MGDS activities or vice versa.

### **32.2 Summary Status on Baselines & Targets for the MGDS Indicators.**

As per Table 53 below, a review of the annual MGDS indicators clearly indicates that three sub-sectors stand out as not having any indicators with which to measure their performance over the life of the MGDS. These include:

1. Integrated Rural Development;
2. Lands and Housing; and
3. Population.

For those sectors that have clearly stated annual MGDS indicators but do not have baseline values include: Research, Science and Technology; and Security. Many more sectors have not set their annual targets except for the year under review and for 2011. These include the following:

1. Transport Infrastructure Development;
2. Energy Generation and Supply;
3. Integrated Rural Development;
4. Nutrition, HIV and AIDS;
5. Trade and Private Sector Development;
6. Natural Resources;
7. Social Protection;
8. Education;
9. Gender;
10. ICT;
11. Air & Rail Transport;
12. Public Sector Management;
13. Corporate Governance;
14. Corruption;
15. Decentralization; and
16. Rule of Law.

<sup>11</sup> Excludes Human Rights and Decentralization whose Activities are not included in MGDS Annex 3

### 32.3 Emerging Monitoring and Evaluation (M&E) Issues

The lack of baselines in a few instances and annual targets in about 16 sectors of the MGDS has implications on tracking of not only progress in implementation of the MGDS but also on proper documentation of expected results from the sector Programmes. Table 56 presents progress made in the establishment of baselines and targets. Some of the emerging M&E issues include the following:

- 1) Weaknesses in the national monitoring system in terms of actual data and/or targets lead to lack of concrete evidence to demonstrate in which areas progress is being achieved or not.
- 2) There is also lack of gender-disaggregated data especially in education to clearly articulate education outcomes on the girl child.
- 3) There are some data gaps for those indicators that need to be reported on annually, which does not provide a complete picture of performance.

**Table 56 : Progress made in Establishment of Baselines and Targets**

| MGDS Focus  | Total No. of Annual MGDS Indicators | No. of Indicators with Baselines | No. of Indicators with Annual Targets up to 2011 | Performance Assessment based on the Annual MGDS Indicators and/or Output (OP) Indicators |
|---|-------------------------------------|----------------------------------|--|--|
| <b>A. Key Priority Areas</b>                      |                                     |                                  |  |  |
| 1. Agriculture & Food Security                    | 4                                   | 4                                | 4  | MGDS   |
| 2. Irrigation and Water Development               | 2                                   | 2                                | 2  | MGDS   |
| 3. Transport Infrastructure Development           | 3                                   | 3                                | 0*   | MGDS   |
| 4. Energy Generation & Supply                     | 3                                   | 3                                | 0*   | MGDS   |
| 5. Integrated Rural Development                   | 0                                   | 0                                | 0  | MGDS   |
| 6. a) Nutrition,<br>b) HIV and AIDS <sup>12</sup> | 4<br>8                              | 1<br>8                           | 0<br>0   | Sector OPs<br>Both MGDS & OP   |
| <b>B. Thematic Areas</b>                          |                                     |                                  |  |  |
| 1. Sustainable Economic Growth                    |                                     |                                  |  |  |
| ➤ Trade and Private Sector Development            | 1                                   | 1                                | 0*   | Both MGDS & OPs  |
| ➤ Natural Resources                               | 6                                   | 6                                | 1*   | Both MGDS & OPs  |
| ➤ Lands & Housing                                 | 0                                   | 0                                | 0  | Sector OPs   |
| 2. Social Protection                              | 3                                   | 1                                | 1*   | Both MGDS &  |

<sup>12</sup> Data for some indicators not available annually, thus need not have annual targets

|                                  |    |    |    |                 |
|----------------------------------|----|----|----|-----------------|
|                                  |    |    |    | OPs             |
| 3. Social Development            |    |    |    |                 |
| ➤ Health                         | 15 | 15 | 15 | Both MGDS & OPs |
| ➤ Population                     | 0  | 0  | 0  | Neither         |
| ➤ Education                      | 11 | 11 | 0  | MGDS            |
| ➤ Gender                         | 3  | 3  | 0  | MGDS            |
| 4. Infrastructure Development    |    |    |    |                 |
| ➤ ICT                            | 5  | 3  | 3* | MGDS            |
| ➤ Research, Science & Technology | 1  | 0  | 0  | Neither         |
| ➤ Air & Rail Transport           | 1  | 1  | 1* | Sector OPs      |
| 5. Governance                    |    |    |    |                 |
| ➤ Economic Governance            |    |    |    |                 |
| i) Macroeconomic                 | 4  | 4  | 3  | MGDS            |
| ii) Public Sector Management     | 6  | 1  | 0  | MGDS            |
| ➤ Democratic Governance          |    |    |    |                 |
| i) Corporate Governance          | 1  | 1  | 1* | Sector Ops      |
|                                  | 3  | 2  | 3* | MGDS            |
| ii) Corruption                   | 2  | 2  | 2* | Both            |
| iii) Decentralization            | 3  | 1  | 0  | Sector Ops      |
| iv) Rule of Law                  | 3  | 0  | 3  | No Data         |
| v) Security                      | 3  | 1  | 3  | provided        |
| vi) Human Rights                 |    |    |    | Both            |

**Source: Drafting team's calculations based on reports from sectors**

*\* Have only the 2006/07 Target*

### 32.4 Summary on Donor Alignment and Harmonization

This aspect has been addressed in detail within each sector review under Part Two of this report and is affixed as Annex 3 in its entirety. However, Table 57 below is meant to highlight the fact that not many sectors have many indicators on track except for the Health Sector, which is implementing a SWAp. For all other sectors, many indicators remain off-track in terms of donor alignment and harmonization, which implies that many donor activities are not in alignment with the MGDS.

