MALAWI:
Final Evaluation of the
UNDP & UNCDF’s
Local Development Programme

Submitted to:
United Nations
Capital Development Fund

Final Evaluation Report

21\textsuperscript{th} September 2007

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“*The analysis and recommendations of this report do not necessarily reflect the view of the United Nations Capital Development Fund, its Executive Board or the United Nations Member States. This is an independent publication of UNCDF and reflects the views of its authors*”
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<td>ADB</td>
<td>African Development Bank</td>
</tr>
<tr>
<td>ADC</td>
<td>Area Development Committee</td>
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<td>ADMARC</td>
<td>Agriculture Development and Marketing Co-operation</td>
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<td>AfDB</td>
<td>African Development Bank</td>
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<td>Association of Progressive Women</td>
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<td>AS</td>
<td>Assembly Secretariat</td>
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<td>CAD</td>
<td>Computer Aided Design</td>
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<td>Community Based Organization</td>
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<td>Group Village Head man/women</td>
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Acknowledgements

The team wishes to thank all those who helped make this evaluation a success. Mr Bill Chanza, UNCDF Programme Officer hosted the team throughout the mission, providing not only practical logistical support but also his deep knowledge of the local context and insights into the programme. Mr. Hastings Bota, Desk Officer for Decentralisation, accompanied the team throughout its time in the districts, providing invaluable logistical support. Thanks also to the national government officials, district officials, ex-councillors, village headmen, men and women who warmly welcomed the team and gave generously of their time.
1. PROJECT SUMMARY

Country: Malawi

Programme Number: MLW/02/CO1; 013619

Programme Title: Malawi Decentralised Governance Programme (MDGP)

Executing Agency: Ministry of Finance

Implementing Agencies: Ministry of Local Government and Rural Development

Programme approval date: 2002

Programme Start Date: 2003

Programme End Date: 2006, extended to September 2007

Total programme cost: US$21,274,820

Financing breakdown:
- UNDP: US$6,000,000
- UNCDF US$6,000,000 reduced to approx. US$1.5m
- Government of Malawi: US$7,006,120

Mid-Term Evaluation date: November to December 2004

Final Evaluation date: June to July 2007
2. PURPOSE OF THE EVALUATION

2.1 Evaluation Purpose
The objectives of the Final Evaluation (FE) are:

2.1.1 To assist the Government of Malawi (GoM), in particular the executing agency, the Ministry of Finance (MoF), the implementing agencies, Ministry of Local Government and Rural Development (MoLGRD), National Local Government Finance Committee (NLGFC), and the District Assemblies (DAs) and the concerned co-financing partners, the United Nations Development Programme (UNDP) and United Nations Capital Development Fund (UNCDF), to understand:

- the efficiency, effectiveness, relevance and impact of the Malawi Decentralised Governance Programme (MDGP),
- the sustainability of programme results,
- the level of satisfaction of programme stakeholders and beneficiaries with the results, and
- Whether UNDP and UNCDF were effectively positioned and partnered to achieve maximum impact;

2.1.2 To contribute to UNDP and UNCDF learning from programme experience.

2.1.3 To help programme stakeholders assess the value and opportunity for broader replication of the Malawi Decentralised Governance Programme (MDGP).

2.1.4 To help programme stakeholders determine the need for follow-up on the intervention, and general direction for the future course.

2.1.5 To ensure accountability for results to the programme’s financial backers, stakeholders and beneficiaries.

2.1.6 To comply with the requirement of the programme document/funding agreement and UNDP and UNCDF Evaluation Policy.

2.2 Programme Cycle
The MDGP was approved in September 2002, started in May 2003 and planned to end in December 2006. It follows an earlier UNCDF/UNDP programme entitled the Malawi Local Governance and Development Management Programme (MLGDM) which started in 1997 and ended in 2001. The Mid Term Review of the MDGP took place between November and December 2004. An amendment of the Project Document in 2006 extended the MDGP to December 2007, and added two further components: 1. Piloting the DA’s role in promoting a businesses supportive environment in rural areas and technical assistance and financial resources to local micro- and small-scale enterprises, and 2. Assessing, reviewing, documenting and disseminating the activities and results of the programme. The present Final Evaluation took place in June-July 2007, mid-way through the extension.
3. EVALUATION METHODOLOGY

3.1 Methodology and Tools used

The evaluation methodology is based on the guidelines in the Evaluation Manual, with some adaptations that were made as experience was gained during the course of the mission.

Prior to the mission, the team leader assembled and distributed documents on the programme and its context to team members, and sent a questionnaire to the Programme Offices (PO) on the status of the programme.

In Lilongwe, the mission began with a facilitated team hypothesis workshop using display cards whose contents were captured photographically. This was followed by a briefing session with the UNCDF Programme Officer, and another with Resident Representative of the UNDP. After meeting with the UNDP, the team met with the Donor Decentralisation Committee and the Ministry of Local Government and Rural Development (MoLGRD) before travelling to Mzuzu for work in the Northern Region.

The team sampled and visited seven districts (out of total of 28 in Malawi), Mzimba and Nkhatabay in the Northern Region, Mangochi, Thyolo and Chikwawa in the Southern Region, and then Dedza and Kasungu in the Central Region. A set sequence was followed in each district, beginning with an introductory meeting with District Commissioner (DC), followed by a general meeting with District Executive Committee (DEC) and other invited participants such as NGOs, donors active locally, United Nations Volunteers and ex-councillors. The DEC meetings were followed by focus group discussions (FGDs) generally made up as follows:

- Directorate of Finance,
- DC, Directorate of Administration, Directorate of Human Resources, officials involved in devolved sectors (mainly Health, Education, Environment)
- Officials involved in planning and project implementation (Directorate of Planning, Directorate of Public Works)
- Officials involved in Monitoring and Evaluation (M&E)
- United Nations Volunteers (UNVs)
- Ex-Councillors (in the last three districts)

Following the FGDs at the District Assembly, the team visited project sites. At each project site, the sequence followed was to do a site inspection, hold a plenary community meeting and then, if the number of participants was large enough and there was sufficient time, break into FDGs with the following categories of people:

- Project implementation committee members
- Village headmen and chiefs
- Teachers
- Parents and Teachers Association members
- Clinic administrators and nurses
- Police officers
- Water pump committee members
- Community women
• Community men

In the Northern Region, the team held a workshop to review the evaluation methodology after its experiences in Mzimba. In each of the three regions, the team held a facilitated team Findings Workshop to share and capture findings and to prepare presentation slides. This was followed by a facilitated Regional Debriefing Workshop using slide presentations and display cards and sheets. Ten representatives from each of the districts visited in each region were invited to the regional debriefing.

On returning to Lilongwe after the district work, the team members held interviews with key national stakeholders, mostly representatives from the government departments involved in the MDGP, but also a number of other donors involved in decentralisation or involved other forms of local development delivery. The aim of these meetings was to compare their approaches to that of the MDGP. In addition, the team had a meeting with some members of the Lilongwe District District Executive Committee, a district which receives African Development Bank support. The aim of the latter meeting was to hear the views of the DC for Lilongwe, who has had much experience with the MDGP in a number of districts, and who has a reputation for effective district management. It was also aimed at understanding the experiences of a district that was being supported by a donor other than UNCDF/UNCDP.

Following the meetings in Lilongwe, the team held a facilitated Synthesis Workshop to share and capture main findings, lessons and recommendations. The results of this workshop were used to prepare for three debriefing meetings: a Debriefing Workshop with the PO and the Decentralisation Desk Officer from the MOLGRD, a Debriefing Session with the UNDP Resident Representative and the Debriefing Workshop for national stakeholders and DCs from the sampled districts.

Table 1 shows the number and gender composition of participants at the different meetings. The participation of women was 34% overall, but ranged from 58% in the focus group discussions (taken together) to only 11% in the key stakeholder interviews (taken together).

Table 1: Attendance at meeting

<table>
<thead>
<tr>
<th>Kind of meeting</th>
<th>Men</th>
<th>Women</th>
<th>% women</th>
</tr>
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<tbody>
<tr>
<td>Community</td>
<td>249</td>
<td>84</td>
<td>33.7</td>
</tr>
<tr>
<td>District Executive Comm</td>
<td>143</td>
<td>22</td>
<td>15.4</td>
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<tr>
<td>Focus Group Discussion</td>
<td>251</td>
<td>87</td>
<td>34.7</td>
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<tr>
<td>Key Stakeholder</td>
<td>57</td>
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<td>National Debriefing</td>
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<td>Regional Debriefing</td>
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<td>10</td>
<td>15.6</td>
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<tr>
<td>Total</td>
<td>793</td>
<td>213</td>
<td>26.9</td>
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3.2 Methodological Issues

The original field work plan was to sample three or four districts. Following discussions with the PO, and ECI coordinator, the team leader extended the number to seven, which constitutes a quarter of all 28 districts in the country. These districts provide a good geographical spread and contain some of the poorest and better off rural populations in the country.
The choice of seven rather than three or four districts favoured spread over depth (one day in each district and only 3.5 days for interviews with national stakeholders). More depth and less spread would have been preferable from an evaluation perspective, as evidenced by the fact that the team found the same or very similar responses coming up from one district assembly and project meeting to the next. However, there were advantages to having a larger sample. One was that it widened participation, which proved valuable in stimulating discussion at the regional debriefing workshops. Another was that it deepened the legitimacy of the Final Evaluation in the eyes of the MoLGRD and PO. In order to accommodate the larger sample of districts, the mission was extended from 21 to 24 days to enable a adequate coverage of national stakeholders in addition to the district work.

Focus Group Meetings were added to the plenary Community meetings at project sites from Thyolo District onwards. This change was introduced to enable team members to penetrate more deeply into the views of groups who were silent at the plenary meetings, notably women, and was to some degree successful in this respect.

The fact that most investments from the UNCDF through the District Development Fund (DDF) took place between 2003 and 2004, meant that memories had to some degree dimmed in the District Assemblies and the villages. There was some confusion in the minds of local actors over whether a project fell within the MDGP or the predecessor MLGDM, or indeed if it had been funded by another donor through the District Development Fund (DDF). The team’s efforts to clarify these matters were not entirely successful in all districts.

It proved difficult to obtain accurate and detailed financial, monitoring and evaluation information from some of the districts. This was a reflection of the poor state of financial, accounting and M&E systems, a problem also reflected in the national data sources.

Two or three days prior to the mission, the PO approached the team leader to include the United Nations Volunteers (UNVs) involved in decentralisation support as part of the Final Evaluation. This request was not translated into an amendment of the TOR, but the team leader interviewed a total of 9 UNVs, as well as the UN Volunteer Programme Officer, who accompanied the team during the work in the Southern and Central Regions.

Also just prior to the mission, the UNCDF Monitoring and Evaluation Officer requested the team leader to visit a Millennium Development Village (MDV) in Malawi during the mission. An attempt to arrange this was made through the PO, but on the day concerned the MDV contact cancelled the meeting as a funeral was being held there on that day. Thus this exercise fell away.

The PO and Desk Officer for Decentralisation in the MoLGRG accompanied the team almost throughout the mission. They greatly aided the team in organising and facilitating the meetings. Their presence may have inhibited respondents to some degree, but no more so, it seems, than the presence the DEC officials in relation to the community meetings, and the traditional authorities in relation to ordinary citizens at the community meetings. Hierarchical and patriarchal power relations are pervasive in Malawi and the team, it appeared, was perceived by local actors as part of this hierarchy. This was illustrated by the fact that at all the community meetings the team
members were perceived as donors and requests were made to it for additional funding for new projects. Although the team took care to explain that its role was merely to evaluate, and not to fund, there is no doubt that local actors nevertheless perceived the team as a conduit to the donors and this influenced their responses to questions. The team had to constantly bear in mind that virtually all actors, from national government down to the village level, were seeking to present the programme in the best possible light, partly out of gratitude to the donors for their support and partly, it appears, believing that this would provide the best guarantee of future funding.

3.3 Workplan

The mission work was undertaken in the following steps:

Pre-mission (21st May – 10th June)
Prepare for mission: documents, PO’s questionnaire, assemble team, organise itinerary.

Mission (11th June- 3rd July)

In Lilongwe (11th June – 12th June)
Team hypothesis workshop, UNDP briefing, meetings with stakeholders.

In Northern Region (12th – 16th June)
Fieldwork in Mzimba and Nkhatabay, team findings workshop, regional debriefing.

In Southern Region 17th June – 24th June
Fieldwork in Mangochi, Thyolo and Chikwawa, team findings workshop, regional debriefing.

In Central Region – district work (25th – 27th June)
Fieldwork in Dedza and Kasungu, team findings workshop, regional debriefing.

In Lilongwe – national work (27th June – 3rd July)
National stakeholder interviews, team synthesis workshop, debriefing for Decentralisation Desk Officer and Programme Officer, debriefing for Resident Representative, debriefing for national stakeholders. A more detailed workplan is provided in Annex 3.

Post mission (4th -23rd June)
Writing of report.

3.4 Team Composition

The team was made up of:

International consultants:
Dr. Doug Hindson (team leader)
Mr. Hamish Scott

National consultants:
Dr Asiyati Chiweza
Mr Justin Nyondo

Dr. Hindson took responsibility for the overall direction and facilitation of the team’s work. At the district level he took responsibility for the interviews with M&E officers, ex-Councillors and UNVs.
Mr. Hamish Scott took responsibility for evaluating the third component of the programme, namely district and project level Planning and Infrastructure and Service Delivery.

Dr. Asiyati Chiweza took responsibility for evaluating the second component of the programme, namely Fiscal Decentralisation, and for the cross-cutting issue of Gender.

Mr. Justin Nyondo took responsibility for evaluating the first component of the programme, namely Institutions and Capacity Building, and for the cross-cutting issues of the Environment and HIV and AIDS.
4. PROGRAMME PROFILE

4.1 Understanding the Context

4.1.1. The country context and status of decentralisation in terms of strategy, policy and implementation

Malawi’s new constitution of 1994 introduced multi-party democracy after 30 years of centralised, one-party rule. It opened the way for decentralisation by setting down powers and functions of democratically elected local governments. In 1998, the GoM adopted the National Decentralisation Policy and passed the Local Government Act (1998). The Act established Local Assemblies (LAs) as the key institutions for delivery of social and economic services.

Decentralisation in Malawi has taken the form of devolution of administrative and political authority to Districts. The devolved functions and responsibilities assigned to the DAs should lead ultimately to devolution of both staff and budgets, but devolution has, in practice mainly taken the form of geographical de-concentration of these activities, with the officials concerned continuing to account vertically to the Ministries, while also reporting horizontally to the DCs.

Decentralisation is intended to promote participatory planning at sub-district level and representative democracy at the district level through the election of councillors to the DAs. The theory on which this was based is that democratic decentralisation leads to improved service delivery. Pillar four of the government’s Poverty Reduction Strategy Paper (PSRP) 2000-2005 is defined as “good governance”, and democratic decentralisation was seen as a way of achieving this goal.

The PSRP was replaced by the Malawi Growth and Development Strategy 2006 to 2011 (MGDS), which makes inclusive economic growth its centre-piece. The MGDS mentions decentralisation as an important means of improving social service delivery at the local level and also seeks to enhance the aims of the DAs in Promoting Local Economic Development (LED).

The government adopted an incremental implementation strategy to devolution through a 10 year National Decentralisation Programme (NDP). During the first phase, 2000/1 and 2003/4, NDP I gave priority to seven components: legal reform, institutional development and capacity building, building a democratic culture, fiscal decentralisation, accounting and financial management, local development planning and financing mechanisms.

A review of NDP 1 in 2004 found substantial commitment to decentralisation within the LAs, but a reluctance from a number of national ministries to devolve functions to the district level. The review made a large number of recommendations for NDP II, but identified the following four as the key ones: 1) further sector devolution, 2) institutional development and capacity building, 3) fiscal devolution and financial management, and 4) local development planning and financing mechanisms.
Although adopted by parliament in 2004, the NDP II has yet to be implemented. Local government elections were not held in 2005, triggering a constitutional and political crisis that has, in effect, stalled the national decentralisation process and continues to this day.¹

The Ministry of Local Government and Rural Development questions this rendering of the situation in Malawi, arguing that “The inavailability (sic) of councillors does not amount to a constitutional crisis; it amounts to inability to fulfill (sic) a constitutional requirement. A crisis would have been there if the constitution did not provide for how Local Governments should be managed, or where two sections of the constitution were contradictory, which is not the case with us”. Comments, Finding 9, p 5. The team holds to its original interpretation on the grounds that the Constitution required that local government elections to be held in 2005, because the failure to hold them has removed the basis of local democracy and a critical factor (the role of councillor) in local government management. The crisis is constitutional in the sense that government is seeking to govern outside the terms of the constitution and this is being vigorously challenged by the opposition.

¹ The Ministry of Local Government and Rural Development questions this rendering of the situation in Malawi, arguing that “The inavailability (sic) of councillors does not amount to a constitutional crisis; it amounts to inability to fulfill (sic) a constitutional requirement. A crisis would have been there if the constitution did not provide for how Local Governments should be managed, or where two sections of the constitution were contradictory, which is not the case with us”. Comments, Finding 9, p 5. The team holds to its original interpretation on the grounds that the Constitution required that local government elections to be held in 2005, because the failure to hold them has removed the basis of local democracy and a critical factor (the role of councillor) in local government management. The crisis is constitutional in the sense that government is seeking to govern outside the terms of the constitution and this is being vigorously challenged by the opposition.
4.1.2. The Programme Context

These successes led to a further programme, called the Local Governance and Development Management Programme (LGDMP), whose aims were twofold: 1) to support further decentralisation policy development and, 2) to replicate the district planning system in all of Malawi’s districts. The LGDMP was implemented from 1998 to 2001. It had the following three components: 1) strengthening the capacity of central and local government to formulate and implement decentralisation, 2) strengthening the capacities of central and local government, districts and communities in planning and management of local development and service delivery, and 3) instituting appropriate procedures and processes for financing local authorities in support of their decentralised service responsibilities.