**Table 57: Progress made in the Paris Declaration Indicators by Sector**

| MGDS Focus   | Number of indicators on Track | Number of Indicators Off-Track | Number of Indicators with Missing data |
|--|-------------------------------|--------------------------------|--|
| <b>A) Key Priority Areas</b>                         |                               |                                |  |
| 1. Agriculture & Food Security                       | 4                             | 4                              | 2                                      |
| 2. Irrigation and Water Development                  | -                             | -                              | 10                                     |
| 3. Transport Infrastructure Development              | 3                             | 4                              | 2                                      |
| 4. Energy Generation & Supply                        | 2                             | 7                              | None                                   |
| 5. Integrated Rural Development                      | 6                             | 2                              | 2                                      |
| 6. Nutrition, HIV and AIDS                           | 7                             | 3                              | None                                   |
| <b>B) Thematic Areas</b>                             |                               |                                |  |
| <b>1. Sustainable Economic Growth</b>                |                               |                                |  |
| ➤ Trade and Private Sector <sup>13</sup> Development | NA                            | NA                             | NA                                     |
| ➤ Natural Resources                                  |                               |                                | 10                                     |
| i) Wildlife  | -                             | -                              | 1                                      |
| ii) Forestry   | 3                             | 6                              | 4                                      |
| iii) Fisheries                                       | 3                             | 3                              | -                                      |
| iv) Environment                                      | 10                            | -                              |  |
| ➤ Lands & Housing                                    | 2                             | 1                              | 7                                      |
| <b>2. Social Protection</b>                          | 1                             | 6                              | 3                                      |
| <b>3. Social Development</b>                         |                               |                                |  |
| ➤ Health   | 10                            | 0                              | 0                                      |
| ➤ Population   | 0                             | 10                             | 0                                      |
| ➤ Education  | 7                             | 2                              | None                                   |
| ➤ Gender   | 2                             | 7                              | None                                   |
| <b>4. Infrastructure Development</b>                 | 1                             | 2                              | 7                                      |
| ➤ ICT  |                               |                                |  |
| ➤ Research, Science & Technology                     |                               |                                |  |
| <b>5. Governance</b>                                 |                               |                                |  |
| ➤ Economic Governance                                | 2                             | 8                              | None                                   |
| ➤ Democratic Governance                              | 3                             | 6                              | None                                   |

Source: Drafting team's calculations based on reports from sectors

### 32.4.1 Challenges on Donor Alignment & Harmonization

- 1) **Lack of data:** In very few sectors was an attempt to calculate scores made. In most cases, qualitative data was provided for most indicators, even for indicators for which data is available from either the sector or the Ministry of Finance. Even where scores are provided, it's not always clear on what basis they were calculated. In other instances it is not clear that any data exists at all. No comprehensive record of whether donor projects use Government procurement or PFM systems seems to be in place.
- 2) **Lack of understanding:** It is clear that staff responsible for filling out the PD questionnaire did not understand all of the definitions and concepts behind the survey questions, and as a result some of the results are

<sup>13</sup> No budget for Part 1, which maybe because the sector does not currently receive any funds from donors and thus no measures on their Alignment & Harmonization indicators.



anomalous. In particular, the definition of a PBA needs to be clarified, as a number of sectors misinterpreted it.

- 3) **Use of Government systems:** It is clear that in most sectors, a large proportion of Government funding is being administered directly by development partners. The most common reason for this is 'lack of trust in Government systems'. We need clarity on exactly what this means – systems or the implementation thereof.
- 4) **PIUs:** Many sectors report that the target on PIU reduction is unlikely to be met. Use of PIUs normally reflects lack of trust in Government systems. However, some sectors report very few PIUs – this indicates that there are lessons to be learned across sectors.
- 5) Few sectors report high incidence of joint missions or analytic work.

### **32.5 Summary of Lessons Learned**

After the first year of implementation of the MGDS, the following are some of the lessons learned across all sectors:

- 1) The MGDS Matrix has high level indicators, which in most cases are at outcome level while the Output Based Budget Document is at very lower level, in most cases, at activity level. This mismatch has resulted into complications in comparing the alignment between the two documents.
- 2) The activities implemented in the 2006/07 financial year were not linked to activities outlined in the MGDS since the MGDS had not yet been finalized.
- 3) Activities outlined in the MGDS are too broad and very difficult to measure progress of implementation annually. For example, some activities did not have measurable indicators and some require surveys to be done before the actual compilation or reporting.
- 4) The MGDS created false hopes as outputs/outcomes or activities were formulated with an anticipation of increased funding to achieve the targets yet the 2006/07 budget allocation was not improved. Funds disbursed from the Ministry of Finance to sectors did not match with the required resources on activities as indicated in the MGDS. The review has shown that in most cases, the MGDS costs exceeded the approved sector budget whereas it was believed that the MGDS matrix will be used to translate into budgetary ceilings.
- 5) There are poor definitions of some MGDS indicators and focus areas thereby making it difficult to track progress.

## **PART V: SUMMARY OF POLICY RECOMMENDATIONS & WAY FORWARD**

### **CHAPTER 33: POLICY RECOMMENDATIONS**

#### **33.1 Summary of Policy recommendations for Key Priority Areas**

The review notes the following general policy recommendations for the key priority areas:

- 1) MEPD should endeavour to develop clear performance indicators for cross cutting issues within the key priority areas in order to assist with their measurement within a sector and for comparison on level of integration within sectors;
- 2) Government (MoF) should develop a mechanism to assist capturing data on expenditure for non-state actors especially Non-Governmental Organizations for tracking investment within sectors;
- 3) The GoM (MoF) should also seek to work with development partners to harmonize their procedures with government practice in line with the Paris Declaration on Aid Effectiveness. Engaging different agency headquarters may be necessary to change the current situation; In addition, Donor financial/procurement procedures should be harmonized with those of the sectors. Their funding systems should be made more transparent to avoid parallel implementation structures. A donor/govt forum should be set up to look at the role of donors in donor-funded sectors;
- 4) The budget allocation to sectors should match with the outputs shown in the output-based budget. There is need for the Ministry of Finance to align the monthly funding to scheduled sector activities that are aligned to the MGDS in order to ensure that work plans are implemented in full;
- 5) There is need for discipline in budget implementation in the sectors, thus the need for prudent allocation of ORT resources in the sector. Funding from Treasury should be based on the sector Programme and hence the need to request sectors to prepare quarterly cash flows;
- 6) The costing in the MGDS is not realistic for some of the projects, there is therefore need for serious costing of the MGDS to reflect the real cost of the projects;
- 7) There is need for sectors to realign all their activities with the MGDS;
- 8) Sectors should include annual sector reviews in relation with the implementation of the MGDS in their work plans to ensure that they allocate adequate time and resources for this activity in their schedules.

It is important to note that much as the policies above were captured under the key priority areas, they also apply for some, if not most of the thematic areas and sub-themes. The same is the case for the general policy recommendations under the thematic areas outlined below in that they also apply for some, if not most, of the key priority areas.