The mid-term evaluation of the LGDMP found that it had made "remarkable progress" in decentralisation policy formulation, most notably, the development and approval of the NDP and Local Government Act, referred to in the section above. However it highlighted three shortcomings: 1) that government had not yet legally recognised the role of sub-district planning and development structures, 2) that sector devolution plans had not yet been formulated by the ministries and 3) that there was a need for capacity building to strengthen local government in the performance of its functions.

The Malawi Decentralised Governance Programme (MDGP), which is under final review here, was formulated by the Government of Malawi in collaboration with the UNCDF & UNDP. It was intended to support the achievement of three of the main objectives of NDP II described above, namely, 1) institutional development and capacity building, 2) fiscal devolution and financial management, and 3) local development planning and financing mechanisms.

4.2 Programme Summary

4.2.1. The Programme hypothesis
There is no explicitly stated hypothesis in the MDGP’s Programme Document. However, drawing on its logical framework, which is illustrated below, the following hypothesis may be attributed to it:

“Building the capacity of central and local government in Malawi to implement the National Decentralisation Programme, manage local government finances and plan and implement projects identified through community participatory planning processes will empower communities to access more efficiently produced and run, less costly and more relevant social and economic services, and thereby reduce levels of poverty in these communities.”
4.2.2. Intervention strategy
The UNCDF conventionally runs its programmes through direct execution (DEX), while the UNDP supports national execution (NEX). From the side of the United Nations, the MDGP was implemented as a partnership between the UNCDF and UNDP in which the NEX modality was applied in practice.²

The Ministry of Finance acts as authorising agency. The MOLGRD acts as executing agency, with the support of the Decentralisation Secretariat (DS), which has management responsibility for implementation, and the Inter-Ministerial Technical Committee (IMTC) which oversees implementation. These roles of these government agencies apply to both the MDGP and wider NDP II.

4.2.3. Programme budget and approval
The total budget for the MDGP was estimated at US$21,274,820, with the UNDP providing US$6,000,000, the UNCDF providing US$6,000,000, the Government of Malawi US$7,006,120, and other donors providing the rest.

The basic division in the contributions of the UNDP and the UNCDF was between support for capacity building and provision of investment capital. The UNDP was to provide support for a local government management adviser, professional staff for the decentralisation Secretariat, short term national and international consultants, United Nations Volunteers, human resources capacity building (training), equipment and supplies, game monitoring and evaluation professional, operations and maintenance costs for the decentralisation Secretariat office. The UNCDF was to provide capital assistance to the DDFs, and funding for external consultants involved in studies and reviews, a regional technical adviser and programme administration costs.

The programme was approved in September 2002 but implementation began only in 2003. During this interlude, the UNCDF’s contribution fell from a planned US$6 million to an actual US$1.5m, namely at 75% cut. The UNDP’s contribution of US$6 million remained unchanged. No revision to the programme document was undertaken to accommodate this dramatic change in the UNCDF’s contribution the programme. As will emerge, the implications of the cut back were to be profound for the programme.

² The MLGRD Comment under the section entitled Programme Management on page 5 states that “Direct execution modality replaced, in effect by national execution modality. Again as government, we are raising a serious concern on this assertion. Actually the National Executive arrange (sic) came in view of the apparent problems experienced with the direct execution which, by implication, did not advocate local ownership. As Government we find the National Execution arrangement to be in line which the Paris declaration (sic) of February 2005 which advocates for Developing countries to take charge of there own development. Going back to the direct execution would be moving many steps back in our development process and would not be to the benefit of local people whose poverty we want to reduce”. Our understanding is that our original statement is accurate. Our report nowhere advocates the continued use of the DEX modality. What we do recommend it that the UNCDF reviews its execution modality to ensure consistency with the Paris Declaration while achieving its own organisational aims as an agency that specialises in testing models of local development involving investment capital.
4.2.4. Intended results
The intended results of the MDGP are set out in the results framework reproduced in annex 2. Table 1 below illustrates the MDGP's logical framework in summary form.

A number of features of the programme design stand out. Firstly, there is strong emphasis on building the capacity of national and local government. This is reflected in the outputs under all three components of the logical framework. Compared to the standard LDP model, capital investment in social and economic infrastructure and services does is not the purpose of the programme. Capital investment in social and economic infrastructure and services is, rather, subsumed under component 3 which is, itself, a capacity building output rather than an infrastructure and service delivery output. The negative effects of this shift from a focus on capital investment to provide services for the poor to capacity building to strengthen government capacities to provide services on the impact of the programme were amplified by the cut back in UNCDF funding for capital investments in infrastructure and services.  

Secondly, the stated development objective is to empower local communities as a step towards their poverty reduction. Thus empowerment (in the form of capacity building) is both the means and the end of the MDGP. In principle, empowerment could, without objective, be conceived as both the means and the end of a development programme. The difficulty with the MDGP logical framework is that provision of infrastructure and services for the poor, which is at the heart of the UNCDF’s LDPs, disappears as a development objective, opening the programme to a loss of direction.

A further point to note is that output 4 under component 1 (“DAs strengthened for development & service delivery”) is essentially the same as output 3 under component 3 (“DA’s capacity for service delivery”), again creating potential for confusion or, at best, overlapping activities and duplicated expenditures.

The upshot is that the logical framework provides a design that is skewed towards capacity building rather than capital investment as a means to reducing poverty, and holds the potential for means-ends and cross-output confusion.

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3 The MLGRD in its Comment under Findings 2 Poverty Reduction on page 5 argues that it is necessary to assess the impact of the programme not just on infrastructure and services delivered, but the influence it had on government policy more generally and on the practices of other donors. This point will be taken up in detail later in the report when dealing with the relationship between capacity building and investment expenditure on infrastructure and services.

4 The Nobel Economics Laureate A.K. Sen has famously argued that democracy is both a means to development and one of its ends. Sen AK (1999) Development as Freedom, OUP. The same could be said of “empowerment”.

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4.2.5. The scope and location of the programme
The MDGP focused on 12 districts, six defined as local impact areas (LIAs) and six as non-local impact areas (non-LIAs). The non-LIAs were twinned with LIAs to foster cross-district sharing of experiences and learning, as illustrated in table 2, below. The districts highlighted in bold are those sampled for this evaluation.
Table 2: Districts Supported by the MAD

<table>
<thead>
<tr>
<th>Region</th>
<th>Local Impact Area</th>
<th>Twinned area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Northern</td>
<td>Nkhatabay</td>
<td>Mzimba</td>
</tr>
<tr>
<td>Central</td>
<td>Mchinji</td>
<td>Kasungu</td>
</tr>
<tr>
<td></td>
<td>Dedza</td>
<td>Ntcheu</td>
</tr>
<tr>
<td>Southern</td>
<td>Mangochi</td>
<td>Machinga</td>
</tr>
<tr>
<td></td>
<td>Thyolo</td>
<td>Chiradzulu</td>
</tr>
<tr>
<td></td>
<td>Nsanje</td>
<td>Chikwawa</td>
</tr>
</tbody>
</table>

4.2.6. The broader context within the programme is located and its scale and scope relative to this broader context

In contrast with the predecessor LGDMP, in which the districts were to act as “pilots” that would test models of decentralised development, financial management and participatory planning, the MDGP was intended to “consolidate and deepen” decentralisation. The twelve MDGP districts represent just under half of the total of twenty eight in Malawi. The scale of the programme represented an awkward compromise between the Government’s understandable desire to see decentralisation “consolidated and deepened” and the UNCDF’s mandate to test innovative models through pilots that would inform policy and national replication. The cut-back in UNCDF funding was to greatly accentuate this weakness in the programme’s conception.

4.2.7 Expected added value of the programme

The expected value added of the programme was essentially twofold: 1) assistance to government in further policy formulation and 2) assistance to government in consolidating and deepening decentralisation at the district level.

4.2.8 Partnerships foreseen in the programme document

Within the United Nations family in Malawi, the programme is founded on a partnership between the UNCDF and UNDP, with the UNDP providing funding and technical assistance for capacity building, including the salaries of government staff hired to support the decentralisation programme, and the UNCDF providing funding and technical assistance relating to investment capital, its use and management.

The primary country partnership for implementation of the programme is between the UNCDF and UNDP on the one hand, and the government of Malawi, on the other hand. The country partner is the Government of Malawi. In practice the UNCDF has worked with the Ministry of Finance as the authorising agency, the MOLGRD and the DS as the management body (until the DS was dissolved in December 2005). Other key national partners were the IMTC and NLGFC. The local partners were the twelve District Assemblies (DAs).

The UNCDF’s main donor partners have been NORAD and the African Development Bank (ADB). NORAD undertook to fund the DDF under a basket arrangement. The ADB funded districts outside the MDGP list of twelve.
4.3 Programme Status

4.3.1 Programme status against plan

The section below on the evaluation of the three components of the programme provides details of the implementation status against the plan. In summary, the major achievements of the MDGP have been in the area of Institutional Development and Capacity Building. The Fiscal Decentralisation and Planning and Service Delivery components have lagged behind, as emerges clearly from the budget and expenditure analysis undertaken next.

4.3.2 Fiscal status and performance

The total programme cost was estimated at US$21,274,820. The UNDP and UNCDF planned to contribute US$6 million each and the GoM US$6 million, while the balance was to be sought from other donors. After signing the PD in September 2002, and before commencement of the programme in May 2003, the UNCDF cut back its allocation to US$1.5 million. The reasons for this lie outside the scope of this evaluation.

Chart 1, below presents data on budget allocations and expenditure between 2003 and 2006. It can be seen that expenditure was substantially below budget for every year, except 2003 when expenditure peaked. After 2006, expenditure dropped off sharply, while the budget continued to rise.


Source: Ministry of Local Government and Rural Development

Chart 2 illustrates the distribution of expenditures between the three main components of the MDPG over the same period. Institutional Development and Capacity Building received the bulk of funding (74% of the total), followed by Fiscal Decentralisation (17%) and Planning and Service Delivery (9%). Not shown from the chart, but evident from the data, is that under-spending of the budgets was much greater in the areas of Fiscal Decentralisation and Planning and Service Delivery than in the case of Institutions and Capacity Building.\(^5\)

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\(^5\) Mr Bill Chanza, Programme Officer for the MDGP has provided a set of figures from the UNDP’s Combined Delivery Reports for 2004 to 2006 which indicate that expenditure for those years was, respectively 1.4, 2.1 and 1.3 million
Chart 2: Expenditures by Components 2003-2004

<table>
<thead>
<tr>
<th>Component</th>
<th>Institutional</th>
<th>Fiscal</th>
<th>Plan. &amp; services</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>National</td>
<td>264225123.09</td>
<td>51500311.73</td>
<td>24762568.37</td>
<td>340488003.19</td>
</tr>
<tr>
<td>Local</td>
<td>82124024.74</td>
<td>27730937.09</td>
<td>12381284.18</td>
<td>122236246.02</td>
</tr>
<tr>
<td>Other</td>
<td>10711829.31</td>
<td>0.00</td>
<td>4127094.73</td>
<td>14838924.04</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>357060977.15</strong></td>
<td><strong>79231248.82</strong></td>
<td><strong>41270947.28</strong></td>
<td><strong>477563173.25</strong></td>
</tr>
<tr>
<td>% Institutional</td>
<td>0.74</td>
<td>0.65</td>
<td>0.60</td>
<td>0.71</td>
</tr>
<tr>
<td>% Fiscal</td>
<td>0.23</td>
<td>0.35</td>
<td>0.30</td>
<td>0.26</td>
</tr>
<tr>
<td>% Plan. &amp; service</td>
<td>0.03</td>
<td>0.00</td>
<td>0.10</td>
<td>0.03</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1.00</strong></td>
<td><strong>1.00</strong></td>
<td><strong>1.00</strong></td>
<td><strong>1.00</strong></td>
</tr>
</tbody>
</table>

*Note: These estimates are based on the MTR and programme annual reports and work plans between 2004-2006.

Of the total expenditure laid out on the MGDP by the UNDP and UNCDF, 75% went to institutional capacity building, 17% on fiscal decentralisation and only 9% on planning and service delivery. The Malawian Kwacha, indicating that the drop off in expenditure within the UNCDF component itself was less steep than for the total budget for the MDGP between 2005 and 2006.
split between national and local expenditure is also revealing: 71% went to the national level and only 26% to the local level. In terms of the split between national and local, the skew was most pronounced in relation to institutional capacity building, where 74% went to national, but also high for the fiscal and planning and service components, 65% and 60% respectively. The upshot is that an LDP that aimed to empower communities through local government and development management for poverty reduction, ended up focussing mainly on Institutional Development and Capacity Building at the national level.

**Chart 3: National and Local Expenditures by Component (USD)**

![Chart 3: National and Local Expenditures by Component (USD)](chart3.png)
5. EVALUATION OF COMPONENT 1: RESULTS ACHIEVEMENT IN INSTITUTIONAL DEVELOPMENT AND CAPACITY BUILDING

5.1 Introductory Comment

Proper planning, management and coordination of the implementation of the decentralisation process are key factors that influence its successful institutionalisation. To this end, a number of institutions considered central in managing the process of decentralisation of Malawi were targeted by the MDGP:

1. The Cabinet Committee on Decentralisation, now renamed the Cabinet Committee on Governance and Rural Transformation;
2. The Department of Local Government, now renamed to Ministry of Local Government and Rural Development (MoLGRD);
3. The Ministry of Finance;
4. The Inter-Ministerial Technical Committee on Decentralisation;
5. Decentralisation Secretariat;
6. The Local Government Finance Committee;
7. Local Administration Services Commission (LASCOM);
8. Malawi Association of Local Government Authorities;
9. National Audit Office;
10. Staff Development Institute;
11. District Assemblies;
12. Area Development Committees; and
13. Village Development Committees.

A number of program reviews, an Impact Assessment Study, a Concept Paper Mission and GoM/Donor Review demonstrated that these institutions suffered from inadequate capacity in one form or another to enable them to effectively carry out their roles and responsibilities, and concluded that they needed strengthening.

The MDGP was not expected to address all the Government institutions named above. It only focused on strengthening the capacities of the Ministry of Finance (MoF), Ministry of Local Government and Rural Development (MoLGRD), the Decentralisation Secretariat (DS), the Staff Development Institute (SDI), and the District Assemblies (DAs). Other donors such as the Norwegian Embassy, USAID were expected to support the Inter-Ministerial Technical Committee on Decentralisation, the National Audit Office (NAO), the Local Government Finance Committee (LGFC), Malawi Association of Local Government Authorities (MALGA), and Local Authorities Service Commission (LASCOM).

5.2 Outputs and Components

The expected outputs from implementing this component of the Programme were:

1. DoLG strengthened for effective implementation of the NDP.
2. Decentralisation Secretariat strengthened for effective implementation of the National Decentralisation Programme.
3. Decentralisation Secretariat functions institutionalised in relevant institutions.
4. District Assemblies strengthened for gender mainstreamed development and effective service delivery.

**Output 1: DoLG strengthened for effective implementation of the NDP**

**Activities**

Key activities under this output were as follows:

1. Organize regular Cabinet and Technical Committee meetings
2. Undertake regular monitoring visits to assemblies
3. Develop data base and dissemination mechanism
4. Review and refine the existing reporting system
5. DLG to undertake advocacy and resources initiatives
6. Train DLG Staff
7. Conduct joint annual reviews
8. Develop Gender strategy
9. Conduct gender training
10. Develop donor support map

**Indicators**

The programme document listed the following indicators:

1. Number of meetings of Cabinet Committee and Technical Committee
2. NDP supervised according to M&E plan
3. DLG Management Information System (MIS) installed and working properly
4. Number of strategic partnerships established with other development partners in the area of decentralization
5. NDP implemented according to schedule
6. Government/Donor joint reviews carried out
7. Gender mainstreaming strategy developed and implemented
8. Donor support map developed

**Progress**

1. Supervision of Decentralisation Implementation Plan (DIP) according to plan was, by and large, effective during the life of the Decentralisation Secretariat, but became problematic after the transfer of this role to DoLG.\(^6\)

\(^6\) The MLGRD in its Comment under the section dealing with the MGLGRD on pages 1-2 argues that “To say that absorbing DS functions into Ministry and creating Decentralisation Unit was not successful is an unnecessary over-emphasis. The truth is that the Ministry made a board attempt to put to effect what the programme review of 2004
2. Initial steps have been undertaken to develop a Management Information System through the creation of a database at MoLGRD, but it has yet to form an integral part of decision-making.

3. The program initially managed to establish partnerships with ADB and Norwegian Embassy to fund planned activities.

4. The Government/Donor reviews were undertaken more or less as planned.

5. Some attempt was made to develop a Gender Strategy. It was however reported to have been of poor quality and hence was never implemented.

Challenges

1. The funding factored into the program especially for Cabinet Committee was not forthcoming due to a decision made by UNDP after prior agreement to fund these activities. Although the Norwegian Embassy stepped in to fill the gap, funding for meetings of both Cabinet and Technical Committees did not consistently come through. The lack of consistent meetings of the Cabinet and Technical Committees resulted in issues arising from the implementation of the decentralisation process not being resolved, which led to a loss of momentum. In its comments on the Global Debriefing, the MLGRD acknowledges these problems but explains current developments that are more encouraging, as follows, “While this is true (i.e. the lack of championship), Government has now in the Office of the President and Cabinet, created an office headed by a Principal Secretary that will coordinate all reform programmes in Malawi. It is this office that will provide leadership in driving this process. The Office of the President and Cabinet has also provided for a sub committee of Principal Secretaries on Local Government and Rural Transformation to technically over-see the decentralization process and advise the Cabinet Committee on Local Government and Rural Development. This committee has so far met twice since its inception and we believe that with these arrangements, issues of championship are being addressed.”