### 33.2 Summary of Policy Recommendations for Thematic Areas

For the thematic areas, the review noted the following general policy recommendations:

- 1) There is need to redefine MGDS indicators for most sectors as this would help in assessing the impact of sector activities on MGDS outcomes;
- 2) The Ministry of Finance should increase the budget ceiling so that it is in tandem with MGDS in order for sectors to fully implement their activities as outlined in the MGDS. In addition, there should be a review of the MGDS costing to determine whether the costing was realistic or if indeed there is under-funding in terms of budgetary allocation;
- 3) The capacity of planning departments needs to be strengthened in order to effectively monitor the MGDS based activities. Ministry of Economic Planning and Development could assist in developing capacity of planning officers so that they effectively monitor MGDS activities. The Ministry should also consider instituting MGDS desk officers for respective sectors or ministries to ensure effective implementation of the strategy;
- 4) There is need for the Ministry of Finance to clearly link the line items in the submitted sector budgets to the output based budgets so that outputs from the sector activities implemented are traceable in relation to budgetary expenditure;
- 5) There is need to improve on predictability of funding so as to allow for credible MTEF planning and the appropriate prioritization of activities;
- 6) The GoM should take the lead in discussing ways through which the budget calendar may be realigned and harmonized with that of donors to a larger extent;
- 7) The Office of the Director of Public Procurement (ODPP) and the Budget Division of the Ministry of Finance should strengthen the linkage between procurement planning and the budgeting process;
- 8) MEPD and Ministry of Finance should ensure that the linkage between Budgeting, MGDS and Strategic Planning is enhanced to avoid the cost of important activities not being indicated in the MGDS; and
- 9) As sectors devolve, appropriate capacity and systems including financing must be transferred to the local government level for improved service delivery. The current position still ties many resources at the central level. It is important that in making budget allocations, assemblies must be financed in tandem with their level of service delivery.

### 33.3 Policy Recommendations on Donor Alignment & Harmonization

- 1) Sector Coordinating Groups should be instituted in each sector, bringing together Government and development partners (with other stakeholders as specified in the DAS). One of their key functions is to improve harmonization of donors. **Responsibility : All Sector PSs**

- 2) Through the SCGs, progress must be made towards instituting PBAs in all sectors that do not already have PBAs. This will accelerate harmonization and alignment to a sectoral Programme of work. **Responsibility : SCGs, with support from MoF (DAD).**
- 3) Following meetings sensitizing PS's on PD issues, the Ministry of Finance should hold meetings to sensitize technical staff in sector Ministries on PD issues. Such meetings should include the need to institute data collection and analysis on PD targets. **Responsibility: MoF (DAD).**
- 4) Procurement: One of the recommendations of JCPR 2007 was to hold a joint development partners – Government meeting on procurement issues to agree a way forward on strengthening implementation of the Public Procurement Act, and increased use of Government procurement systems by development partners. This is still outstanding. **Responsibility: MoF (DAD), ODP, Development Partners.**
- 5) Sector specific action plans should be drafted to improve PD performance in each sector. Some elements, such as improved implementation of the PPA and improved budgeting and accounting will be universal. In others there may be sector-specific Aid coordination issues that need addressing, e.g. the lack of a comprehensive joint review or the high number of PIUs. **Responsibility: All Sectors TWGs.**
- 6) Guidelines must be prepared and released governing how missions should be organized, specifying the times in which they must be held, and the preference for joint missions. **Responsibility: MoF (DAD)**

### **33.4 Policy Recommendations on MGDS Implementation, M&E issues**

Having noted some shortfalls in the implementation of the MGDS and monitoring and evaluation issues across board, the followings are the recommendations from this review:

- 1) In terms of lack of alignment of some sector activities to the MGDS, all sectors should try to review their current listing of activities in order to incorporate those listed in the MGDS so as to align their activities fully to the national strategy.
- 2) There is need for MEPS to work with all the sectors in order to strengthen the sector monitoring and evaluation systems, which will lead to proper assessment of performance of a particular sector. This could be effected through strengthening of M&E units in those sectors where they exist, and instituting them where they are non-existence.

- 3) There is need for sectors to provide data and set annual targets for their respective annual indicators so that proper assessment of the MGDS implementation is done during subsequent reviews.
- 4) There is need to disaggregate data for some sectors especially in the education sector in order to properly assess performance of education outcomes for girls and/or women.
- 5) There is need for development partners to align their Programmes with the MGDS because the review indicates that many donor activities are not in alignment with the MGDS. In addition, development partners may also need to harmonize their funding mechanisms to those of the GoM and/or help in strengthening those systems found to be weak.

### **33.5 Way Forward**

Given the lessons learned, policy recommendations made, and the emerging issues from this annual review, there is need to discuss these findings with different stakeholder groups, including not only the sectors themselves but also the development partners, civil society, the private sector and finally parliament. This is necessary in order to shed more light on the pertinent issues and reach consensus on which actions need immediate attention.

There is a need for Government to enforce the need for commitment by all the different stakeholder groups, especially the sectors that are responsible for implementing the MGDS by instituting the following actions:

- Request all sectors to reorienting government expenditures towards development activities by setting minimum sector allocations
- Require all sectors to fully align their activities to those in the MGDS and at the same time provide an addendum for the sectors currently omitted. This will be important to facilitate MoF funding for all activities necessary for achieving the MGDS outcomes.
- Require all stakeholders to provide timely information in terms of both budget figures and data on their respective sectors.
- Request MEPD to take the lead in preparing the MGDS implementation plan and require all sectors to adhere to it in terms of submission of the stated outputs/products.
- Lobby Parliamentarians about the need to set up a resource envelope for the MGDS in order to enhance the capacity of sectors to undertake not only their sector reviews but also actively be involved in the MGDS annual reviews.



## ANNEXES

### ANNEX 1: MGDS ANNUAL REVIEW TIMELINE

| ACTIVITY                                  | JUL                                 | AUG   | SEP | OCT                                      | NOV | DEC | JAN                                 | FEB | MAR | APR                                 | MAY        | JUN           |
|---|-------------------------------------|---|-----|--|-----|-----|-------------------------------------|-----|-----|-------------------------------------|------------|---------------|
| Budget Cycle                              |                                     | Budgets progress review-analysis of budget realisation vis-à-vis the sector outputs |     | Budget Circular                          |     |     | Budget Progress Reviews             |     |     |                                     | Draft MTEF | Final MTEF    |
| Reporting on Sector Progress              | Quarterly Sector & District Reports |   |     | Quarterly Sector & District Reports      |     |     | Quarterly Sector & District Reports |     |     | Quarterly Sector & District Reports |            | Budget Speech |
| Sector DEVELOPMENT Performance Assessment |                                     | Annual DEVELOPMENT Reports by sector  |     | DEVELOPMENT Reports input to TWG Reports |     |     |                                     |     |     |                                     |            |               |