7 The MLGRD Comment dealing with the Cabinet and Inter-Ministerial Committees on page 5 states that “It was important that these committees should be meeting but in the absence of any deliberate funding from the programme it is strange to note that the evaluation findings are highlighting this.” The MGGRD appears to be correct to point out that the UNDP reneged on a previous agreement. However, the underlying issue that arises here is whether it should be donor responsibility to fund meetings which are part of government routine responsibility, particularly where, as stressed elsewhere in the MLGRD Comment, such programmes should be nationally rather than directly executed, which would make them part of the core business of government.

8 MLGRD Comment on Global Debriefing under section on Institutional and Implementation Arrangements, p. 4.
2. There was adequate funding to support supervision activities and implementation compliance was high during the life of the DS. The reason for this was that further funding was dependent on timely reports being submitted. Supervision of activities under the responsibility of the African Development Bank (ADB) Poverty Reduction Project and NLGFC supervision were by and large maintained. One reason for the decline in supervision had to do with the loss of a number of technical personnel during the dissolution of the DS and the transfer of its functions to the DoLG.

3. The partnership with the Norwegian Embassy in terms of supporting the program was compromised by Government’s failure to hold Local Government Elections.

Output 2: Decentralisation Secretariat strengthened for effective implementation of the National Decentralisation Programme

Activities

The key activities under this output were as follows:

1. Develop civic education programmes
2. Develop Information and Education Campaign (IEC) Plan
3. Develop IEC strategy
4. Undertake outreach IEC campaigns
5. Undertake TNRA of DS
6. Implement training programmes in Local Government and Decentralization
7. Establish training networks
8. Undertake impact studies
9. Develop and implement Programme Support Documents (PSDs)
10. Develop systems
11. Undertake periodic surveys
12. Undertake search for institutions to be strengthened
13. Undertake capacity needs assessment of SDI
14. Develop strategic plans for LASCOM and MALGA
15. Conduct functional review of LASCOM and MALGA
16. Train staff of LASCOM, MALGA, SDI, CERT and MCA in Local Government and Decentralization
17. Train Ministry of Finance in Decentralization and LGA
18. Provide technical assistance to National institutions involved in decentralization

Indicators

Assessment was to be assessed using the indicators outlined below:

1. Number of civic education programmes conducted to increase understanding of the decentralization policy, LGA, systems and processes for participatory planning and financing of local development at both national and local levels.
2. Number of training programmes developed and evaluated for impact.
3. Number of additional donors supporting NDP.
4. Number of planning, financing, participatory, etc systems and sub-systems developed and working for effective implementation of the decentralization process.
5. Number of institutions strengthened for implementation of NDP.

Progress

1. The programme was fairly active in undertaking IEC activities. It mounted road shows, focus group discussions, and media briefings and produced radio shows to help various stakeholders understand the process of decentralisation. The pace of implementation of IEC activities was sustained during the life of the DS. After its dissolution the implementation of activities became intermittent.

2. A number of training programmes were undertaken with the majority of candidates coming from the central level institutions. The training programmes were never evaluated for impact.

3. Initially only UNDP, Norwegian Embassy and USAID were committed to supporting the programme, but these were later joined by GTZ and ADB.

4. Attempts were made to revise the District Planning Handbook and to link district planning to the national system of planning, but these had limited success.

5. A number of training programmes were developed and implemented at National, Sub-national and sub-district levels aimed at enhancing the capacity of institutions for effective implementation of the NDP. The targeted institutions at national level were MALGA, MoLGRD, NLG, Ministry of Finance, National Audit, SDI, MCA and LASCOM and at district level these were DEC, AEC, ADC, and VDC.

6. The ones that benefited the most from the training were MoLGRD, Ministry of Finance, DS, NLGFC, Accountant General and MCA.

7. At the district level it is mostly the DCs and senior secretariat staff that benefited from capacity building efforts. Strategic plans for MALGA, LASCOM were undertaken.

8. A broad Capacity Needs Assessment and corresponding capacity building strategy have now been finalised through the support of GTZ.
Challenges

9. Implementation of IEC activities was negatively affected by the departure of the IEC officer and the withdrawal of funding.

10. The capacity building programmes were not implemented within the context of an updated needs assessment; neither did they follow a Capacity Building Plan.

11. There were additional donors such as the World Bank, DFID, EU, JICA that contributed in some way to enhancing the decentralisation process, but not within the context of the MDGP support document. An interesting development is that even those that were initially committed to the programme such as the Norwegian Embassy have since suspended their support to decentralisation related activities citing lack of commitment by Government to local democratic processes.

12. The debate as to which institutional planning structure below the assembly should be officially recognized remains unresolved; the debate still rages as to whether it should be the ward and the Area Development Committee (ADC) (democratic versus traditional structure). In many areas the VDCs are dormant. Hence to enable the facilitation of the VAPS the development committees have to be reorganized. Most planning that takes place pays little attention to economic empowerment and the involvement of the private sector in development activities.

13. It was envisaged that Malawian training institutions would be twinned with Norwegian institutions. The twinning never occurred. National training institutions were not sufficiently strengthened and therefore were unable to respond appropriately to the training needs of decentralisation. It was envisaged that they would mount programs in decentralisation and local government. However, this has not happened. Notwithstanding significant capacity building took place at the centre, although this has not been sustained.

Output 3: Decentralisation Secretariat functions institutionalised in relevant institutions

Activities

Key activities that were expected to be undertaken under this output were as follows:

14. Transfer planning, M&E, training and systems development functions to DLG
15. Transfer financial management functions to NLGFC
16. Transfer advocacy, training and information dissemination functions to MALGA
17. Undertake regular phasing out meetings
18. Develop and implement exit strategy

Indicators

Assessment was to be made using the indicators outlined below:

1. Number of functions of DS transferred to and operational in other institutions, i.e. DLG, LASCOM, MALGA, NLGFC, etc
Progress

1. The MoLGRD facilitated the transfer of functions hitherto managed by the DS to relevant bodies.
2. All functions were transferred and the DS itself dissolved.
3. An Exit Strategy was developed to facilitate the process.

Challenges

1. The transfer of functions to the MoLGRD can hardly be described as orderly, due to lack of adherence to the Exit Strategy. This resulted in the MOLGRD not being able to effectively coordinate the decentralisation process or provide some of the technical backstopping services hitherto offered by the DS.⁹
2. Although, functions were transferred successfully to all other relevant institutions, the functions of advocacy, training and information dissemination transferred to MALGA have posed a challenge in terms of implementation as the institution is not well supported in terms of funding.

Output 4: District Assemblies strengthened for gender mainstreamed development and effective service delivery

Key activities that were expected to be undertaken under this output were as follows:

1. Conduct Training Needs and Resource Assessment (TNRA)
2. Develop Human Resources Capacity Building Plan for DAs
3. Recruit qualified management staff
4. Train assembly management staff in Local Government management

⁹ The MLGRD Comments as follows on page 5 under The MLGRD as follows: “To say that absorbing DS functions into Ministry and creating Decentralisation Unit was not successful is an unnecessary over-emphasis. The truth is that the Ministry made a board (sic) attempt to put to (sic) effect what the programme review of 2004 recommended. However, creation of the unit could not and cannot be done by the MLGRD alone. Other players also have a role to play which may not have been finalized. What should also be realized is the fact that any point where transition is taking place, it is not always smooth and this should not be seen as a failure. It is also a known fact that at the time when the ministry was taking over the functions from the DS, the amount of funding had significantly reduced. The way the DS was being funded as compared to the funding that was coming to the ministry at the point of take over, it was quite different and one would not expect to see the same level of operations. It should also be realized that it was at this same time that a shift towards LED was taking place, which to a certain extent affected and stalled operations.”

The Ministry makes the point that there was, indeed, an effort to absorb the functions of the DS into its operations and correctly argues that this was a difficult process given the relative lack of funding compared to that available to the DS. The fact remains, however, that there was a substantial decline in implementation performance after the closing down of the DS and take over of some of its functions by the MLGRD. This may, indeed, be partly explained by the cut back in funding and its use for the LED component, but the question remains whether a large scale reform process of this kind, involving substantial changes in other Ministries as well, can be performed by a unit within a single Ministry, or whether a dedicated vehicle with accountability not only to the Ministry but also to higher levels of government and to the donors is not needed over a longer period of time. This question is addressed under the section of the report below dealing with recommendations.
5. Train assembly committees in their respective roles
6. Develop and implement DAs operational guidelines
7. Revise DAs operational guidelines
8. Develop DA corporate management strategic plans
9. Conduct functional review for restructuring of DAs
10. Review DA corporate management strategic plans

**Indicators**

Assessment was to be assessed using the indicators outlined below:

1. No of DAs capacity building plans
2. No of DAs with qualified and competent management staff
3. No of DAs using operational guidelines in their day to day management operations
4. No of DAs with corporate strategic plans that reflect gender issues
Progress

1. Although DAs do not have Capacity Building Plans, a comprehensive Capacity Building Strategy has been developed with the help of GTZ, which can guide DAs in the development of their own Capacity Building Plans. The GTZ’s Capacity Building Strategy document remains to be approved by government.

Challenges

1. The DAs have not been able to retain staff in key areas such as finance. All the DAs visited during the review had vacancies at senior management level, especially in the accounting department.
2. An attempt was made to develop guidelines to facilitate management of human resources, but these have not been implemented.
3. Corporate Strategic Plans not as yet been produced, thereby denying the DAs a framework for guiding the development agenda of the districts in a manner that helps them maximise their strengths and opportunities, while dealing with their weaknesses and threats.

5.3 Likely attainment of the Immediate Objective for Component 1

1. Some level of progress has been made in achieving the immediate objective for this component which would certainly contribute in some way towards the achievement of the development objective.
2. The management and technical capacity of central and local governments' institutions in relation to their roles and responsibilities have improved if one considers developments on the ground, which include:
   a. The districts have basic management structures in place that provide for a measure of coordinated planning and execution of services.
   b. The number and quality of professional staff at district level has significantly improved.
   c. There is increased understanding by devolved sectors of their roles and responsibilities in a decentralised setting with District Commissioners emerging as local champions of decentralisation.
   d. Decentralised management structures have improved coordination of HIV/AIDS activities, as well as maximised involvement of various partners at district level. In addition, the employment of District AIDS Coordinators has strengthened management of HIV/AIDS activities.
   e. Decentralised planning processes have helped identify environmental degradation as a serious threat to sustainable development. This is reflected in key assembly documents such as the SEP and DDP.
   f. Monitoring and reporting on programmes and service delivery has improved.
   g. Many of the staff have been exposed to some of form of training to equip them for their work.
h. Although ill equipped, steps have been made to establish a Decentralisation Unit within the MoLGRD whose mandate is to coordinate the entire decentralisation programme as well as provide technical back stopping services to assemblies.

5.4 Other Critical Issues related to results achievement

1. Funding from a number of development partners, notably UNDP/UNCDF, Norwegian Embassy, GTZ, and ADB in particular contributed significantly to the results achieved during the life of the MDGP.
2. The Decentralisation Policy and LGA did provide for some measure of clarity in the design and implementation of programme activities.
3. The Government/Donor Committee which remained active throughout the life of the MDGP did help in coordinating specific support required, particularly in supporting consultancies and technical support of various kinds.
4. The structures and systems that had been put in by the predecessor programme formed a basis for developing new initiatives as well as consolidating the said structures and systems.
5. A strong advocacy programme on decentralisation evident during the first phase of the programme contributed to generating demand for services among local communities.

5.5 Results relating to specific thematic focus areas

Findings

1. In relation to institutional and capacity building the numerous seminars and workshops on decentralisation conducted at various levels did help to clarify among stakeholders the concept of decentralisation adopted by Malawi and the steps being taken to implement it.
2. The retention of the DS for the first half of the MDGP did help facilitate strengthening of successor bodies, such as MALGA, NLGFC etc. by equipping them to play their mandated roles in implementing decentralisation related activities.
3. The willingness of a number of large national programmes such as MASAF, National AIDS Commission and others to begin to align their planning and implementation processes with that of the assemblies is a development likely to have significant impact on the building of the institutional capacity of assemblies.
4. Although compromised by inadequate resources and absence of officers dedicated to advising or managing environmental related interventions, the tools provided at the onset of decentralisation by the Department of Environmental Affairs have somewhat contributed to building capacity within the assemblies to plan and execute environmental related activities.

Challenges

1. The absence of a unified management structure is a major stumbling block to integration and absorption of devolved sector functions. It is understood that the
Functional Review of 2004 made recommendations which have since been approved by Government in relation to a structure for District Assemblies but this has yet to be implemented by Treasury through issuance of an establishment warrant. The absence of an establishment warrant has also created a situation where there is considerable duplication and overlap in the provision of support services.

2. Significant gaps exist in the numbers and quality of personnel at assembly level. The level of vacancies in the Accounts Departments is especially acute given the need for accountability for the huge amounts of money being channelled through the District Assembly. This has been compounded by a non-responsive recruitment process.

3. Capacity building efforts to support decentralisation have tended to favour individuals, many of whom then leave the DAs, rather than build lasting capacity that supports its activities.

4. Although the Ministry has established a Decentralisation Unit to coordinate the decentralisation process country wide, it lacks the technical capacity to perform its work adequately, as the majority of technical posts are vacant. Even when these are filled it is not likely that staff would be able to effectively perform their work without significant further capacity building.

5. Although, efforts by key national programmes to align their approaches with decentralised structures are welcome, planned allocation of funds by such entities as the National AIDS Commission are likely to exert significant pressure on the existing weak financial systems.

6. There is a noticeable absence of a body with sufficient authority to effectively drive the process of decentralisation at either political or technical level.

7. Feedback from MoLGRD on issues submitted to it by the districts has been limited.

8. Some national programmes and NGOs operating at district level have tended to undermine the objectives of decentralisation by operating outside laid down decentralised structures, a practice that poses challenges for the coordination and sustainability of the programmes.

9. Although, attempts have been made to clarify the roles of MPs and Chiefs in relation to local democratic structures these have not resulted in the amendments of the policy and legal frameworks guiding decentralisation or changes in the Chiefs Act.

**Recommendations**

1. Treasury should issue an Establishment Warrant for the DAs to facilitate absorption and integration of devolved sectors as well as rationalise support services.

2. A systematic recruitment plan for discussion with Treasury and DHRMD should be developed that facilitates a speedy filling in of key vacant posts in the District Assemblies. In particular, attention should be paid to recruiting accounting personnel. In this connection, the plan by Government to recruit energetic retired accounting officers is applauded, as long as care is taken to ensure that these are conversant with commercial accounting, have a minimum of a diploma in accounting/business studies, and have a working knowledge of accounting packages such as SAGE. It is understood that fresh graduates will be recruited to understudy them for a period of three years, by which time the recruits should be ready to take over. For the plan to work, it is further recommended that an incentive package be considered to ensure the retention of
accounting graduates at district level. One idea would be to implement a top-up allowance similar to the one in operation in the Ministry of Health.

3. As a comprehensive Capacity Building Strategy for Assemblies has been finalised, it is recommended that it be used to facilitate capacity building efforts in a systematic fashion. Its implementation should include the development and implementation of Training Plans and a performance management system that can improve targeting of capacity building needs. In addition, the MoLGRD will have to put in place a transparent process for identification of candidates for training.

4. The Decentralisation Unit within the MoLGRD should be capacitated with staff to enable it to fulfil its mandate. In addition, specialised technical advisers in areas such as decentralisation, governance, development economics, private sector development, should be engaged to help the Unit provide the much needed technical backstopping at assembly level.

5. We support the initiative to develop a Local Development Fund (LDF) as a facility that could enable national programmes and development partners to work with Government to support local development. In this connection, MoLGRD should advocate for use of the LDF by national programmes currently operating outside the assembly. Where this cannot be achieved in the short run, there should be increased attempts to plan activities jointly between the programme and assembly structures, as well as joint monitoring and evaluation, to ensure sustainability.

6. The Ministry should encourage the Office of the President and Cabinet to take the lead in managing the decentralisation programme as part of a comprehensive public sector reform programme. Such an approach would not only ensure that there is an office with sufficient authority to drive it, but that it is intricately connected to the broad public sector reform agenda. The reactivation of a Committee for Principal Secretaries and regular meetings of the Cabinet Committee on Governance and Rural Transformation will go a long way to ensuring strong political and technical support for the ongoing implementation of decentralisation.

7. The reporting and feedback arrangements should be agreed between MoLGRD and the assemblies to improve communication and receiving of direction on matters requiring urgent resolution.

8. Formal written declarations are required to clarify the roles of Chiefs and MPs in relation to local democratic structures.

5.6 Sustainability of results

Institutional

1. The change in stance by UNDP on funding of the Cabinet Committee and intermittent funding of technical committee meetings was communicated after signing of the MDGP leading to challenges in holding of meetings at this level. As a consequence, leadership at political and senior technical level were compromised.
Social – support to programme in terms of community, stakeholder buy in

1. Although, there is generally a great deal of interest in community participation in development endeavours, approaches being used have developed a dependency on the part of government for provision of social services. This could be attributed to an over concentration on central level and officials at assembly level in capacity building efforts at the expense of grass roots structures, which have left the latter not fully conversant with their roles in areas such as governance, maintenance of community projects and economic empowerment. At their worst, many of these structures are inactive.

Environment

1. One area that the MDGP failed to address relates to the environment. In fact evidence on the ground suggests it actually contributed negatively to environmental conservation efforts, as many of the projects implemented under the programme did not have adequate environmental conservations interventions to mitigate the negative effects of development projects, such as the building of school blocks, which tended to be the bulk of projects implemented. In the process, sustainable development cannot be said to have been encouraged.

2. Even though it is understood by DCs that some of the funds received through DDF were to be used for environmental projects their own income base was so precarious that in many cases the funds were used to try and strengthen their own income base through building of rest houses and other business ventures.

5.7 Factors affecting successful implementation & results achievement

External factors

1. Amongst the most damaging impacts on successful implementation of the MDGP was the absence of Councillors. Decentralisation was partly aimed at maximising participation of local communities in decision-making. The absence of Councillors has meant the use of structures that are not accountable to people on the ground. The holding of local government elections is a decision that lies beyond the MoLGRD.

2. Famine that affected most of Malawi during parts of the life of the MDGP had an negative impact on successful implementation of the programme as it diverted attention from planned activities to issues of a disaster and relief management nature for most assemblies.

3. The lack of clarity in the roles of central level Commissions such as Public Service Commissions, Health Service Commission, and Teacher Service Commission have complicated the management of personnel at DA level, as staff at this level are recruited, disciplined and promoted through various Commissions.

4. The failure by Treasury to issue an establishment warrant has compromised creation of a unified management structure at DA level. As things stand, there is no framework for properly integrating and absorbing functions devolved by the sectors to the DA. In the
absence of a unified management structure, the current steps at devolution are likely to create a number of practical management problems for District Commissioners, especially as it relates to personnel management matters such as discipline.

5. The failure by Government to create a unitary salary structure for assembly staff is leading to a loss of motivation and building of a team spirit among assembly staff.

6. The process of recruitment is presently unresponsive to the needs of assemblies leading to vacancies not being filled on time.

Programme-related factors:

Programme design

1. The failure to include specific interventions to tackle HIV/AIDS related issues did have a negative impact on results achieved in this area.

2. The failure to enforce measures to compel adherence to the use of the green window facility in the DDF impacted negatively on environmental interventions.

3. Geographical focusing brought about uneven development, as districts receiving more funding from certain development partners moved a lot faster in some areas than others, leading to uneven implementation of decentralisation across the country.

Institutional and implementation arrangements

1. The use of the DS for some part of the MDGP was appropriate, as MoLGRD did not have the required capacity to coordinate the implementation of the programme, or to provide adequate technical capacity to assemblies and other players.

2. The less than orderly manner in which the DS was phased out, negatively impacted on the coordination of the programme and the provision of technical backstopping services to DAs. There was lack of adherence to the Exist Strategy, especially in the area of ensuring that counterpart arrangements for transferred functions to MoLGRD. In the process momentum was lost in the management of the decentralisation process.

3. The Cabinet Committee on Governance and Rural Transformation and Inter-ministerial Committee were largely inactive during the life of MDGP, hence robbing it of a political and technical champion.

Programme management

1. Programme management was initially done by the DS until its dissolution in 2005, when this role was transferred to the newly created Decentralisation Unit in the MoLGRD.

2. The transfer in itself was necessary, but ill timed as staff in the Ministry were not fully prepared for it.

3. The newly created Decentralisation Unit lacked preparation in programme management, monitoring and evaluation, consequently these functions suffered greatly following the dissolution of the DS. Specific areas that have not fared very well include programme monitoring and tracking of progress in implementation of the decentralisation programme.
Technical backstopping

1. There has also been a significant decline in technical support to assemblies in some areas outside finance management and the ADB supported poverty reduction project, as the newly created Decentralisation Unit in the MoLGRD is not well endowed with technical capacity in areas required by the decentralisation process.

5.8 Lessons on Component 1

Output 1

1. Partners should be able to communicate their positions on such matters as funding upfront to avoid derailing critical activities as happened with the last minute withdrawal of funding by UNDP for Cabinet Committee meetings.
2. Failure to realign the programme outputs after the cut back in funding soon after signing of the programme document created unfulfilled expectations and may also have contributed to the programme not being implemented according to schedule.
3. Implementing a programme of this magnitude without strong political commitment might not lead to the desired results.

Output 2

4. Collaboration as happened between some development partners in funding various aspects of the MDGP has a greater impact than one partner going it alone.

Output 3

1. Shifting responsibility for programme management from one institution to another in the middle of implementing a programme can only work if properly managed. In the case of Malawi, this did not happen, leading to poor coordination and execution of programme activities after the dissolution of the DS.
2. For any programme of this nature, which is introducing changes in the way development is planned and implemented requires significant levels of technical support for it work. The dissolution of the DS in the middle of the programme did not help in this regard.

Output 4

1. Pre-requisites for successful implementation of a programme should be in place. In the case of the MDGP, sector devolution as a prerequisite for deepening and consolidating decentralisation was delayed and when it did finally happened, it was not properly managed.
5.9 Recommendations on Component 1

1. Treasury is encouraged to urgently consider issuing an Establishment Warrant to facilitate integration and absorption of devolved functions.
2. Unresolved issues at technical level should be regularly forwarded to the Cabinet Committee on Governance and Rural Transformation for direction. Further research could be undertaken where necessary to help Cabinet appreciate the consequences of not taking appropriate action.
3. Decentralisation as a mode of service delivery should be clearly linked to the wider public sector reform programme being managed in the Office of the President and Cabinet. Such a link could help lend sufficient authority to such aspects of the decentralisation process as devolution of sector functions.
4. Reporting arrangements between assemblies and MoLGRD should be reviewed and clarified so as to make them more responsive to emerging issues at assembly level.

5.10 Sustainability of Results

- Capacity building efforts for staff at assembly level should be accompanied by other equally important aspects such as the introduction of performance management systems to improve targeting of such interventions. Government should also consider introducing a unitary salary structure for assembly staff if staff motivation and productivity is to be raised and sustained.
- Sub-district structures such as the ADC that reinforce the role of Chiefs vis a vis that of Councillors should be re-examined to make them more consistent with democratic ideals.
- The roles of MPs should be re-examined to minimise potential areas of conflict with Councillors in local development.

5.11 Factors affecting successful implementation and results achieved

1. Technical capacity within the Decentralisation Unit of MoLGRD should be strengthened with specialised skills appropriate to decentralisation, local governance, and economic development.
2. A clear timetable for Local Government elections should be developed as a matter of urgency if Government’s commitment to decentralisation is to be taken seriously, especially by development partners, who are currently withholding support for the programme.
3. Vacant positions within the Decentralisation Unit of the MoLGRD should be urgently filled if the Ministry is to appropriately coordinate and monitor the implementation of the decentralisation programme.
4. Review and streamline the recruitment procedures for DA staff to cut the time it takes to recruit assembly staff.
5. The role of Service Commissions should be redefined in relation to recruitment of DA staff and in relation to the Local Government Service Commission.
6. The absence of Directors of Finance should be remedied as a matter of urgency. The idea by Government of hiring retired civil servants to fill this gap is welcome as long the
staff hired are have appropriate qualifications, have a working knowledge of modern accounting packages, are able to train others and are conversant with commercial accounting practices in force in the assemblies. Alternatively, Government should consider approaching the UNDP to facilitate engagement of the UNVs for this purpose. Both approaches should naturally be coupled with recruitment of fresh graduates to understudy their mentors.
6. EVALUATION OF COMPONENT 2: FISCAL DECENTRALISATION

6.1 Introductory comments

Fiscal decentralization is an essential component of any decentralization. Therefore the immediate objective of this component of the programme was to strengthen mechanisms for financing local government to increase locally generated revenues for service delivery. Locally generated revenues are of critical importance for local Assembly autonomy, accountability, sustainability, and viability of the entire system of decentralisation. The ability to mobilise and manage resources is an important aspect of the capacity of any Assembly to effectively deliver decentralised services.

6.2 Achievement of Results

Outputs for Component 2

In this regard this component aimed at achieving three outputs as listed below:

1. Intergovernmental fiscal transfer system operational
2. DA’s capacity to mobilise, generate & allocate revenues strengthened
3. DA’s fiscal transparency & accountability enhanced

Output 1: Intergovernmental Fiscal Transfer systems operational

Key activities that were planned under this output include the following:

1. Get approval of the formula from parliament
2. Allocate funds to DAs according to approved IGFTS formula in the budgeting process
3. Develop and implement reporting formats on intergovernmental fiscal transfers
4. Review the IGFTS formula to incorporate sector transfers and revenue generation potential
5. Review IGFTS reporting formats

Indicators

Given the outlined activities and the need to assess achievement of results for this output the programme document included the following indicators:

1. Formula for allocation of resources approved by National Assembly
2. Number of DAs receiving resources according to approved IGFTS formulas including:
   a. General grants
   b. Development grants
3. Number of districts where resource allocation is compliant to IGFTS formula.
4. Number of sectors disbursing funds to DAs according to approved sector grants formula
Progress

1. In 2002 Parliament approved an allocation formula for the General Resource Fund. The General resource Fund constitutes a central government unconditional transfer to the Assemblies. According to the decentralization policy (1998) this transfer is supposed to comprise 5% of the national revenues excluding grants to be used for the development of districts. According to the approved formula, 80 percent of the funds is allocated to the District Assemblies based on population while the remaining 20% is distributed based on above average poverty indicators where poverty head count weights 40%, infant mortality weighs 25%, illiteracy rates weigh 20% and access to safe water weighs 15%. It was further decided that 25% of the GRF be earmarked for development purposes whereas the 75% is used unconditionally but mainly for meeting recurrent costs.

2. The approved formula is being used to transfer the GRF to all districts. Unlike the period of the Midterm Review, there has been some improvement in the consistency of flow of all central government transfers to all the districts. The absolute amounts are also according to planned budgets. However, of the seven sectors that are being said to be devolved the amounts are higher for health, education, and agriculture as compared to others like gender, water and rural housing. We use the example of one district to illustrate this point.

Figure 2: Trends in Central Government Transfers

![Central Government Transfers (2006-2007): The case of Mangochi District](chart)

Source: Mangochi District Assembly local accounts.

A similar trend was evident in all the districts visited and was also supported by accounts of District sector staff who were generally pleased with this development.

3. Terms of reference for technical experts to review the IGFTS were developed.

4. To ensure adequate buy-in from the central government one officer from Ministry of Finance was trained in issues of fiscal decentralization.
5. Parliament also approved an allocation formula for development grants and this is used to allocate funds provided under the DDF to all District Assemblies. 50% percent of the funds are allocated per capita while the remaining 50% is allocated based on agreed poverty indicators in the districts.

Challenges

1. Although terms of reference to review the IGFTS to take into account sector transfers, revenue generation potential and intra-district allocation were developed, no review has actually taken place. This is mainly because the programme could not attract the required technical experts because of the restricted budgetary allocation for this exercise. This means that the old formula is being utilised. As a result:
   a. The formula’s applicability is restricted to the GRF since sectors had not yet devolved at the time the formula was being approved.
   b. Sector transfers are not strictly adhering to the formula and are mainly based on the government’s budgeting system.
   c. There is no built-in mechanism to ensure that the continued flow of central government transfers will not act as a deterrent to Assembly revenue generation efforts.

2. Although absolute flows of GRF are now higher than before, the amounts are far less than the policy requirement of 5% of net national revenues as is evident in table 1, which shows that these flows ranged from a quarter of a percent to just over half a percent over the years 2002/3-2006/7:

Table 4: GRF Trends

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<tbody>
<tr>
<td>Net National Revenue</td>
<td>26,552,743,206</td>
<td>58,088,031,556</td>
<td>79,449,000,000</td>
<td>98,440,000,000</td>
<td>113,880,000,000</td>
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<td>5% of Net National Revenue</td>
<td>1,327,637,160</td>
<td>2,904,401,578</td>
<td>3,972,450,000</td>
<td>4,992,000,000</td>
<td>5,694,000,000</td>
</tr>
<tr>
<td>Actual/Budgeted GRF</td>
<td>137,819,426</td>
<td>146,486,771</td>
<td>275,814,233</td>
<td>396,803,411</td>
<td>421,938,371</td>
</tr>
<tr>
<td>Actual as proportion of net revenue</td>
<td>0.52%</td>
<td>0.25%</td>
<td>0.35%</td>
<td>0.40%</td>
<td>0.37%</td>
</tr>
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</table>

Source: National Local Government Finance Committee Records

1. We also noted that the requirement that 25% of the GRF be earmarked for development purposes was not being adhered to by many District Assemblies. With the exception of a few districts where the 25% of GRF was set aside for maintenance and provision of market facilities, in most districts the funds are mainly being used to cover recurrent costs since locally generated revenues are not substantial. Furthermore, other districts were utilising GRF for payment of direct staff salaries; costs that are supposed to be exclusively taken
due of from the Assembly’s own locally generated revenues.  

2. Due to the geographical focusing that was adopted in the implementation of the MDGP, the allocation of development grants to districts was largely determined by the level of funding provided by each donor as shown in figure 2. At the beginning of the implementation of MDGP, NORAD and ADB agreed to fund the programme activities, each focusing on a set of districts. A number of observations can be made here:

   a. There was some substantial and consistent flow of the UNCDF capital from 1997-2001 during the implementation of the Local Governance and Development Management Programme (LGDMP).

   b. During the implementation of the MDGP, however, the flow of the UNCDF capital grant was erratic and it also declined sharply after reaching a peak in 2003/4. From figure 3 we see that although the programme started in 2002, the discretionary capital grant was only available to the districts in 2003, with very little disbursed in 2005 and nothing in 2006 and 2007. A similar observation can also be made with respect to NORAD, which entered into a kind of basket funding with UNCDF when UNCDF’s capital grant was significantly reduced from US$6 million to US$1.5 million. This erratic flow of funds affected the planning and implementation of development projects in districts supported by both UNDP/UNDCF and NORAD.

Chart 3: Trends in DDF Transfers by donor

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10 The MLGRD Comment under Inter-governmental transfers to DDFs on page 5 states the following: “Regular flow from the GRF to the DDF but remain at 0.5% as against 5%.” This is a misrepresentation of facts in that the Decentralization policy on Page 12 states that “government will make available to district assemblies at least 5% of the National Revenue, excluding grants, to be used for the development of the district.” The Policy did not specify that this 5% shall be in form of GRF. Therefore our analysis should not only be focused on the GRF but all the resources Central Government is transferring to the different sectors for different programmes at Assembly level (Health, Education, Agriculture, etc.). If you do this you will find that Government is transferring more than 5% as required by the policy. As earlier on pointed out, using GRF for salaries and operations is not in any way off side, as a General Resource Fund, the Assembly is at liberty to use it for any purpose one of which is salaries.” Our understanding is that the government’s commitment was, indeed, to provide 5% in the form of the GRF to the DAs as an unconditional grant. The fact that more than 5% was transferred in the form of sector funding does not address the fact that these sector funds neither unconditional nor flow through the DDFs, which were critical conditions agreed to in terms of the GRF. On this see also chart 5 on page 51 below that shows the proportions of funds flowing to the districts from government, donor and local sources. As regards use of the funds for salaries and operations is concerned, the point we are making is that the required 25% for development expenditure is not taking place in many of the districts. It is this developmental aspect that is at the heart of decentralised governance being promoted by the MDGP.

11 DANIDA was also part of this basket arrangement, which meant that funding from the three bodies was used for both UNDCF/UNDP and NORAD districts.
c. Districts being supported by ADB received higher transfers than the rest during the programme period and also continued to benefit even after 2005;

d. If all the development funding available from all the three donors could have been pulled together for the benefit of all the districts, this would have facilitated an even and consistent implementation of programme initiatives. However, inadequate the flow of UNCDF and NORAD funding together with the geographical focusing adopted by the programme did not help to consolidate and deepen the gains made during the piloting and replication phase. Instead it resulted in fragmentation of effort and disparities in implementation of activities in favour of districts supported by ADB. For example, from 2006 to 2007, ADB was able to provide capacity building support to its districts in the form of IEC activities, training of Village Development Committees, production of Village Action Plans, Social Economic Profiles and District Development Plans, whereas funding from UNCDF and NORAD was not forthcoming.

e. There are also other donors and organisation such as NAC, UNICEF, JICA, DFID and GTZ who also channel resources for selected districts and thematic areas using different arrangements but it was not possible to capture their individual resource flows in this evaluation.

Output 2: DA’s capacity to mobilise, generate & allocate revenues strengthened

The idea here was to boost the revenue generation and allocation capacity of the Assemblies so that there is a move away from an over-reliance on market fees as the key revenue source for the Assemblies. Unlike previous legislation, the 1998 Local Government Act and Decentralization policy provides for property rates and ceded revenues as important sources of revenues for District Assemblies.

Key activities
1. Submit Property Rates and Business Licensing study recommendations to government for approval
2. Implement approved recommendations on Property Rates and Business Licensing study to District Assemblies for implementation
3. Develop business licensing strategies
4. Review administration of user charges
5. Develop systems for ceded revenue collection and distribution
6. Develop reporting mechanisms on sources of funding of projects and services.
7. Collect data on revenue sources in assemblies

**Indicators**

1. Number of District Assemblies implementing revenue collection and enforcement mechanisms
2. Number of District Assemblies using own revenue to fund development projects and other services
3. Number of District Assemblies having data on potential revenue sources.

**Progress**

1. A strategy for transferring ceded revenue and administration user fees was developed and is being considered by Treasury.
2. Data collection and production of property and business registers was done for all districts.
3. For some districts, such as Nkhatabay, property rating areas were identified.
4. From our analysis of the revenue trends of the seven districts sampled for evaluation, District Assembly revenues as measured in monetary terms are increasing over time, but there is variation from district to district, and from year to year, as depicted in chart 4.