| ACTIVITY  | JUL | AUG | SEP  | OCT   | NOV                               | DEC | JAN                                     | FEB | MAR                                | APR                                   | MAY | JUN |
|---|-----|-----|--|---|-----------------------------------|-----|---|-----|------------------------------------|---------------------------------------|-----|-----|
| Donor Alignment & Harmonization (A & H) Process |     |     | Assessment of Donor A & H against the Paris Declaration Indicators | Coordination, Funding and Mechanisms to be discussed during the MGDS Review |                                   |     |   |     |                                    |                                       |     |     |
| Thematic Working Group (TWG) Reviews            |     |     | TWG = (Sector Reports + DEVELOPMENT; A&H; )                        | First TWG Reports as inputs to the MGDS Review                              | Final TWG Reports                 |     |   |     |                                    |                                       |     |     |
| Annual MGDS Reporting & Review Process          |     |     |  |   | Annual MGDS Implementation Review |     | MGDS Results and Policy Matrix Revision |     | GoM & Development Partners Meeting | Annual Report to Cabinet & Parliament |     |     |
| Other Analytical Work                           |     |     |  | Defined from the Sector & TWG Reviews                                       |                                   |     |   |     |                                    |                                       |     |     |
|   |     |     |  |   |                                   |     |   |     |                                    |                                       |     |     |
|   |     |     |  |   |                                   |     |   |     |                                    |                                       |     |     |



## ANNEX 2: MGDS Annual Indicator Baselines & Targets

| Existing MGDS Indicator                     | Month Data Available                    | Baseline – 2005 | 2006 Actual | 2007 Target | 2007 Actual | 2008 Target | 2008 Actual | 2009 Target | 2009 Actual | 2010 Target | 2010 Actual | 2011 Target | 2011 Actual |
|---|---|-----------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Poverty Impact</b>                       |   |                 |             |             |             |             |             |             |             |             |             |             |             |
| 1   | Poverty Headcount                       |                 | 52.4%       | 45          |             |             |             |             |             |             |             |             |             |
| 2   | Extreme Poverty Headcount               |                 | 22%         |             |             |             |             |             |             |             |             |             |             |
| <b>Education Impact Indicators</b>          |   |                 |             |             |             |             |             |             |             |             |             |             |             |
| 3   | Literacy rate                           |                 | 63.9%       |             |             |             |             |             |             |             |             | 85%         |             |
| 4   | Female literacy rate                    |                 | 50.5%       |             |             |             |             |             |             |             |             | 85%         |             |
| 5   | Youth literacy rate (Age 15 to 24)      |                 | 74.9%       |             |             |             |             |             |             |             |             | 95%         |             |
| <b>Theme I: Sustainable Economic Growth</b> |   |                 |             |             |             |             |             |             |             |             |             |             |             |
| <b>1.1 Economic Growth</b>                  |   |                 |             |             |             |             |             |             |             |             |             |             |             |
| 6   | GDP (Annual) growth rates               | March & October | 2.3%        | 8.2%        | 5.6%        | 7.9%        | 6%          | 6%          |             | 6%          |             | 6.0%        |             |
| 7   | Income per capita                       |                 | US\$231     | US\$284     | US\$284     | US\$284     |             |             |             |             |             | US\$249     |             |
| <b>1.2 Private Sector Development</b>       |   |                 |             |             |             |             |             |             |             |             |             |             |             |
| 8   | Private sector investment as a % of GDP | March           | 1.7%        |             | 1.6%        | 1.5%        |             |             |             |             |             |             |             |

| Existing MGDS Indicator                                       | Month Data Available  | Baseline – 2005 | 2006 Actual     | 2007 Target | 2007 Actual   | 2008 Target   | 2009 Actual | 2010 Target | 2010 Actual | 2011 Target | 2011 Actual |
|---|---|-----------------|-----------------|-------------|---------------|---------------|-------------|-------------|-------------|-------------|-------------|
| <b>1.3 Food Security</b>                                      |   |                 |                 |             |               |               |             |             |             |             |             |
| 9   | % of food secure households   | June            | 67%             | 70%         | 74%           | 97%           | 78          | 85          | 93          | 100%        |             |
| 10  | Per capita cereal availability                                      | June            | 170 kg          | 270K g      | 270K g        | 270K g        | 270 Kg      | 270 Kg      | 270 Kg      | 270 kg      |             |
| 11  | Average maize yields per hectare                                    | June            | 809 Kg          | 2000        | 1800          | 2000          | 2500        | 2600        | 2800        | 3000 Kg     |             |
| 12  | Per capita meat availability  | June            | 6 Kg            | 6.8         | 7.7           | 8.0           | 8.7         | 9.8         | 11.1        | 12.5 Kg     |             |
| <b>1.4 Natural Resource Management/Environment Protection</b> |   |                 |                 |             |               |               |             |             |             |             |             |
| 13  | Forest Area as % of total land                                      |                 | 27.2%           |             |               |               |             |             |             | 30%         |             |
| 14  | Aquaculture: Total amount of fish produced                          |                 | 950 MT          |             | 1500 MT       | 1200 MT       |             |             |             | 5,000 MT    |             |
| 15  | Total fish landing  |                 | 55,000 MT       |             | 5600 OMT      | 5200 OMT      |             |             |             | 60.00 OMT   |             |
| 16  | Total mass reduction in the use of ozone depleting substances (ODS) |                 | 32.72 ODP Tones |             | 8.50 DP Tones | 3.60 DP Tones |             |             |             | 5 ODP Tones |             |
| 17  | Percentage increase in key wildlife species in protected areas      |                 | - 50%           |             | 3%            |               | 3%          | 3%          | 3%          | 80%         |             |

| Existing MGDS Indicator                  | Month Data Available  | Baseline – 2005 | 2006 Actual | 2007 Target | 2007 Actual | 2008 Target | 2008 Actual | 2009 Target | 2010 Actual | 2011 Target  | 2011 Actual |
|--|---|-----------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|-------------|
| 18                                       | Total Increase in ecotourism as measured by:<br>a) Income<br>b) No. of Tourists | MK5 million     |             |             |             |             |             |             |             | MK50 million |             |
| <b>Theme II: Social Protection</b>       |   |                 |             |             |             |             |             |             |             |              |             |
| <b>2.1 Protect Vulnerable Population</b> |   |                 |             |             |             |             |             |             |             |              |             |
| 19                                       | Proportion of disadvantaged receiving conditional & unconditional transfers     | 4 %             |             | 7%          |             |             |             |             |             | 10%          |             |
| 20                                       | Percent of hhs reached per Programme  |                 |             |             |             |             |             |             |             |              |             |
|  | (a) PWP   |                 |             |             |             |             |             |             |             |              |             |
|  | (b) TIP   |                 |             |             |             |             |             |             |             |              |             |
|  | (c) TNP   |                 |             |             |             |             |             |             |             |              |             |
| 21                                       | (d) DTP   |                 |             |             |             |             |             |             |             |              |             |
|  | Percentage of beneficiaries graduated out per Programme:                        | a)              |             |             |             |             |             |             |             |              |             |
|  | (a) PWP   | b)              |             |             |             |             |             |             |             |              |             |
|  | (b) TIP   | c)              |             |             |             |             |             |             |             |              |             |