**Chart 4: Trends in District Assembly local revenues**

<table>
<thead>
<tr>
<th>Districts</th>
<th>2002/03</th>
<th>2003/04</th>
<th>2004/05</th>
<th>2005/06</th>
</tr>
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<tbody>
<tr>
<td>Kasungu</td>
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<td></td>
<td></td>
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<tr>
<td>Dedza</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nkhatabay</td>
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<tr>
<td>Mzimba</td>
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<tr>
<td>Chikwawa</td>
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<tr>
<td>Thyolo</td>
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<tr>
<td>Mangochi</td>
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</tbody>
</table>

Source: National Local Government Finance Committee

A number of factors explain the observed trends
1. For districts where the revenues are not increasing substantially, we noted that there is insufficient diagnosis of the root problems, leading to ineffective strategies of dealing with the problems: more emphasis on training of revenue collectors or more commercial activities for the Assembly. There is also a considerable unwillingness on the part of the community to pay fees and charges due or perceived poor service provision.

2. Where districts are experiencing substantial improvement this seems to be attributable to dynamic Assembly management, notably in terms of close monitoring revenue trends and taking corrective actions as soon as problems are perceived. Apart from other strategies such as training of revenue collectors, staff rotation, these dynamic Assemblies engage in constant dialogue with their communities and invest in their communities with services that provide a conducive environment for businesses to operate e.g. water services, toilets, market shades etc. These initiatives appear to induce a sense of satisfaction among community members with Assembly services and this leads to greater willingness to pay.

Challenges

1. While strategies were devised for the utilisation of property rates and ceded revenues, these initiatives have not been fully rolled out because Government has not yet declared districts as rating areas and has not yet taken a decision on the report on ceded revenues. From the discussions with key stakeholder, it appears that there is some reluctance on the part of government to transfer ceded revenues to the Assemblies given the increased level of sector transfers government is making to the local Assemblies. Consequently, the District Assemblies are not utilising property rates and ceded revenues as a source of funding, even though they are legally provided for in the Act of Local Government.

2. With respect to business licensing fees, we noted that although significant efforts were made by the National Local Government Finance Committee to assist the Districts to produce business registers, the Assemblies did not take initiatives to update the registers either due to laxity or the transfer of staff who participated in the earlier development of the registers. As such the registers do not serve as effective monitoring tools for the administration of business licenses.

3. In addition, bylaws governing the license fees are outdated and the rates are on the lower side. For example, Kasungu was using 1997 bylaws while the other districts were using the bylaws that were approved between 2002-03.

4. The absence of councillors has been a major setback in the revision and approval of new bylaws to revise the business license and other rates.

5. As a result, the yield from business licensing has been very low in all the Assemblies. With the exception of a few districts, market fees still remain the main source of locally generated revenues. A weakness with this source is that there is great seasonal and annual variation in this revenue source.

6. Currently, local revenues are mainly spent on operational activities, and only rarely apportioned to development activities. Of the seven districts visited only one reported that it
had occasionally used some of the locally generated revenues for development purposes, for example, rehabilitating market sheds, providing toilets and other market facilities. The development budget is therefore largely donor supplied.\(^{12}\)

7. Using statistics for the 12 districts under the MDGP, chart 5 shows that, overall, the DDF transfers constitute a very small proportion of all donor development funding that is being channelled to the UNCDF/UNDP districts. In the same vein the share of locally generated revenues within the total basket of Assembly revenues is very minimal. The diagram also illustrates the rapidly growing relative share of central government and donor shares in revenues that reach the districts. Most of these revenues supported de-concentrated sector development driven by the sector Ministries, rather than decentralised development accountable to the Assemblies. This trend significantly reduces the autonomy and downward accountability of the Assemblies.

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\(^{12}\) The MLGRD Comments under Locally Generated Revenues on pages 2-3 that: “Very little used for development & services, most is going to support salaries and operational costs.” The team may wish to note that most Assemblies’ revenue bases are weak and as such they collect very little. They however, have to make do with whatever they get; and paying salaries and operational costs is not necessarily outside the budgets. What government however is trying to do now is to identify additional sources of revenues by considering ceding some to the Assemblies. Currently, the Ministry of Finance is studying the recommendations that were made through study (sic). We would all hope that once this is done Assemblies should be able to fund some development projects on their own.” One of the aims of the MDGP was to help the DAs strengthen their local revenue bases, and various measures were developed to ensure this, as reported in this section of the report. The finding of the Evaluation Report is, however, that the revenue bases of the DAs has hardly grown in real terms and that what revenues that are being generated are being used mainly for salaries and operational costs, with very little going to new development. This finding indicates that the MDGP has not been successful in terms of this objective. Local government that rely almost exclusively on national governments and donors for their revenues find it difficult to create a feedback loops between local participation, taxes, revenues and service delivery which are at the heart of good local governance.
Sources: National Local Government Finance Committee and Ministry of Local Government and Rural Development

According to principles of fiscal decentralization, such a trend may be expected during first few years of implementation. Over time, however, the trend is expected to reverse with local revenues growing in both absolute and relative terms. The big challenge that Malawi faces is how to boost the current growth of local revenues to reverse this trend.

Output 3: Enhanced financial transparency and accountability in DAs

Activities
1. Develop training manuals for the computerized integrated financial management information system
2. Install the computerized Integrated Financial Management Information System
3. Develop Financial Instructions and Budget Manuals
4. Recruit and train accounting personnel
5. Train finance and management & procurement committees in financial management and procurement procedures respectively
6. DAs publish revenues received, generated, mobilized and allocated
7. Develop Internal Audit Guidelines for DAs
8. Audit DA accounts in accordance with LGA
9. Implement DAs operational guidelines
10. Review DA operational guidelines in view of sector devolution
11. Follow up audit queries.

Indicators
1. District Assemblies (DAs) producing timely, and accurate monthly and quarterly reports
2. DAs with public notices on revenues received, generated, mobilized and allocated
3. DAs with no irregularities and queries on audited accounts
4. DAs with timely audited final accounts submitted to LGFC
5. DAs holding bi-annual briefing and consultative meetings with communities
6. DAs with no proven fraud and corruption cases.

Progress

1. Some progress has been made in implementing an Integrated Financial Management Information (IFMIS) system:
   a. IFMIS was implemented in 7 districts
   b. Seven core national IFMIS team were trained in Sage Line 100 in Kenya
   c. Five officers from Assemblies were being trained at Malawi College of Accountancy

2. Progress has been made in producing overdue Assembly final accounts:
   a. Twenty two Assemblies have been assisted to produce overdue final accounts from 2001/02 to date
   b. Out of these 10 have been audited

3. The National Local Government Finance Committee has produced an internal auditor’s manual.

Challenges

1. IFMIS has not been consistently implemented in all 12 districts:
   a. Only a few accounting operations are automated
   b. Implementation has been put on hold due to central government directive to transfer to another system that is intended to integrate central and local government financial information systems.

2. The training that was provided under this component has mainly for national level officers and very little of this training has trickled down to the district level.

3. Assemblies are producing financial reports mainly the for NLGFC, Accountant General and Donors.

4. In none of the districts visited was information on revenues received, generated, mobilized and allocated published on notice boards for the benefit of the general public. There is thus a dire lack of accountability to the general public. A clear indication of this problem was that communities visited had very little information about financial details of projects being implemented in their communities, a pre-requisite for being able to demand accountability from leaders.

5. Lack of an internal audit system to provide management with information for monitoring and taking corrective actions:
a. All Assemblies visited except one had no internal auditors
b. There is serious flouting of accounting procedures
c. Accounting books that are not properly maintained

6. This is the message that clearly comes out in the DDF Audit reports for the year ended 2005.
7. In all Assemblies external audits had not been done for some time, from as far back as 2001/02.\textsuperscript{13}
8. Absence of councillors has left the Assemblies with no mechanism for consistent public oversight of the financial activities of the Assemblies except for that provided by the central government. In an environment where both internal and external oversight mechanisms are weak, Assemblies become prone to fraud.

6.3 Likely attainment of the Immediate Objective for Component 2

The immediate objective of this component of the programme was to strengthen mechanisms for financing local government to increase locally generated revenues for service delivery. A lot has actually been done in terms of producing strategies, studies, plans and manuals in relation to the allocation formula for central government and donor transfers, mobilising local revenues and enhancing the District Assembly’s transparency and accountability. Not much has been done to enable Assemblies to increase locally generated revenues, which are critical for Assemblies’ autonomy and accountability. Although absolute amounts are increasing in monetary terms, they fall far below central government and donor revenues and are mainly used for operation expenses of the Assemblies. Analysis from the districts visited has shown that local revenues are rarely applied towards development purposes. Currently incentives for increased local revenue mobilization do not exist and there are still great challenges in financial management practices, staff capacity and revenue mobilisation practices. Unless these challenges are addressed, increased resource flows from government and other donors are not likely to induce an increase in locally generated revenues for service delivery.

6.4 Sustainability of Results

Currently the fiscal decentralization interventions have mainly relied on injections of external funding. As such they are not sustainable, or more exactly, their sustainability depends on external resources and the will to devolve them, which means that democratic decentralisation is not achieved. In the absence of any external impetus, the local initiatives seem to die down and most of the Assemblies do not appear to develop organic local revenue generating initiatives or display an enthusiasm to maintain and sustain programme interventions such as the updating of business registers, which would provide the means to do so.

\textsuperscript{13} The MLGRD in its comment under Accountability on page 3 state the following: “Auditing takes place irregularly or not at all” While it would be accepted that in general terms audits are irregular, it would be far exaggerated if we proceed to say they are not done at all. This evaluation was specific to this MDGP as such there are programme resources specifically earmarked for facilitating audits and as far the ministry is concerned, the programme resources have been audited as and when required. However, it might be true with general audit programmes as carried out by the National audit office.” Our findings were, as reported above that auditing has not taken place at all since 2001/2002.
There is also a growing fear and mistrust by both sector ministries and other donors of the capacity of the Assembly Finance Directorate to handle substantial sums of money.

Socially there is very little stakeholder, particularly community, buy-in for the Assemblies’ financial initiatives because the communities do not have access to information on the Assemblies’ financial status and are also unhappy with service delivery provided by the assemblies.

6.5 Factors affecting successful implementation and results achievement

External factors

Government’s delay and unclear position with regard to the implementation of recommendations on property rates and ceded revenues has substantially affected the ability of District Assemblies to mobilise more revenues. In the same way government’s directive to switch to different software under the IFMIS has affected the implementation of programme activities relating to IFMIS. Further the absence of councillors has been a major setback to the achievement of the objectives of component 2.

Programme-related factors

UNCDF cut back in funding from USD 6,000,000 to USD 1,500,000 has significantly reduced the flow of capital grants for development purposes to the 12 districts under the MDGP. Poor staffing capacity of the Finance Directorates of the Assemblies has constrained the ability of the Assemblies to effectively implement many of the programme initiatives. In addition, frequent transfer of finance personnel in the absence of any effective record keeping, lesson sharing and handover mechanisms has led to loss of institutional memory on some initiatives piloted in some districts.

6.6 Lessons

1. Unless an Intergovernmental Fiscal Transfer Formula seriously takes into account revenue generation potential, management and allocation of Assemblies, increased resources flows from government and other development partners are not likely to promote increased generation of local revenues by Assemblies, and may even undermine these efforts as they reduce the incentive for the Assemblies to increase local revenue sources.

2. Any strategies aimed at improving locally generated revenues that are not attached to some staff/Assembly performance criteria will yield little result since there is no motivation or incentive for good performance.

3. Continued dialogue with communities, accountability, transparency and investing in creating a conducive environment for the businesses that generate local revenues are key features of successful revenue mobilisation.
6.7 Recommendations

There is need to ensure that the revision of the IGFTS incorporates revenue generation potential of the Assemblies.

Similarly, the performance window of the LDF should also include local revenue generation, management and allocation of local revenues as an integral part of the proposed incentive based allocation system potential. Otherwise, as it is now, there is no incentive for Assemblies to boost their own revenues if government transfers are flowing consistently. The opposite appears to be happening.

Government needs to speedily resolve the issues of property rates and ceded revenues.

For continued growth of the Assemblies and also increased revenue generation potential there is a need to create an environment that will promote trust. The private sector, donors, and central government Ministries will only make the effort to work with and support Assembly programmes once they have trust in the capacity of the Assemblies to manage resources and deliver services. At the moment the fear that the Assemblies do not have the capacity to properly manage finances is widespread, and our findings confirm that this fear is borne out by the state of their financial affairs. The previous programme’s efforts focused on developing systems of generating reports and did not give sufficient attention to the reliability and trustworthiness of the reports being generated. A critical aspect of transparency and accountability that was underplayed in the previous programme is the auditing aspect, both internal and external. There is a need to give serious attention to both internal and external auditing, including the role of the Finance Committee of the Assembly in providing effective oversight functions.

To promote institutionalisation of finance skills, there is a need to have one finance directorate for the entire Assembly (rather than the current multiple audits in different spheres of its operation), strengthen hands-on skills of all accounting staff and finance functions of Assembly management.

Strengthen financial management by putting in place more effective systems: accounting, reporting and visibility.
7. EVALUATION OF COMPONENT 3: PLANNING, INFRASTRUCTURE AND SERVICE DELIVERY

7.1 Objectives and Outputs

Immediate objective

The immediate objective of this component was to strengthen the capacity of central & local government & communities in planning & management development & services. The component had the following three outputs:

1. Revised DDP&FM system developed
2. DDP FM implemented in focus districts
3. DA's capacity for service delivery enhanced

Output 1: Revised DDP&FM system developed

Activities

Key activities that were planned under this output include the following:

1. Develop linkage between development planning and budgeting
2. Review the post-project completion maintenance strategy
3. Revise planning system (to include VAP, Gender and sector plans)
4. Revise DDPs handbook
5. Revise Institutional planning structure below District Assembly
6. Integrate sector plans into DDP

Indicators

The programme document included the following indicators for this output:

1. Number of DAs with District Plans linked to budgeting framework
2. Number of DAs budgeting according to the Medium Term Expenditure Framework (MTEF)
3. Number of DAs where VAP system is integrated into the DDP system
4. Number of DAs whose sector plans are integrated into the DDP

Progress and challenges

District Development Plans and Links to Budgeting Framework and MTEF

1. The systems and hand books have been revised and training has taken place for some of the staff in the districts. While there has been an improvement in the quality of the current round of DDPs, they are still not yet linked to the budgeting process. The main reason is that unlike the recurrent budget usually is which provided with ceilings, the DDPs are basically developed without any indicative planning figures from either the government or
the donors. As such they merely serve as a wish list of desired projects which any interested party may wish to support.

2. All districts have an Annual Investment Plan (AIP) in place but the quality and effectiveness of these plans varies from one district to the next. They are generally developed at the DEC level and are often based on limited budgetary information. Ideally, these AIPs are supposed to be revised annually with input from the communities, but the officers interviewed in the districts visited indicated that this has not normally been done, which means that the concept of the DDP as a 3 year rolling plan has not been fully applied in practice.

3. At present all budgetary allocation occurs at the district level. Only once have the VAPs been completed, and they are not used to estimate budgets linked to the DDPs.

**VAP Integration into the DDP**

1. All the districts visited indicated that updated District Development Plans (DDPs) have been developed through the approved participatory planning process, though evidence collected from our village visits threw doubt on the breadth of this process, particularly in terms of the inclusion of women. The status of all the plans is, however, that they are in draft form. This is due to the fact that they cannot be adopted by council, a result of the suspension of the assembly elections in 2005. In some districts the DDPs have been sent to the District Development Committee (DDC) for approval, but this is not a statutory body.

2. Not all the districts were able to provide a copy of the latest document. Of those documents that the team did receive, there was considerable variation in quality, some being useful planning tools, but most without strong links to the available budget. Those that did constitute useful planning tools were impressive when it is considered that they had been developed internally by the district staff with limited resources.

3. In all the districts it was noted that the DDPs are being used as a decision making tool by the DA staff interviewed, and there is considerable commitment to the document.

4. The community structures set up to produce the VAPs, which feed into the DDPs, are, by and large, in place and although we had reports of them being ad hoc and temporary, our findings in terms of establishment are positive. It is noticeable that there is a high degree of “buy-in” to both the DDC and the concept of local planning. A number of outside bodies are reported to be using the structures that have been set up, which is positive, as it consolidates the capacity of these structures, rather than creating parallel or duplicate bodies.

5. All the DDPs that were inspected have projects from the various relevant sectors and there is an attempt to make them inclusive and integrated, though the exclusion of womens’ voices in the process calls into question the depth of their participation. However, some of the interviewees indicated that the process that was used was often not participatory and that the final DDP was often based a desk study, and that the AIP always was.

6. There are a number of other factors that limit the influence of the VAPs on the DDPs. These are:
   a. **VDC not fully operational**: Although in place, or set up at some stage, indications are that only 60 to 70% of VDCs are operational. It is reported that they can be reconstituted when there is a need, particularly in cases where there is a project being
implemented in the community. This makes VDCs more project-oriented than forums that provide a continuous opportunity for communities to discuss and articulate their interests.

b. Lack of Funding: A lack of funding for the execution of identified projects is undermining the process. A high level of expectation is created through the planning process, and when there are no results for years after the process, the structures and the process lose credibility.

c. Roles and Responsibilities: There were surprisingly few reports of conflict between the democratically elected and traditional leaders. Some conflict was reported between MPs and councillors, both of whom are competing for community favour. There was little reported in the way of conflict between traditional leaders and councillors, which appears to be due to the strong position of the traditional leaders in Malawi. In time, as the traditional leaders cede to more democratic processes, more conflict may be expected. For this reason, it is important to define the role of these different actors more clearly and to ensure that they understand them.

d. By-Passing Structures: The official structures are being used by the majority of NGOs and donors but there were some reports of NGOs by-passing the existing structures and creating their own. This can create confusion and conflict, particularly at community level.

e. Lack of Councillors: The fact that there have been no councillors in the DAs for some time is clearly starting to have a negative impact on the planning process and on development and service provision. Councillors live in the communities, know the environment and needs of their constituencies, and play a role that neither the MPs nor traditional leaders can play. The vacuum that has been created is strengthening the roles of chiefs in the local development process, a situation that has the potential of creating role confusion at a later stage.

f. Traditional Leadership: The objective of the decentralisation process is to empower the people at village level to take control of their destinies and start making decisions regarding their needs. The process has advanced in this direction but men, notably the traditional leaders, still control most decision making processes. The local traditional leader chairs the committees in most cases, although the team found some cases where democratically elected persons were chairing them. This was evident in districts where a number of NGOs operate and assist the Assembly in setting up and training of such committees. The participation of the traditional leaders in the process is critical in that they are able to mobilise communities, but this can also runs against the spread of democratic practice.

**Integration of Sectors into the DDP**

1. With the devolution of a number of the sectors to the districts one of the objectives was to improve planning and coordination of all services being provided in the districts. In practice, progress with devolution has been slow and in some cases has not happened at all.

2. In all districts there has been and attempt to coordinate the sectors into the DDP, but with mixed success depending on the individuals involved. Particularly important in this is the calibre and innovativeness of the District Commissioner in the district.
3. The sector heads interviewed were, without exception, very positive about the advantages of devolution in terms of improved service delivery. These include a better understanding of the communities being planned for, more efficient use of resources and better coordination due to the working relationships built up with DA staff and other sectors.

4. There are still a number of challenges that are faced in integrating sectors into the DAs and the sector plans into the DDPs:
   a. There are no permanent structures other than the DEC for formally coordinating the activities and planning of the sectors.
   b. Various ministries such as education, health and environment still maintain their own parallel district implementation plans. How this is integrated into the overall District Development Plan is not very clear.
   c. Sectors have not yet been fully devolved and, where this has happened, resources and staff are limited, making it difficult to undertake the tasks required.
   d. The lack of human resources and transport minimises contact with VDCs, which means that proper “bottom up” planning is not taking place.
   e. One sector head noted a lack of support from both his ministry and the DA as both referred him to the other.
   f. All districts referred to the problem of dual reporting (to the ministry and the DA) and the fact that individuals are appointed on different conditions of service. Sometimes this results in conflicting plans and activities organised by various parties. The question of dual accountability requires urgent attention.

Output 2. DDP & FM implemented in focus districts

Activities

Key activities that were planned under this output include the following:
1. Prepare DDP&FMS training manual
2. Train all DLG planning staff in DDP&FMS
3. Train DECs in DDP&FMS
4. Train Development Committees in DAs in DDP&FMS
5. Establish and update data banks in DAs disaggregated by gender
6. Prepare and update SEPs
7. Train DA staff in gender
8. Train MAs in gender
9. Prepare VAPs that include gender
10. Link DA annual investments to budgets
11. Prepare DDPs that integrate VAPs, gender, district environmental action plans, other sector plans and are linked to budgeting system.

Indicators

The programme document included the following indicators for this output:
1. Number of DA staff and members of assembly trained in DDP&FMS
2. Number of DAs with data banks established and maintained
3. Number of DAs producing SEPs as a basis for the preparation of the DDP and impact evaluation
4. Number of VAPs that include Gender prepared in participatory manner
5. Number of DAs with DDPs linked to budgeting system
6. Number of DAs with integrated DDPs

Progress and challenges

Training of DA staff

1. The DDP&FMS was tested out in a number of pilot districts, but the team could not ascertain whether the planned revisions of the manual have been completed or whether any training on the revised manual have taken place.
2. A considerable amount of training of DA staff has taken place in the past and to good effect. However, there has been a high turnover of staff, which has meant that the skills base has been lost. This is of considerable concern as the resources and funding for ongoing training are not available and training has not taken place for some time.
3. This has meant that there is uneven understanding of the processes across the district, a general decline in the ability of the bulk of the staff of the DA, little or no training of community structures and an increase of pressure on those responsible for the DDPs and AIPs. There were reports of other donors and NGOs providing training to the VDCs and other committees for their purposes, and through the process, revitalising the committees. This undermines the DA.

Data Banks and SEPs as a basis for the preparation of the DDP

1. The data banks have been established in all the districts visited but very few were inspected, and most of those inspected were not fully populated or updated. It was, however, found that SEPs in some form are available in all the district visited and are being used for the planning process. These documents are the responsibility of the Directorate of Planning.
2. The quality of the SEPs and their strategic value varies considerably from one district to the next.

Participatory VAPs including Gender

1. Prior to 2004, no VAPs were produced in the districts because the Decentralization Secretariat was still revising the VAP manual. As such the previous DDPs were produced mainly on the basis of SEPs
2. By the current round, all the districts visited had produced VAPs which together with the SEPs have provided useful data for the DDPs
3. However, not all projects suggested by the communities in the VAPs are included in the DDP because other information from the various sectors and the SEP is also taken into account. Ideally the Assembly is supposed to provide feedback to communities on this, but our visits showed that such feedback rarely takes place. Consequently communities have huge expectations on the basis of the VAP that they developed.
4. However, the extent to which the VAP process is participatory in practice is by no means clear. Most ordinary community members interviewed did not seem to have any knowledge
of the VAP process and were even unaware of the participatory planning itself. This was in contrast with village implementation committee members and other leaders such as members of Village Development Committees. It appears that most of these processes are actually done by these committees without full involvement of community members.

5. From the planning documents provided there was no evidence of projects or budgeting to cater specifically for the needs of women or gender related issues.

6. Women are, by and large, not exercising voice or being included in decision taking processes at the local level. They are, however, contributing substantial unpaid labour to project implementation and management, as reported more fully in the section below on cross-cutting issues.

**DDPs and Links to Budget**

Refer to discussion under Output 1 which has the same indicator.

**Output 3: DA’s capacity for service delivery enhanced**

**Activities**

Key activities that were planned under this output include the following:

1. Make DDF funds available to DAs and review system
2. Review minimum conditions and performance measures
3. Revise DDF funding mechanism in light of the IGFTS
4. Revise DDF manual and allocate funds to districts based on the revised DDF system
5. Develop a gender based resources and services allocation formula for DAs
6. Implement a gender based resources allocation and services provision formula in DAs
7. Review M&E system for DDP implementation
8. Conduct impact evaluation studies
9. Undertake quarterly field visits to DAs
10. Develop criteria for determining successful districts
11. Assess performance of districts based on criteria

**Indicators**

1. Number of DAs receiving at least 75% funding for implementation of DDP
2. Number of districts in compliance with minimum conditions and performance measures
3. Number of DAs allocating development resources and providing services based on gender
4. Number of DAs with well maintained projects after completion
5. Number of DAs producing timely and accurate DDF project reports
6. Number of DAs conducting quarterly monitoring of DDF projects
7. Number of DAs successfully implementing DDP
Progress and challenges

Funding
1. Funding flows have been dealt with in more detail under output 2. Although the consistency of the flow of funding to the districts has improved considerably, the quantum is still very low, particularly in relation to the needs identified through the development planning processes.
2. Due to the amount of funding available through the DDF the capacity building of the service delivery vehicle through substantial delivery of services has not been as successful as planned. The lack of funding also hampered the planning process as communities tend to lose interest if there is little or no result from the VAP process. This has a negative affect on the relationship between the DA and the communities.
3. A total of US$ 552359 (or about 37% of the UNCDF funding of $1.5m) is reported to have been channelled through the DDF from UNCDF funding as given in the following table. (Source: list of DDF projects provided by MoLGRD)

<table>
<thead>
<tr>
<th>Year</th>
<th>Budget (MK)</th>
<th>Budget (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>44404323</td>
<td>317174</td>
</tr>
<tr>
<td>2004</td>
<td>32925876</td>
<td>235185</td>
</tr>
<tr>
<td>Total</td>
<td>77330199</td>
<td>552359</td>
</tr>
</tbody>
</table>

Allocation of development resources and providing services based on gender

1. There was no evidence that DAs were allocating development resources and providing services based on gender. Gender is discussed in more detail elsewhere in this report.

Project Quality and Maintenance

1. During the mission, 11 projects were visited and for each a detailed report was produced (Annex 4.) We discuss the quality of the product produced, operation and maintenance and the costs effectiveness of the construction methods used. The following table gives a list of the projects visited, together with the budget (excluding community contribution) and timing of the project.

<table>
<thead>
<tr>
<th>Ref</th>
<th>Date visited</th>
<th>Project</th>
<th>District</th>
<th>DDF Cost ($)</th>
<th>Compl Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>N1</td>
<td>2007/06/13</td>
<td>Yeleyele School</td>
<td>Mzinga</td>
<td>$5449</td>
<td>?2005</td>
</tr>
<tr>
<td>N2</td>
<td>2007/06/15</td>
<td>Mundola School</td>
<td>Nkhatabay</td>
<td>$5357</td>
<td>Nov-01</td>
</tr>
<tr>
<td>N3</td>
<td>2007/06/15</td>
<td>Mpamba Borehole</td>
<td>Nkhatabay</td>
<td>$2143</td>
<td>Nov-01</td>
</tr>
<tr>
<td>S1</td>
<td>2007/06/18</td>
<td>Mauni Teachers House</td>
<td>Mangochi</td>
<td>?</td>
<td>Mar-04</td>
</tr>
<tr>
<td>S2</td>
<td>2007/06/18</td>
<td>Ntonda School</td>
<td>Mangochi</td>
<td>$5357</td>
<td>Jan-03</td>
</tr>
<tr>
<td>S3</td>
<td>2007/06/19</td>
<td>Katuli Market</td>
<td>Mangochi</td>
<td>$3571</td>
<td>Jun-05</td>
</tr>
<tr>
<td>S4</td>
<td>2007/06/20</td>
<td>Mwalo School</td>
<td>Thyolo</td>
<td>$5425</td>
<td>Jan-05</td>
</tr>
<tr>
<td>S5</td>
<td>2007/06/21</td>
<td>Saopa Bridge</td>
<td>Chikwawa</td>
<td>$28 571</td>
<td>?</td>
</tr>
<tr>
<td>S6</td>
<td>2007/06/21</td>
<td>Ngabu Guardian Shed</td>
<td>Chikwawa</td>
<td>?</td>
<td>Jun-05</td>
</tr>
<tr>
<td>C1</td>
<td>2007/06/26</td>
<td>Chambwe Police Unit</td>
<td>Kasungu</td>
<td>$24 320</td>
<td>2005</td>
</tr>
<tr>
<td>C2</td>
<td>2007/06/26</td>
<td>Wimbe Health centre</td>
<td>Kasungu</td>
<td>$11 667</td>
<td>2005</td>
</tr>
</tbody>
</table>

Exchange rate used – MK140 = $US 1
2. Design and Materials: The design of all projects visited was fairly simple and specifications used basic. The specifications were appropriate to the need and environment and communities expressed their satisfaction with the product, except in the case of the Katuli market, where the design and position of the structure did not seem to be appropriate, and there were complaints from the local actors in Katuli about the funding process.

3. There are a number of different designs and specifications being used for similar projects, depending on the donor. At one school three different kinds of classroom block were observed. The Ministry of Education is aware of the issue, sees it as a problem, and is planning to introduce standardisation in terms of specifications and also the minimum requirement for facilities.

4. Quality: In terms of the basic specifications used, the quality is found to be generally good and appropriate to the need of the community. Walls were generally well built and were straight and true to the eye. Foundations were performing well except in a few instances, where cracks in the walls were noted. Only in one instance was the crack severe and likely to deteriorate further. Surface beds were also adequate in most instances although there were a number of buildings where the surface bed was breaking up and one where there were some quite severe cracking. Doors were generally not fitted well and were displaying problems. There is a possibility of some deterioration where the handmade bricks have been used without plaster, and where timber has been used without treatment.

5. Community Contribution: In all the projects the community made a major contribution in the form of bricks, sand, stone and water, sometimes carrying materials from distant locations to the site. Where wages were paid, for example in construction, the wages were below market levels. (based on discussion with some of the workers). Detailed calculations were done on a typical school block of 2 classrooms using the average of quotations obtained by two districts (a number of quotations in each). The value of the contribution made by the community on that building was estimated at 22 to 25%. The cost of transport is high for the rural areas and this value would vary depending on the position of the project and a number of other factors such as labour content and type of project. This is a satisfactory contribution and within the requirements of the programme.

6. Method of Construction: A contractor, usually from the community, was identified by the community and contracted by the DA to construct the work. The contractor was responsible for the employment of labour, both skilled and unskilled, from the community. Although we were informed that quotations were called for, it appears that in most instances the contractor was paid a fixed amount for the project, determined by the DA. The amounts that were quoted (between MK50 000 and MK60 000 for a school block) represent approximately 4% of the project cost, which is very low, indicating the extent to which the community is contributing in terms of labour cost (not taken into account in the above).

7. Operation and Maintenance: Once a project is complete it is handed over to the community and they are responsible for operation and maintenance. The district does not budget for operation and maintenance and only in the case of major damage do they get involved. In the case of water projects, a small tool kit and fast wearing spare parts is given to the project committee, together with some training. There is little evidence that maintenance is being done and this was confirmed by the sector heads. The problem is most severe with water projects where it was noted that in excess of 55% of water facilities are not operational due to the problem of maintenance. There was also no sign of maintenance of the buildings despite the need on some.

8. Costs: In order to probe this issue, a detailed analysis of the costs of a standard school block consisting of two classrooms was undertaken as noted above, using average rates from actual quotations. The cost was found to be in the region of MK1.5m ($10 700) including the community contribution, contractor costs and an allowance for overhead costs, which translated to MK 1 700/m2 ($84/m2). This was compared to the costs of other
school blocks funded through the DDF and was found to be similar, although there are some differences from project to project. The cost was also compared to the National average for a similar project in MASAF (MK1.6m) and was slightly lower. It may be concluded that the product is very cost effective.

**DDF project reports and monitoring of DDF projects**

1. There is reporting taking place in the districts but our findings were that there is inadequate reporting and that there is a mismatch between reporting at district and central government level as reporting does not seem to be aligned.

2. We were referred by the Public Works Departments to the Planning Departments or the Finance departments for reports and these were generally simply project lists with, at best, the project costs shown and a perfunctory progress report given. There was no evidence that real monitoring in terms of costs, time and quality was taking place. There is a need for a standardised reporting system, linked to a central government M&E system with that monitors all aspects of the management of projects, including budgeting, construction, operations and maintenance.

3. The team was found that the Planning and Finance departments have had training and are expected to produce certain reports, but that the Public Works Departments did not seem to be required to perform this function to the same level. They are the only department that could effectively report on quality and issues of operation and maintenance.

**Implementation of the DDP**

1. The DAs have a core staff of able people and there has been an improvement in skills levels of the staff employed in these organisations.

2. Staff: The key positions of Directors of Planning and Public Works are filled in most of the districts visited but a number of positions in all districts are not filled, including some Sector Heads. The high turnover of staff results in the loss of important skills. The number of staff, particularly those responsible for work in the district at community level, is generally low. A number of districts only had one building inspector, making it very difficult to get to all the projects or to assist with training.

3. Devolution of Sector Functions: Despite the problems of devolution discussed earlier, the sector heads that are in place are making an important contribution to service delivery in that they are closer to the planning and implementation process. The process of sector devolution does appear to have stalled and there has been little recent progress. The sector heads also complain of inadequate funding for the tasks that need to be done and also about the fact that they had to report to their ministries and the DC, both of which hamper service delivery. The Ministry of Education noted the need to further devolve functions together with funding to make the process more effective. They have set up a task team to investigate the issue.

4. Equipment: There is a shortage of equipment to undertake the daily tasks of the DA. The roads supervisor in Mzimba, for example, does not have picks and shovels for roads maintenance, and, astonishingly, workers use their own hoes for this work. This situation was confirmed in other districts as well. There were also complaints about the lack of office equipment and office space, problems that are likely to worsen once full devolution of the sectors takes place. The shortage of transport was an issue that was brought up in every district visited. There is a severe lack of vehicles for daily operations and vehicles have to be shared, limiting service delivery.
7.2 Sustainability of results

1. The whole participatory planning process, as it is currently being understood and operationalised is very expensive and unsustainable in the long run, without a continuous external injection of funds. The training of committee structures has stopped for a number of reasons, including a lack of funding. This affects their functionality. There is a need for ongoing support and training for the various structures if they are to be successful.

2. The DDF as a funding mechanism will only work if the critical mass of resources and funding made available to the districts is large enough to sustain a team with adequate resources to undertake devolved functions in a meaningful manner.

7.3 Factors affecting successful implementation & results achievement

External

1. Government’s delay in full devolution of the sectors, particularly those that are partially devolved, as well as delay in the elections for councillors are having a negative effect on service delivery.

Programme Related

1. The fact that the programme design was not changed when the funding from UNCDF was reduced has had an impact on service delivery and the attainment of the overall objectives of the programme.

2. The lack clear reporting structure, training and support in terms of monitoring and evaluation has meant that limited data is available and remedial measures have not been put in place.

7.4 Lessons

Programme-level lessons

1. Local development should be driven locally with external support from national government and donors re-enforcing local initiatives rather than vice versa. The programme design should have been structured to ensure that resources get down to the communities, rather than the loose arrangement where central government retains complete control.

2. Capacity building should promote a local development dynamic by focussing directly on the challenges in the work context and supporting improved service delivery. If community empowerment and improved service delivery were the objectives of the programme, more effort should have been put into these dimensions. As it is, those responsible for physical delivery seem to have received the least attention.

3. Bottom-up community planning should be complemented with strategic district planning and linked to the actual resources available to make both realistic. Real empowerment of communities would help them to understand the strategic and funding constraints and help them to make decisions within these constraints.
4. Monitoring and Evaluation of a programme cannot be effectively undertaken by the recipient alone. They should be involved but there is a need for a system that has an understanding of where and how the money is spent and can report on it and make decisions. Implementation systems need to be well designed and be well coordinated at a management level.

5. It is important for donors not only to put their funding into the DDF, but also to work together on M&E, reporting and accountability to maximise the impact of programmes such as this one.