| Existing MGDS Indicator   | Month Data Available | Baseline – 2005 | 2006 Actual | 2007 Target | 2007 Actual | 2008 Target | 2008 Actual | 2009 Target | 2010 Actual | 2010 Target | 2011 Target | 2011 Actual |
|---|----------------------|-----------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| (c) TNP<br>(d) DTP  |                      |                 |             |             |             |             |             |             |             |             |             |             |
| <b>Theme III: Social Development</b>  |                      |                 |             |             |             |             |             |             |             |             |             |             |
| <b>3.1 Health</b>   |                      |                 |             |             |             |             |             |             |             |             |             |             |
| 22 Life Expectancy at birth   |                      | 40 years        |             |             |             | 42          |             |             |             |             | 45 years    |             |
| 23 Maternal Mortality Ratio (MMR)   |                      | 984/100,000     |             |             | 984/100,000 |             |             | 710/100,000 |             |             | 560/100000  |             |
| 24 Infant Mortality Rate (IMR)  |                      | 76/1000         |             |             | 69/1000     |             |             | 57          |             |             | 48/1000     |             |
| 25 Under 5 mortality rate   |                      | 133/1000        |             |             | 118/1000    |             |             | 93/1000     |             |             | 76/1000     |             |
| 26 Percentage of pregnant women who slept under insect site treated net the previous night  |                      | 14.7%           |             |             |             |             |             | 47%         |             |             | 60%         |             |
| 27 Percentage of children <5 yrs who slept under insecticide treated net the previous night |                      | 14.8%           |             |             | 82.2%       |             |             | 47%         |             |             | 60%         |             |
| 28 TB Cure rate   | September            | 74%             |             | 76%         | 77%         | 77%         |             | 78%         |             | 79%         | 80%         |             |
| 29 Total Fertility Rate   |                      | 6.0             |             |             | 6.3%        |             |             |             |             |             | 5.7         |             |
| 30 Proportion of 1 year-  | September            | 82%             |             | 83%         | 85.2        | 84%         |             | 85%         |             | 87%         | 90%         |             |

| Existing MGDS Indicator | Month Data Available   | Baseline – 2005     | 2006 Actual            | 2007 Target         | 2007 Actual         | 2008 Target             | 2008 Actual | 2009 Target             | 2010 Actual | 2011 Target             | 2011 Actual |
|-------------------------|--|---------------------|------------------------|---------------------|---------------------|-------------------------|-------------|-------------------------|-------------|-------------------------|-------------|
|                         | ber  |                     |                        |                     | %                   |                         |             |                         |             |                         |             |
| 31                      | old children immunized against measles                                 |                     |                        |                     |                     |                         |             |                         |             |                         |             |
| 32                      | Proportion of births attended by skilled personnel                     | 38 %                |                        | 42%                 | 53.6 %              | 48%                     |             | 55%                     |             | 75 %                    |             |
| 33                      | OPD service utilization per 1000 population                            | 800/1000 population |                        | 850/1000 population | 918/1000 population | >1000 / 1000 population |             | >1000 / 1000 population |             | >1000 / 1000 population |             |
| 34                      | Nurse/population ratio   | 1:4,000             |                        | 1:3,500             | 1:3653              | 1:3,400                 |             | 1:3,300                 |             | 1:2,800                 |             |
| 35                      | Doctor/population ratio  | 1:62,000            |                        | 1:60,000            |                     | 1:58,000                |             | 1:56,000                |             | 1:31,000                |             |
| 36                      | Percent of national budget contribution to the health sector           | 11.1%               |                        | 11.5 %              | 8.7%                | 12.0%                   |             | 13.0%                   |             | 15%                     |             |
| 36                      | EHP coverage   | 9%                  |                        | 15%                 |                     |                         |             | 25%                     |             | 40%                     |             |
| <b>3.2 Nutrition</b>    |  |                     |                        |                     |                     |                         |             |                         |             |                         |             |
| 37                      | Prevalence of under 5 Child Malnutrition -Stunted -Wasted -underweight | 48%<br>5%<br>22%    | 45.9%<br>3.3%<br>19.4% |                     |                     |                         |             |                         |             | 34%<br>4%<br>15%        |             |

|    | Existing MGDS Indicator  | Month Data Available | Baseline – 2005      | 2006 Actual | 2007 Target | 2007 Actual | 2008 Target | 2008 Actual | 2009 Target | 2009 Actual | 2010 Target | 2010 Actual | 2011 Target | 2011 Actual |
|----|--|----------------------|----------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 38 | Micronutrient deficiency (Iron, Vitamin A and Iodine)                            |                      |                      |             |             |             |             |             |             |             |             |             |             |             |
| 39 | Prevalence of Adult Malnutrition disaggregated by gender<br>a) Female<br>b) Male |                      | a) Female<br>b) Male |             |             |             |             |             |             |             |             |             |             |             |
| 40 | Dietary related non communicable diseases (BP, diabetes, arthritis, gout etc)    |                      |                      |             |             |             |             |             |             |             |             |             |             |             |

### 3.3 HIV & AIDS

|    |   |  |       |       |     |  |  |  |        |  |  |  |       |  |
|----|---|--|-------|-------|-----|--|--|--|--------|--|--|--|-------|--|
| 41 | HIV prevalence among pregnant women aged 15-24 year s"                                    |  | 14.3% | 16.9% |     |  |  |  | 12.0 % |  |  |  | 12%   |  |
| 42 | HIV/AIDS Prevalence among 15-49 age group   |  | 14%   | 14.0% |     |  |  |  | 14.7 % |  |  |  | 14.7% |  |
| 43 | % of people with advanced HIV and on ART who are still alive 12 months after start of ART |  | 85%   | 79%   | 80% |  |  |  | 85%    |  |  |  | 85%   |  |

|                   | Existing MGDS Indicator  | Month Data Available | Baseline – 2005 | 2006 Actual | 2007 Target | 2007 Actual | 2008 Target | 2008 Actual | 2009 Target | 2009 Actual | 2010 Target | 2010 Actual | 2011 Target | 2011 Actual |
|-------------------|--|----------------------|-----------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 44                | % of infants born to HIV positive mothers who are infected   |                      | 21%             | 18%         |             |             |             |             | 18%         |             |             |             | 18%         |             |
| 45                | % sexually active persons who have voluntary tested for HIV<br>-Women<br>-Men  |                      | 15%<br>13%      | 7%<br>15%   | 30%<br>30%  |             |             |             | 50%<br>50%  |             |             |             | 50%<br>50%  |             |
| 46                | % of health facilities providing ANC and/or maternity services with at least the minimum package of PMCTC services in the past 12 months |                      | 7%              | 35%         | 100%        |             |             |             | 100%        |             |             |             |             |             |
| 47                | % of HIV+ pregnant women receiving a complete course of ARV prophylaxis to reduce the risk of MTCT                                       |                      | 6.9%            | 8%          | 22%         |             |             |             | 80%         |             |             |             | 80%         |             |
| 48                | # of people who are alive and on ART at the end of each year   |                      | 30,000          |             |             |             |             |             | 208,000     |             |             |             | 208,000     |             |
| <b>3.4 Gender</b> |  |                      |                 |             |             |             |             |             |             |             |             |             |             |             |
| 49                | Prevalence of orphans  |                      | 14.7%           | 12.6%       |             |             |             |             |             |             |             |             | 13%         |             |

|                                | Existing MGDS Indicator   | Month Data Available | Baseline – 2005 | 2006 Actual | 2007 Target | 2007 Actual | 2008 Target | 2008 Actual | 2009 Target | 2009 Actual | 2010 Target | 2010 Actual | 2011 Target | 2011 Actual |
|--------------------------------|---|----------------------|-----------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 50                             | Women in Decision Making Positions  |                      | 15 %            |             |             | 19.2 %      |             |             |             |             |             |             |             |             |
| 51                             | Gender Development index  |                      | 0.374           |             |             |             |             |             |             |             |             |             |             |             |
| <b>3.5 Education</b>           |   |                      |                 |             |             |             |             |             |             |             |             |             |             |             |
| <b>3.5.1 Primary Education</b> |   |                      |                 |             |             |             |             |             |             |             |             |             |             |             |
| 52                             | Primary School Gross enrolment rate (by gender)<br>a) Total<br>b) Girls<br>c ) Boys |                      | 132%            |             |             | 122%        |             |             |             |             |             |             | 90%         |             |
|                                |   |                      | 124%            |             |             |             |             |             |             |             |             |             |             |             |
|                                |   |                      | 128%            |             |             |             |             |             |             |             |             |             |             |             |
| 53                             | Primary School Net enrolment rate (by gender)<br>a) Total<br>b) Girls<br>c) Boys    |                      | 108%            |             |             | 104%        |             |             |             |             |             |             | 95%         |             |
|                                |   |                      | 108%            |             |             |             |             |             |             |             |             |             |             |             |
|                                |   |                      | 108%            |             |             |             |             |             |             |             |             |             |             |             |
| 54                             | Completion rates in primary school  |                      | 28%             |             |             | 29.6 %      |             |             |             |             |             |             | 48%         |             |



| Existing MGDS Indicator          | Month Data Available                          | Baseline – 2005 | 2006 Actual | 2007 Target | 2007 Actual | 2008 Target | 2008 Actual | 2009 Target | 2009 Actual | 2010 Target | 2010 Actual | 2011 Target | 2011 Actual |
|----------------------------------|---|-----------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 55                               | Primary School pupils/Qualified Teacher Ratio | 1: 85           |             |             | 1:84        |             |             |             |             |             |             |             |             |
| 56                               | Primary school Classroom/pupil ratio          | 1:85            |             |             | 1:107       |             |             |             |             |             |             | 1:70        |             |
| 57                               | Primary school Repetition rates               | 17%             |             |             | 18.01 %     |             |             |             |             |             |             | 8%          |             |
|                                  | a) Total                                      | 16%             |             |             |             |             |             |             |             |             |             |             |             |
|                                  | b) Girls                                      | 17%             |             |             |             |             |             |             |             |             |             |             |             |
| 58                               | c) Boys                                       |                 |             |             |             |             |             |             |             |             |             |             |             |
|                                  | Primary School Dropout rate (by gender)       | 22%             |             |             | 14.3 %      |             |             |             |             |             |             | 12%         |             |
|                                  | a) Total                                      | 23%             |             |             |             |             |             |             |             |             |             |             |             |
|                                  | b) Girls                                      | 21%             |             |             |             |             |             |             |             |             |             |             |             |
|                                  | c) Boys                                       |                 |             |             |             |             |             |             |             |             |             |             |             |
| <b>3.5.2 Secondary Education</b> |   |                 |             |             |             |             |             |             |             |             |             |             |             |
| 59                               | Secondary School Gross Enrolment Rate         | c)              |             |             |             |             |             |             |             |             |             | 60%         |             |
|                                  |   |                 |             |             |             |             |             |             |             |             |             |             |             |
|                                  |   |                 |             |             |             |             |             |             |             |             |             |             |             |

| Existing MGDS Indicator           | Month Data Available  | Baseline – 2005 | 2006 Actual | 2007 Target | 2007 Actual | 2008 Target | 2008 Actual | 2009 Target | 2009 Actual | 2010 Target | 2010 Actual | 2011 Target | 2011 Actual |
|-----------------------------------|---|-----------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
|                                   |   |                 |             |             |             |             |             |             |             |             |             |             |             |
| 60                                | c) Boys<br>Secondary school Net Enrolment Rate                      | 11%             |             |             | 12.5 %      |             |             |             |             |             |             | 50%         |             |
|                                   | a) Total  | 10%             |             |             |             |             |             |             |             |             |             |             |             |
|                                   | b) Girls  | 11%             |             |             |             |             |             |             |             |             |             |             |             |
|                                   | c) Boys   |                 |             |             |             |             |             |             |             |             |             |             |             |
| 61                                | Secondary school pupils/Qualified Teacher ratio                     | 1:73            |             |             |             |             |             |             |             |             |             | 1:50        |             |
| 62                                | Transition rate from Primary into secondary school                  | 29%             |             |             | 40%         |             |             |             |             |             |             | 70%         |             |
| <b>Theme IV: Infrastructure</b>   |   |                 |             |             |             |             |             |             |             |             |             |             |             |
| <b>4.1 Energy</b>                 |   |                 |             |             |             |             |             |             |             |             |             |             |             |
| 63                                | Number of new trading centers connected to electricity (cumulative) | 45              |             | 58          | 96          |             |             |             |             |             |             | 148         |             |
| 64                                | % of households with access to electricity                          | 6 %             |             | 7%          | 7.5%        |             |             |             |             |             |             | 10%         |             |
| 65                                | Proportion of population using solid fuels                          | 94.8 %          | 98.8%       | 93.0 %      | 92.5 %      |             |             |             |             |             |             | 84.5 %      |             |
| <b>4.2 Water &amp; Sanitation</b> |   |                 |             |             |             |             |             |             |             |             |             |             |             |
| 66                                | Percent of population   | 66%             | 74.2%       | 75%         | 71%         | 77%         |             | 78%         |             | 79%         |             | 80%         |             |