6. Programme design should be appropriate to funding available so that it can make a real impact. In this instance, the programme should have been redesigned once funding was cut so drastically.

7. Technical support is needed all levels and there needs to be a balance between intervention and hands off approaches depending on the needs of the situation and people in place.

7.5 Recommendations

1. The DAs need improved systems for office and project administration, clearer guidelines, policies and procedures and more implementation support. This would include assistance to consolidate the various plans and specifications and to place the control of this in the hands of the DA and devolved sector ministries to allow them to lead the process rather than the current fragmented system in which each NGO and donor uses their own plans and specifications.

2. Channelling funding through the DDF places more responsibility on the government and its employees, particularly at local level. Capacity building and training to support service delivery at the district and community levels therefore becomes more important and the programme should make allowance for this. There is a particular need for project management training in order to improve resource use and reporting systems.

3. The planning processes need a focus which is more holistic and assists in including all sectors in the process. It needs to combine bottom up and strategic dimensions.

4. In a pilot programme it is necessary to have accurate and reliable information. There should be an M&E component that is run internally but which has external support and monitoring, that can promote both bottom up and strategic planning, accountability and continuous lesson learning and sharing.

5. The successful implementation of the Paris Declaration requires a transition period where technical support is needed with a balance between intervention and hands off approaches. Support needs to be designed in such a way that it does not promote dependency. Capacitated local actors must be in place and must take full responsibility for the success of the programme, but this can only happen if they work in an environment that encourages and prompts them to do their work effectively and to strive and grow.

6. Local empowerment requires not only communities to have a say in what projects are funded and in their implementation but it should extend to the management of the district. This will require that all the functions and systems at the district and sub district level be looked at again to ensure that there is good governance, that sectors are devolved to the point that real decisions based on actual funding can take place in and integrated and coordinated manner.

7. The Planning process needs to be revisited so that it is simple, cost effective, and inclusive of local communities. There is also need to clearly define planning mandates of the various sub district and district levels so that communities plan and implement projects that are
really community derived in nature and are consistent with the windows created under the proposed LDF
8. EVALUATION OF CROSS-CUTTING ISSUES

8.1 Gender

Introductory comments

The design of the programme included gender as a cross-cutting issue. The programme intended to develop a gender mainstreaming strategy to ensure gender equity in decision-making, participation in the planning process and in resource allocation. However, efforts to develop a strategy to guide the treatment of gender in the various components of the MDGP were not fruitful. Consequently, no specific activities to address gender issues in the three components of the programme were defined or properly budgeted. Similarly, there has been little attention to enforcing gender-related provisions provided for in the planning handbooks or to the overall gender disparities evident at various levels of local governance in Malawi, from the districts down to the villages. Our main findings were:

1. At the level of elected leadership only 9.13% of the 1860 candidates who stood for local elections countrywide were women, and of the 860 councillors who were elected in the 2000 local elections only 8.49% were women. In the districts visited for this evaluation, women represented only 5%, on average, of the members elected during the elections.

2. In all districts visited gender disparities are evident in the low level of women's participation in decision making at District Executive Committee level in terms of both numbers and voice.

3. At the sub district level, particularly village level, we noted the following:
   a. Consistent application of provisions regarding project implementation committees, namely, 10 people with a 50:50 gender balance.
   b. The Village Development Committee (VDC) guidelines on inclusion of women and leadership were not being enforced. The guidelines stipulate that if a chairperson is male, the vice chairperson should be female and vice versa. They also require that at least 4 women members should be elected to the committee. In almost all districts visited, the participation of women in Village Development Committees was still less than 30% with Nkhatabay as the outstanding exception. No female members chaired any of the VDCs with which the team interacted.
   c. The presence of women is much higher when it comes down to actual project implementation and the committees that manage the projects, particularly those that provide services in which women traditionally play major roles, for e.g. water, health (including AIDS) and orphan care. However, in these committees women serve more as providers of free labour than as decision makers.

4. Where women were present at the team's community meetings they rarely intervened, unless prompted to do so. The women's FDGs revealed that they rarely intervene in any meetings with men present in a way that would influence decisions, even where their interests were involved.

5. In some cases, their voices are simply not heard. As a result, development issues that related to and impacted on women are not being adequately addressed within the District planning process. For example in one district, Kasungu where we went to visit a Police Station, women expressed an understanding that their first priority project was a hospital...
because they have to walk about 35 kilometres to the nearest district hospital for delivery and other maternity services. However their voice was not heard during the planning process and they felt that they had no power to challenge the male folk who wanted a police unit. Confirming this, a 2006 monitoring and evaluation report for the district noted that maternal health indicators had not improved during the period. One of the issues raised was that there were many cases of obstetric complications since most women (72%) do not access antenatal services provided by trained staff at the district hospital, and rather choose traditional birth attendants who are easily accessible in the communities.

Factors influencing outcomes

There are a number of factors explaining the reluctance of women to play a more active and vocal role in decision taking:

- Education levels of women are low, which is a key issue particularly in determining the low numbers of women represented at the DEC level. The training of more qualified women could change this.
- Culture, religion and traditional beliefs play a significant role. The relatively open and participative culture such as that found in Nkhatabay promotes participation of both men and women on a more equal basis. Cultural and religious beliefs encourage women to focus on their role in the home and discourage their involvement in public decision making arenas. The idea promoted by some cultural and religious beliefs that women’s silence in public meetings where men are present is a noble virtue inhibits the participation of women in decision-making bodies.
- Piecemeal development approaches that focus on increasing the numbers of women present at meetings and in committees without deliberate strategies to boost the voice of women in such committees.

Key lessons

1. Unless cross cutting issues such as gender are properly integrated into programme design, properly funded and pursued in a way that creates synergies between them and other core programme elements, mainstreaming gender will hardly be realised.

Recommendations

1. For future programmes, there is a serious need for a gender strategy that strengthens the role and voice of women within planning, development activities, management & decision-making at both the Assembly and sub-District levels.
2. Meanwhile provisions relating to various committees provided in various handbooks should be enforced.
3. Strategies for enhancing the voice of women developed and implemented.
8.2 Environment

Activities and indicators

Although the Programme Document makes repeated reference to environmental degradation in Malawi and includes the environment as a cross-cutting issue, this issue is only touched on in the logical framework in passing, in the context of the DDPs, and no activities are described to support environmental sustainability or budget provided for it.

Progress

1. Environmental degradation is recognised in the districts as a serious danger to sustainable development, as reflected in key documents such as the Socio-Economic Profile and the District Development Plan.
2. Tools for assessing environmental degradation and design of interventions are already in place through an earlier effort by the Department of Environmental Affairs, but this cannot be attributed to the MGDP.

Challenges

1. Although, environmental issues are well recognised as a priority issue at assembly level, there is a lack of adequate measures to redress the level of environmental degradation, due the absence of Environmental Development Officers (EDOs) in the majority of assemblies. Out of 28 assemblies only about 10 officers are in place. The absence of EDOs is also having an adverse impact on the coordination of environmental interventions at assembly level. One stumbling block in the recruitment and retention of EDOs has been the low grade at which they are pegged in the assembly structure. The Department of Environmental Affairs has argued for a higher grade to improve retention, but this has not been supported by DHRMD and Treasury.
2. There is lack of adherence by assemblies to guidelines provided for in the DDF to tackle environmental related issues. Consequently, funds that could have been used on environmental programmes are not being channelled in that direction.
3. Although, the Environmental Strategy of the Government provides for the establishment of a National Environmental Fund to finance the protection and management of natural resources, the maximum resources available through this facility of MK5 million per assembly is hardly adequate to tackle the environmental challenges being experienced. Accessing of these funds is dependent on an assembly being able to generate a bankable proposal, which has been difficult to do in the absence of EDOs.
4. The Department of Environmental Affairs currently discriminates against assemblies that do not have EDOs in place when it comes to allocating funds for recurrent expenditures, which has a crippling effect on operations in this area.
Recommendations

1. The recruitment plan referred to earlier in discussing gaps in the accounting department of the DAs should consider prioritising the filling in of positions of EDOs when an acceptable grade for them is agreed.
2. Further disbursement of funds to assemblies for development activities should be tied to clear environmental plans where these are an issue.
3. Allocations for environmental projects funded through the National Environmental Fund should be proportionate to the magnitude of the problem being tackled.
4. As environmental activities are undertaken as an integral part of development activities at assembly level, the Department of Environmental Affairs should not discriminate in the allocation of funds for Other Recurrent Expenditures between districts with EDOs and those without EDOs.

8.3 HIV / AIDS

Activities and indicators

As in the case of the Environment, the Programme Document refers to HIV & AIDS as a cross-cutting issue, but does not provide for activities or a budget line to respond to the HIV/AIDS crisis, except in a section of the logical framework that refers to the DAs strategic planning.

Progress

1. Decentralised management structures have facilitated the emergence of a truly multi-sector approach to managing the district HIV/AIDS response, but this cannot be attributed to the MDGP, but its predecessor programme.

Challenges

1. Although, it was envisaged that HIV/AIDS would be mainstreamed in the three components of the Programme, there are no specific interventions to handle this aspect. Consequently, progress in this area cannot be directly attributed to the MDGP.
2. Clinics offering ARVs are not adequate. Consequently, patients travel long distances with their companions at their own expense. In the process default rates are reported to be quite high.
3. The mindset of ADCs and VDCs is not sufficiently focused on HIV and AIDS as a developmental issue. Their agenda is mostly dominated by infrastructure type projects.

Recommendations

A subsequent successor programme to the MDGP should have clear interventions targeting HIV/AIDS. These should be designed taking into account the role of the National AIDS Commission and the direction it is taking in supporting the district AIDS response.
Reimbursement arrangements for patients of ARVs should be considered to ensure compliance with the treatment programme.
Grass root structures should be brought under the oversight of sub-district structures such as the ADC and VDC to facilitate their monitoring and community ownership.
Training of grassroots structures in cross-cutting issues such as HIV/AIDS should be prioritised so as help them be able to address these issues as part of the development agenda.
9. OVERALL FINDINGS: ACHIEVEMENTS AND CHALLENGES

Preamble

Detailed findings on the three components of the programme are provided in the sections above. This section provides a statement of the overall findings of the evaluation in terms of the achievements made by the MDGP and the challenges that remain to achieve the programme goals.

Finding 1: Development objective: Empower local communities through local government & development management for poverty reduction.

The structures of participatory community planning are formally in place and some infrastructure and services have been delivered that have tangibly improved peoples’ lives, but the impact of the MDGP on poverty has been small relative to total programme expenditure.

The programme expenditure was skewed away from provision of infrastructure and service delivery towards capacity building, with most of the latter benefiting institutions and individuals at national level, with relatively little reaching the DAs and even less the communities it was intended to benefit.

Traditional authorities continue to control decision taking in the villages and there is little evidence that communities have been “empowered” in the sense that local democracy has become institutionalised in a way that enhances their capability to contribute to development decision taking and action outside of the traditional authority system. In this sense, the overall objective of improving service delivery through building the institutions of good local governance cannot be said to have been substantially achieved by the MDGP.

Notwithstanding this overall finding, the team was struck by the capacity of the traditional authorities to convene community meetings to discuss development priorities and, even more so, by their capacity to mobilise unpaid labour to do such work as brick making, carrying of stones, sand and water for construction of community infrastructure. It would be important to retain the social cohesion provided by the traditional authorities within a reformed institutional system that empowers communities democratically.

Through the tribal authorities acting as their representatives, communities in the villages expressed overwhelming gratitude for the support given to them by the MDGP, but also emphasised that the funding provided had not been enough and then proceeded to list their outstanding needs. Each village meeting ended with a headman or chief pleading with the team to request further funding from the UNCDF and UNDP. The team’s interpretation was that communities, through their traditional authorities, were expressing a plea rather than demanding a right flowing from increased democratic power.

Finding 2: Immediate objective 1 (including outputs 1-4): Strengthen management & technical capacity of central & local government institutions in roles & responsibilities
The management and technical capacity of central and local government institutions has improved, but central government has benefited disproportionately from programme expenditure & major managerial and technical gaps and weaknesses remain at the level of the DAs.

The DoLGRD was strengthened through the creation of a Decentralisation Unit (DS) which was quite effective in driving the NDP while it was in existence. The intention was to transfer the functions and some of the staff of the DS to the MoLGRD and a number of other national institutions to ensure the capacity to drive the NDP was retained after its dissolution. However, the MoLGRD has not been able to successfully implement the NDP since the dissolution of the DS. This can be ascribed to a number of factors: the DS's premature dissolution, its poorly executed exit strategy, inadequate staffing of the Decentralisation Unit within the MoLGRD, and lack of a strong champion within higher levels of government to drive decentralisation.¹⁴

¹⁴ The MLGRD, in its Comments on the Global Debriefing, section on Institutional and Implementation Arrangements states that: “The evaluation asserts that the DS was dissolved prematurely. We find this as a contradiction to the recommendation made in the 2004 review report on the evaluation of the Decentralisation programme. The Decentralization Secretariat was dissolved following this recommendation. Apart from that, it should be known that the DS was establishment to fast track activities that were to put the decentralization process on course. Some of these were to facilitate institutionalization of relevant institutions like NLGFC, MALGA and LASCOM that were to eventually take over the functions the DS was performing. Now that these institutions were in place and that all the critical activities to fast track the decentralization process were completed, it was time for the ministry to take over and incorporate the DS into its structure. Otherwise continued existence of the DS began to bring in conflicts with the said institution.

The evaluation questions the appropriateness of MoLGRD as a decentralization driver. We find this observation to be strange as it is in contradiction with international practice. All processes of decentralization are driven by such ministries simply because decentralization revolves around local government systems and policy holders for such systems are ministries of local government. Now when this evaluation begins to question this, we are put at a loss.”

The evidence gathered by the team shows unambiguously that while the DS performed fairly well in terms of implementation of the decentralisation programme the impetus gathered by the DS was not sustained by the MoLGRD after its dissolution. The MoLRD argues that the problem was not that of transferring responsibilities to a unit, but rather the decline in funding for the Decentralisation Unit compared with what had been received by the DS. From the evidence gained, there is a deeper problem here than just that of funding. In addition to funding and staff vacancies, the Unit did not have the level of influence and latitude for action needed to drive the process forward and in fact was associated with the floundering of both the MDGP and the NDP, albeit, at least in part, for reasons that lay beyond its control. The lesson that arises from this is that a reform programme of this scale needs a dedicated implementation vehicle that has the capacity and authority to drive the programme through and does not get side-tracked into the routing work of the Ministry. It needs to be able to carry its mandate out to a point where the reforms have been substantially achieved as it is only then that the new structures and functions of the new dispensation become routinised. We have not taken the position that the MoLGRD is not the appropriate institutional home for such a vehicle. The MoLGRD is clearly the government institution most directly responsible for reform of the local government system. However, the magnitude of the reforms envisaged, including devolution by several sector ministries clearly calls for overall direction and oversight of the programme at a higher level of government, something that did not occur in practice during the period under review. It is for this reason that we recommend not only that the Decentralisation Unit within the MoLGRD be considerably strengthened in terms of its capacities, but also that it has a stronger line of accountability to the Office of President and Cabinet (itself with a more clearly defined and adequately secured commitment to decentralisation), as well as to the donors financing the decentralisation programme.
The Cabinet and Inter-ministerial Committees on Decentralisation met infrequently and succeeded neither in coordinating nor in championing the implementation of the NDP II. The main reasons why they failed to meet, given to the team by the MoLGRD, was that the UNDP withdrew funding for these meetings. It should be noted, though, that these meetings had previously taken place at hotels outside of the capital and for which the participants had received allowances, which seems difficult to justify given that these meetings represented part of the normal functions of the committees concerned.

The DS was strengthened to implement the NDP during the period 2003 to 2005, when it was quite effective in implementing decentralisation. The functions of the DS were institutionalised in a number of organisations and the DS dissolved in 2005, as planned, but the transfer of functions was not effective, with the consequence that both the MDGP and NDP II floundered since then.

The DAs were strengthened to some degree by the MDGP through the provision of training in financial management and planning, particularly up until 2005, but major gaps currently exist in key posts, the capacities of some staff who are in place are weak, and basic equipment to undertake the work is either absent or inadequate. The DA’s have difficulties coordinating the activities of officials working for the devolved sectors, who, by and large, remain accountable to their Ministries.

Notwithstanding these serious weaknesses, the team was impressed with the quality of many of the personnel it met in the DEC meetings and during the FGDs, in terms of their levels of training, grasp of the issues confronting them and performance, especially given the limited resources with which they had to work. Although this cannot be attributed to the MDGP per se, the team came to the view that there is a core of skill and potential dynamism in the DECs that could be built upon if investment capital flows to the DAs were large and regular enough and if the appropriate support was provided to them in terms of hands-on capacity building.

Finding 3: Immediate objective 2 (including outputs 1-3): Strengthen mechanisms for financing local government to increase locally generated revenues for service delivery

Systems for the allocation of national funds to the DDFs are now in place. Finances are flowing regularly to the DDFs from the GRF, but at a very low level. Little of the GRF funds are going into funding development and services; almost all goes into salaries and operational costs. Financial capacities in the DAs remain weak, accountability is principally upwards and auditing does not take place regulatory, and, in some DAs, not for a long time.

An inter-governmental fiscal transfer system is in place and being used, but the planned revised system has not yet been designed. The funds flowing from the GRF to the DDFs are now regular but remain at 0.5% or less of the national budget rather than the agreed 5%. The UNCDF’s donor partners, NORAD and the ADB, have channelled funds to the DDFs, but relatively few other donors and NGOs use them, while the funding of devolved sectors, which has been growing rapidly, occurs outside the DDFs.

Steps have been taken by some DAs to establish business and property registers to increase local revenues, but the necessary legislation to enable the DAs to apply these taxes has not been passed. Local revenues are growing slightly in nominal terms but shrinking rapidly relative to
government and donor sources. Local revenues are being used mainly to pay for salaries and operational costs. Little is going to provision of development and services.