| Existing MGDS Indicator                                | Month Data Available  | Baseline – 2005 | 2006 Actual | 2007 Target | 2007 Actual | 2008 Target | 2008 Actual | 2009 Target | 2009 Actual | 2010 Target | 2010 Actual | 2011 Target | 2011 Actual |
|--|---|-----------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
|  | with access to safe potable water   |                 |             |             |             |             |             |             |             |             |             |             |             |
| 67   | Percent of population with access to improved sanitation  | 83%             | 88.2%       | 89%         | 61%         | 91%         |             | 93%         |             | 94%         |             | 95%         |             |
| <b>4.3 Transport</b>                                   |   |                 |             |             |             |             |             |             |             |             |             |             |             |
| 68   | Percent of road network in good condition<br>(a) IRI - <4 for paved roads<br>(b) IRI - <7 for unpaved roads | 29%             |             | 80%<br>30%  | 54%<br>18%  |             |             |             |             |             |             | 71%         |             |
| 69   | Transport cost as a percentage of export/import Bill  | 55%             |             | 40%         | 53%         |             |             |             |             |             |             | 12%         |             |
| 70   | Lead time on exports due to transport<br>(a) Region<br>(b) Overseas   | 7               |             |             |             |             |             |             |             |             |             | 1           |             |
| <b>4.4 Telecommunications/ICT</b>                      |   |                 |             |             |             |             |             |             |             |             |             |             |             |
| 71   | Teledensity   | 2.7             |             | 4.78        | 15          |             |             |             |             |             |             |             |             |
| 72   | Mobile Density  | 2.08            |             | 4.21        | 11.5        |             |             |             |             |             |             |             |             |
| <b>4.5 Information, Communication Technology (ICT)</b> |   |                 |             |             |             |             |             |             |             |             |             |             |             |

| Existing MGDS Indicator   | Month Data Available   | Baseline – 2005 | 2006 Actual | 2007 Target | 2007 Actual | 2008 Target | 2008 Actual | 2009 Target | 2009 Actual | 2010 Target | 2010 Actual | 2011 Target | 2011 Actual |
|---|--|-----------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 73  | Number of Internet users   | 8,197           |             | 55,029      | 100,000     |             |             |             |             |             |             |             |             |
| 74  | Computer Density   |                 |             |             |             |             |             |             |             |             |             |             |             |
| 75  | E-Government status  |                 |             |             |             |             |             |             |             |             |             | 100%        |             |
| <b>4.6 Research, Science &amp; Technology (Originally omitted sub-theme proposed for Inclusion by the Thematic Group)</b> |  |                 |             |             |             |             |             |             |             |             |             |             |             |
|   | Percent of new locally developed and patented technologies commercialized. |                 |             |             |             |             |             |             |             |             |             |             |             |
| <b>Theme V</b>  |  |                 |             |             |             |             |             |             |             |             |             |             |             |
| <b>5.1 Macro-economic Stability</b>   |  |                 |             |             |             |             |             |             |             |             |             |             |             |
| 76  | Inflation Rate   |                 | 15.5%       | 8.5%        | 8.0%        | 7.5         |             | 7.5         |             |             |             | 5.0 %       |             |
| 77  | Domestic debt stock as % of GDP  |                 | 19.8 %      | 12.6 %      | 12.1 %      | 9.6         |             | 8.2         |             |             |             | 10%         |             |
| 78  | Fiscal deficit as a percent of GDP   |                 | 3.5%        | 2.0%        | 1.6%        |             |             |             |             |             |             | 1.0%        |             |
| 79  | Bank Lending rate  |                 | 27%         |             |             |             |             |             |             |             |             | < 10%       |             |
| <b>5.2 Public Sector Management</b>   |  |                 |             |             |             |             |             |             |             |             |             |             |             |
| 80  | % of government departments and assemblies with major audit queries        |                 |             |             |             |             |             |             |             |             |             |             |             |

|                             | Existing MGDS Indicator   | Month Data Available | Baseline – 2005 | 2006 Actual | 2007 Target | 2007 Actual | 2008 Target | 2008 Actual | 2009 Target | 2009 Actual | 2010 Target | 2010 Actual | 2011 Target | 2011 Actual |
|-----------------------------|---|----------------------|-----------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 81                          | Percent of donor funds disbursed through the budget             | August               | 90%             |             |             |             |             |             |             |             |             |             | 100%        |             |
| 82                          | % of assemblies with major financial management findings        |                      |                 |             |             |             |             |             |             |             |             |             |             |             |
| 83                          | Open Budget Index   |                      |                 | 41%         |             |             |             |             |             |             |             |             | 100%        |             |
| 84                          | Percent implementation of Government's Medium Term Pay Policy   |                      |                 |             |             |             |             |             |             |             |             |             |             |             |
| 85                          | Percent of Ministries with functional M&E systems               |                      | -               |             |             |             |             |             |             |             |             |             | 100%        |             |
| <b>5.3 Corruption</b>       |   |                      |                 |             |             |             |             |             |             |             |             |             |             |             |
| 86                          | % of corruption cases effectively prosecuted                    |                      | 75%             | 38%         | 47%         | 55%         |             |             |             |             |             |             |             |             |
| 87                          | Average time taken to complete prosecution of a corruption case |                      | 22 Months       | 22 Months   | 24 Months   | 15 Months   |             |             |             |             |             |             |             |             |
| 88                          | Corruption Perception Index                                     |                      |                 | 2.7         | 3           | 3.5         |             |             |             |             |             |             |             |             |
| <b>5.4 Decentralization</b> |   |                      |                 |             |             |             |             |             |             |             |             |             |             |             |

| Existing MGDS Indicator        | Month Data Available   | Baseline – 2005 | 2006 Actual | 2007 Target | 2007 Actual | 2008 Target | 2008 Actual | 2009 Target | 2009 Actual | 2010 Target | 2010 Actual | 2011 Target | 2011 Actual |
|--------------------------------|--|-----------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 89                             | Number of sectors fully devolved   | 7               |             | 10          | 7           |             |             |             |             |             |             | 100%        |             |
| 90                             | Number of districts with approved District Development Plans in place  | 40              |             | 40          |             |             |             |             |             |             |             |             |             |
| 91                             | Number of Motions or Bills passed in parliament on Private members days.<br><br>Alternative:<br>Number of Public Policies changed consistent with CSO Advocacy |                 | 50%         | 100%        | 50%         |             |             |             |             |             |             |             |             |
| <b>5.5 Justice/Rule of Law</b> |  |                 |             |             |             |             |             |             |             |             |             |             |             |
| 92                             | Number of institutions of justice per 100,000 population disaggregated by type:<br>a) Courts<br>b) Police Posts  | 203<br>1.2      | 123         |             |             |             |             |             |             |             |             |             |             |
| 93                             | % access to justice by citizens  |                 |             |             |             |             |             |             |             |             |             |             |             |

| Existing MGDS Indicator | Month Data Available   | Baseline – 2005 | 2006 Actual | 2007 Target | 2007 Actual | 2008 Target | 2008 Actual | 2009 Target | 2009 Actual | 2010 Target | 2010 Actual | 2011 Target | 2011 Actual |
|-------------------------|--|-----------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 94                      | Prosecution rates  |                 |             |             |             |             |             |             |             |             |             |             |             |
| <b>5.6 Security</b>     |  |                 |             |             |             |             |             |             |             |             |             |             |             |
| 95                      | Crime Detection Rate   |                 | 676/100000  | 666/100000  |             | 24%         |             | 26%         |             | 28%         |             | 32%         |             |
| 96                      | Police/population ratio  |                 | 1:1384      | 1:1382      |             | 1:1209      |             | 1:1150      |             | 1:1092      |             | 1:1034      |             |
| 97                      | Warden/prisoners ratio   |                 | 1:16        |             |             |             |             |             |             |             |             | 1:5         |             |
| <b>5.7 Human Rights</b> |  |                 |             |             |             |             |             |             |             |             |             |             |             |
| 98                      | Number of Reported human rights violation cases effectively resolved |                 | 67          | 3000        | 900         |             |             |             |             |             |             |             |             |
| 99                      | Average time taken to process human rights complaints reported       |                 |             |             | 3 months    |             |             |             |             |             |             |             |             |
| 100                     | % of the population that is aware about their basic human rights.    |                 |             |             |             |             |             |             |             |             |             |             |             |





### ANNEX 3: Progress in MDGs Goal Indicators

| MDG Goal Indicator   | Baseline Value/Year             | 2006/07      | Progress over baseline            |
|--|---------------------------------|--------------|-----------------------------------|
| <b>Goal 1: Eradicate Extreme &amp; Hunger</b>  |                                 |              |                                   |
| 1. Prevalence of underweight children under 5 years of age                                     | 28% (1992)                      | 19%          | 9% Improvement                    |
| 2. Proportion of the population below minimum level of dietary energy consumption              | 23.6% (2000)                    | 17%          | 6.6% Improvement                  |
| <b>Goal 2: Achieve Universal Primary Education</b>   |                                 |              |                                   |
| 1. Net enrolment ratio in primary education  | 58% (1992)                      | 73%          | 15% Improvement                   |
| 2. Completion rate   | 64% (1992)                      | 75%          |                                   |
| 3. Literacy of 15-24 year olds   | 0.82 (2000)                     | 0.88         | 7.3% Improvement                  |
| <b>Goal 3: Promote Gender Equality and Empower Women</b>                                       |                                 |              |                                   |
| 1. Ratio of girls to boys in :<br>➤ Primary (P)<br>➤ Secondary (S)<br>➤ Tertiary education (T) | P- 0.87(1992)<br>S- 0.50 (1992) | 0.95<br>0.75 | 9% Improvement<br>50% Improvement |
| 2. Ratio of literate women to men, 15-24 years old   | 0.82(2000)                      | 0.88         | 7.3% Improvement                  |
| 3. Share of women in wage employment in the non-agricultural sector                            | 13.1%(2000)                     | 15%          | 1.9% Improvement                  |
| 4. Proportion of seats held by women in national parliament                                    | 5.6% (1994)                     | 14% (2004)   | 8.4% Improvement                  |
| <b>Goal 4: Reduce Child Mortality</b>  |                                 |              |                                   |
| 1. Under-five mortality rate   | 234 (1992)                      | 118          | 50% Improvement                   |
| <b>Goal 5: Improve Maternal Health</b>   |                                 |              |                                   |
| 1. Maternal mortality ratio(MMR)   | 620 (1992)                      | 984          | 59% Worse off                     |
| <b>Goal 6: Combat HIV/AIDS, Malaria &amp; other Diseases</b>                                   |                                 |              |                                   |
| 1. HIV prevalence among 15-24 year old pregnant women  | 17.4% (1994)                    | 15.3% (2005) | 2.1% Improvement                  |
| 2. Condom use  |                                 |              |                                   |
| 3. Death rate  | 10%(1990)                       | 16%(2005)    | 6% Worse off                      |
| 4. % of children sleeping under insecticide-treated bed nets                                   |                                 |              |                                   |
| 5. Proportion of cases detected and cured under the national DOTS Programme of the WHO         | 66%(1990)                       | 75%(2005)    | 11% Improvement                   |
| <b>Goal 7: Ensure Environmental Sustainability</b>   |                                 |              |                                   |
| 1. Forest cover  | 41%(1990)                       | 36%(2005)    | 5% Worse off                      |
| 2. Biological Diversity  |                                 |              |                                   |
| 3. Energy use (Solid Fuel)   | 97.9%                           | 97%(2005)    | 0.9% Improvement                  |

|   |                            |              |                   |
|---|----------------------------|--------------|-------------------|
|   | (2000)                     |              |                   |
| 4. Carbon dioxide emissions   |                            |              |                   |
| 5. Proportion of population with access to an improved water source                 | 47% (1992)                 | 75% (2005)   | 28% Improvement   |
| <b>Goal 8: Develop a Global Partnership for Development</b>                         |                            |              |                   |
| 1. Youth employment (Unemployment rate)   | 1% (1998)                  | 9%           | 8% Worse off      |
| 2. Access to new technologies(cell phones, personal computers & Internet use rates) | Cell Phone<br>0.36% (2000) | 2.11%(2005)  | 1.75% Improvement |
|   | Internet<br>0.051%(2002)   | 0.066%(2005) | 0.02% Improvement |