Considerable effort has gone into setting up M&E and accounting systems, but these are not, by and large, yet operational. In most of the districts, audits have not taken place for some years, though efforts are currently being made to update the DAs’ accounts. Where financial reports are being produced, they are not posted locally. The absence of councillors has removed a key mechanism for holding local officials to account for the use of funds for service delivery.

Finding 4: Immediate objective 3 (including outputs 1-3): Strengthen the capacity of central & local government & communities in planning & management development & services.

In terms of achievements, planning manuals have been produced by the Ministry and training has taken place at the community level, but is not regular, broad-based or deeply participatory. The team found that the infrastructure created was cost effective and generally of a reasonable standard given the specifications, certainly when compared to similar infrastructure created by other organisations such as MASAF and the European Union Micro Projects.

In most instances, important complementary infrastructure such as toilets, libraries, staff rooms and teachers’ homes for the school blocks that had been built are missing, making it difficult for the teachers to provide a proper service. Operations were hampered in some cases by the lack of inputs, such as science equipment and materials at schools, and medical equipment and medicines at clinics. There were signs that some of the infrastructure built under the MDGP was not being adequately maintained.

The DAs’ capacity for service delivery has been enhanced by the systems set in place for district development planning, financial management and service delivery by the MDGP, but the scale of capital investment funds going into infrastructure service delivery has been too small and implementation took place too long ago to ensure that this institutional and personnel capacity is being maintained.

In short, the institutional vehicles for improved planning, financial management and service delivery are still in place, but these vehicles requires fuel in the form of finances, personnel and equipment to be able to do the job.

Finding 5: Monitoring and Evaluation

The software of a new Monitoring and Evaluation system (Microsoft Access) is in place in most of the DAs visited by the team, but only in two cases was the team provided with substantial reports produced on the basis of the information contained in the systems. In most DAs it appears that M&E has not been established as a working tool that can effectively support local planning or strategic decision taking as yet. It is not yet being used as a means of monitoring performance in infrastructure and service delivery. It is a long way from being used as a tool for reflexive learning and adjustment of development practice.

Finding 6: Gender
Although highlighted in several places in the PD as a cross-cutting issue, activities and budgets in support of gender equity do not feature in the logical framework. Women’s representation on council (up until the time councils were dissolved) remains low. Women’s representation in implementation committees at village level adheres to the 50/50 rule, but their voices remain silent in public decision taking, despite their substantial contribution of unpaid labour to project construction and management activities. Women’s deference to men in general and tribal authorities in particular may be explained in terms of deeply held customs and beliefs relating to the roles of women.

**Finding 7: HIV & AIDS**

Although highlighted in the PD as a cross-cutting issue, activities and budgets to address HIV & AIDS do not appear in the logical framework and what progress was found by the evaluation team on HIV & AIDS in the districts cannot be attributed to the MDGP.

**Finding 8: Environment**

Environmental degradation is highlighted in the PD in several places, and is included in it as an important cross-cutting issue, but does not appear in the logical framework either in terms of activities or budgets, except indirectly in the context of planning. The physical infrastructure created with DDF funds has had negative impacts on the environment, notably in terms of the sand winning and brick making activities that preceded construction, the first of which disrupts riverine systems and the second of which leads to the degradation of woods and forests. No effort has been made within the MDGP to mitigate the negative environmental impacts of projects.

**Finding 9: United Nations Volunteers**

The UNVs play an important role in filling skills key gaps within the DAs. Their effectiveness depends on how well they are inducted into the DAs and on their personal relationships with the DCs and immediate superiors. Some of the international UNVs interviewed by the team were able to bring a fresh perspective into local development issues based on their comparative experience in other African countries.

UNVs advising in the area of finances encounter resistance in some DAs, where they are suspected of being “spies” who may report on corrupt practice or poor performance. In some cases UNVs were not readily accepted by local officials who felt “shown up” by the skills and experience of the former.

The evidence on skills transmission is mixed. In some cases there were reports of effective skills transmission to local officials. In others, it was evident that withdrawal of the UNVs, even if this happens after several years of work in a DA, would leave a gap rather than capacitated local replacements.

**Finding 10: Policy reform**
The MDGP’s contributions to the Intergovernmental Fiscal Transfer System, the District Development Fund and District Development Planning influenced the policy revision that led to the National Decentralisation Policy. However, the impact of the MDGP on policy has generally been far less pronounced than was the case with its predecessor, the LGDMP. This is linked to the fact that this was conceived as a programme to “deepen and consolidate” rather than to pilot models of decentralisation.

**Finding 11: Replication**

The MDGP sought to consolidate and deepen decentralisation by focussing efforts on twelve districts, but the evidence suggests that the programme was not successful in achieving this aim, especially after 2005. While the team found evidence that the institutions created by the predecessor LGDMP are still functional in the sampled districts and were active especially during the period 2003-2004, these have become largely dormant as capital investment funds have dried up and capacity building has diminished in these areas since 2004.

Sector devolution, backed by growing government and donor funding, has made local development coordination more, rather than less, difficult for the DAs. The suspension of the local government elections and the NDP II has, in effect, stalled the decentralisation initiative, which, along with sector devolution driven by a SWAP approach, has, de facto, produced de-concentration rather than decentralisation in Malawi, calling into question the future of the decentralisation.

**Finding 12: Programme management**

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15 The MoLGRD in its Comments under Findings 9: Factors Affecting Successful Implementation, External Factors, paragraph 2 states that “It is also not clear why the evaluation asserts that decentralization is in question in Malawi. Government has made a lot of progress in transferring of fiscal responsibilities to the local Level. Government is now in a process of transferring the Human resources responsibility to the local level this is evident through the efforts Government has made to provide for an Establishment to each Assembly. The next stage now is to move the Human resource which is under central Government payroll onto local government’s payroll. As we speak now government is putting in place payroll systems in all local authorities and once we finish, we are starting with the education sector. Whether this assertion is coming from the fact that we do not have locally elected officials, it has to be clarified. It is a known fact that current (sic) we do not have councilors, however we have assurance from our authorities that processes will be ignited that will lead into councilors getting into the Assemblies.”

The contention that decentralisation is in question arises from three main considerations. The first is that local government elections were not held, as constitutionally required, in 2005 and this has meant that there are no councillors in place in the Districts. The absence of councillors removes an essential ingredient of decentralised governance. The second consideration is that sector devolution has not taken the form of decentralisation in the sense that most devolved sectors undertake their planning within the framework of their ministries and are, in effect, accountable to their ministries, even if, formally speaking, there are required to report to the District Authorities. The third main consideration is that very little in the way of funding is being channelled through the DDFs and that which is being channelled through them is used mainly for salaries and operational expenditures with very little going to new development. This takes away the heart of democratic decentralisation to the extent that it is conceived as a process in which centrality is given to participatory decision taking on the use of investment capital to meet the development and service needs of the communities concerned. The fact that revenues that pass through the DDF have declined dramatically relative to revenues that go through sector Ministries over the period under review underscores this contention.
The UNCDF’s implementation was theoretically that of Direct Execution (DEX), but in practice took the form of National Execution (NEX). This happened because the UNCDF’s distinctive mandate and identity was effectively lost in its partnership with the UNDP following the cut back in its funding in 2002-2003, and concomitant reduction in its staff complement. This substantially reduced the UNCDF’s capacity to exercise influence over the implementation of the MDGP and, pari passu, the NDP II.

Finding 13: Twinning strategy

The idea of twinning districts to enable the transmission of learning from districts that received substantial resources under the MDPG and predecessor LDGMP to districts that did not receive such a high level of support, was innovative and promising, but was not put into practice due to the lack of a budget line for this within the workplan. Judging from the exchanges that took place between the districts that met at the regional report back briefings and comments from participants at these workshops, this idea still holds considerable potential.
10. OVERALL LESSONS AND RECOMMENDATIONS

10.1 Preamble

Detailed lessons and recommendations are given at the end of the evaluation of each of the three Components of the MDGP, set out in Section 7-9 above. This section describes the overall lessons from the Final Evaluation. It places lessons together with recommendations as the latter flow directly from the former.

10.2 Programme level lessons

Programme design

Lessons

1. Mean-ends similarity and overlap between outputs of different components in a programmes design makes it difficult to distinguish inputs and outputs and hence assess programme achievements. In particular, programme design needs to be clear about the causal relationship between capacity building, capital investment and poverty reduction.

2. Attempting to support a national roll-out programme by spreading the capital grant thinly across many areas does not work. It generates neither lessons for national replication nor scaling up of the programme nationally. It draws criticism from excluded districts and from government that has to face the criticism that it is unfairly favouring some districts.

3. The cut-back in investment expenditure and absorption of the MDGP, in effect, into the UNDP’s capacity building mode revealed a weakness in capacity building programmes that are divorced from capital investment, especially they are also weakly connected with development and service delivery activities in the districts and villages.

4. Cross cutting issues such as Gender, the Environment and HIV & AIDS risk becoming token interventions that apply everywhere in theory but nowhere in practice, unless they are coherently integrated into programme design conceptually, in terms of activities, outputs and budgets.

5. A major cut back in funding should trigger a review of the programme design (if implementation has not yet started), or a review of the results framework and work plans (if implementation has started).

6. The UNCDF is not in a strong position to “deepen and consolidate” decentralisation (in the sense of this term as used in the MDGP) due to the small size of its capital funds relative to a country’s needs. It is in a strong position to advocate for large scale capital funding for the roll out of an LDP, for example with an organisation such as the World Bank.

Recommendations

1. The design of an LDP should be clear about its development objective. More, specifically, it should be clear about the role of capacity building and its causal link to capital investment, empowerment and poverty reduction. Is capacity building one of the means of
achieving improved public expenditure management, participatory planning, infrastructure and service delivery, which, in turn, reduce poverty, or is it the development goal itself?

2. The UNCDF’s capital investment mandate, which is to test local development models and concepts, should remain at the centre of its work.

3. The UNCDF should ensure that it has the funds to carry out this mandate. It should also ensure that its partnership with the UNDP is based on the understanding that this is its specific mandate and raison d’être (see below for recommendations on the UNCDF/UNCDP partnership).

4. The UNCDF should ensure that its programmes are based on a ratio of national to local expenditure that is more favourable to local development, for example 20/80 rather than 70/30 as in Malawi.

5. If a programme faces a major funding cut back, the UNCDF should thoroughly review the programme design or, if the programme is already being implemented, its logical framework and workplans.

6. The UNCDF should review its approach to piloting and support for national replication in the light of the Paris Declaration and demands for the replacement of DEX with NEX modalities (see recommendations on this under programme management below).

7. In particular, the organisation should reflect carefully on what it does once a pilot programme has come to an end. It should pose the question as to whether to restrict its future support in a country to technical assistance for national government in its efforts to roll-out programme decentralisation, or seek to pilot new concepts and models at the local level.

8. Cross-cutting issues should be integrated into the programme design in a conceptually integrated and meaningful way and then be translated into appropriate activities with budgets.

Programme management

Lessons

1. The absence of a programme management unit within the UNCDF and implementation by the MoLGRD has meant, in effect, that the implementation agent and the beneficiary are the same, leading to an implementation process that is not results based.

2. The current management modality has secured neither effective piloting of local development models nor effective support to the national roll out of decentralisation in Malawi, the two main roles of the UNCDF.

3. The lesson for the UNCDF is that it needs to distinguish clearly its model testing and national advisory roles and create a national unit that is capable of performing these two functions effectively.

4. The lesson regarding national execution is that reform on the scale of the decentralisation programme needs to be driven by a vehicle that has sufficient capacity, backing, influence and drive to carry the programme through.

Recommendations
1. The full implications of the Paris Declaration for the UNCDF’s implementation modality need to be worked that materialised the principles set down in the Paris Declaration.

2. This modality should be robust enough to enable the local UNCDF team to carry effectively carry out the UNCDF’s distinctive mandate as a capital investment and local development model testing organisation and its technical support for the roll-out of the national decentralisation programme.

3. The should UNCDF positions itself nationally as the UN organisation responsible for harmonisation of donor support activities in the area of promotion of local development, based on its local model testing, international experience and relationship of trust with national government.

4. The UNCDF should ensure that its local team in Malawi is adequately resourced in terms of numbers and competencies to perform the functions outlined in 2 and 3 above.

5. The local UNCDF team be properly partnered with the UNDP to perform these two roles.

6. The local UNCDF team should be properly partnered with national government as the principle executing agency to enable it to perform these two roles.

7. This partnership should be based on a clear definition of the roles and responsibilities of the UNCDF and national government. In the case of model testing, these roles should be defined in a way that enables the UNCDF to test models of local development based on capital investment backed by capacity building at the local level. In the case of national roll out the UNCDF’s roles should be to provide technical support to national government and promote donor harmonisation. The former involves much greater powers of oversight and intervention on the side of the UNCDF than the latter.

8. It is important for the UNCDF to ensure that the national government has an appropriate implementation vehicle with which it can inter-act on a day to day basis. What is needed in terms of the national government’s intervention capacity will change as the decentralisation effort moves from model testing to national roll-out. During the model testing phase it is important for the UNCDF to partner with a level of government that is sufficiently influential to support model testing and able to feed the experience for local pilots into national policy discussion and formulation. During the roll-out phase it is important for national government to establish a vehicle that has the national leadership support, technical capacity, focus and latitude of action to carry through the implementation of the national reform process.

**Contextual factors**

**Lessons**

1. Major changes in the context of a decentralisation programme that call into question its premises, such as the failure to hold local government elections and to implement a legislated decentralisation programme, should trigger review and reconsideration of programmes implementation, the relationship with government partners and other factors affecting programme performance.

**Recommendations**

1. Before moving forward with any amendments to the MGDP, and certainly before undertaking any successor programme the UNCDF and UNDP should fully review the
current political standstill on decentralisation and take a strategic decision on how to move forward in the this conjuncture.

2. The UNDP and UNCDF should attempt to develop a joint approach to the issue of the suspended local government elections and decentralisation programme in Malawi with the aim of encouraging the GoM to hold the former and implement the latter as soon as possible.

Political will and national champions

Lessons

1. In the early stages of decentralisation in a country, it may be too much to expect a clear commitment from national government to decentralisation until the idea has been piloted and its results have been demonstrated. Once adopted as a national priority, decentralisation requires political will and strong national champions with a clear mandate from the highest levels of government for it to succeed.

Recommendations

1. Prior to committing to further support for decentralisation in Malawi, the UNCDF should meet with and assess the commitment to decentralisation and capacity to implement it of the Principal Secretary responsible for coordinating reform and the sub-committee of Principal Secretaries on Local Government and Rural Transformation, mentioned by the The MLGRD in its Comment on the Global Debriefing.

National and local sources of impetus

Lessons

1. While a decentralisation programme needs the full support and effective championship at the highest levels of government, it is equally critical to the success of decentralisation that local actors are the main drivers of local development.

Recommendations

1. Any future programme should be strongly focussed on the district and community levels rather than at the national level in terms of both capacity building and capital investment.
2. Funding and technical assistance from national government and donors should reward local governments that have initiated a locally-driven development dynamic.

Public entrepreneurship at the local level

Lessons
1. District Commissioners and other district officials who have the qualities of public entrepreneurship are more likely to succeed in building a local development dynamic than those who await administrative powers over devolved sector officials.

**Recommendations**

1. Public entrepreneurship rather than administrative authority is needed for local development to take off and this quality should be promoted in the DAs.
2. Public entrepreneurship should be fostered as a means of coordinating devolved sectors and linking their activities to local development plans.

**Building the local revenue base through stimulating local economic growth**

**Lessons**

1. Efforts to strengthen the revenue base of local authorities are likely to have limited effect if they are not accompanied by corresponding efforts to improve the environment for business in the locality and through this to promote economic growth.

**Recommendations**

1. A strategy to increase the revenue base of local government should go hand in hand with a strategy to promote Local Economic Development.
2. Local government’s most effective roles in supporting local growth are to promote public/private sector dialogue and action over improvements in the environment for business, infrastructure, the natural environment and the regulatory system.

**Institutions and capacity building**

**Lessons**

1. National institutions need their capacities built if they are to manage the implementation of decentralisation.
2. A key lesson from the MDGP is, however, that capacity building that focuses essentially on national institutions can end up having very limited impacts on service delivery to meet the needs of the poor at local level.

**Recommendations**

1. Both the nature and focus of institutional and individual capacity building needs to be carefully reviewed by the UNCDF, in the light of the importance attached to it by the Paris Declaration and the actual experience gained in the MDGP.
2. It is critical to ensure that national level capacity building actually translates into improved support for local government and communities in development and service delivery that benefits the poor. It should not be undertaken for its own sake, at least in a programme that seeks to promote decentralised service delivery.
3. Within the LDPs, capacity building should be provided to support the core activities of public expenditure management, participatory planning and development and service delivery, based on capital investments, that lead to development and service delivery that demonstrably benefits the poor, rather than as an end in itself.
4. Capacity building at the community level should be linked directly to planning, decision-taking, implementation and management of actual projects based on capital funding provided through the DDFs.

M&E

Lessons

1. Effective M&E is essential for effective planning and accountability, but these are not its only purposes. If properly set up, M&E systems are powerful instruments of learning and innovation at local level as well. Well designed M&E systems can also be used as tools for strategic and tactical decision taking as well. For the UNDDF, management information systems support global oversight of country programmes and the global spread of learning. However, not all these aims are mutually compatible and achievable within one M&E system.

Recommendations

1. The UNCDF needs to carefully review the question of M&E in its programmes and how it provides support in this area.
2. Its organisational need is for a system that enables it to monitor its expenditures on a national basis while also generating information on lessons learned at the local level that can be shared nationally and internationally.
3. Its support for national government M&E systems should focus on the needs of national government, which are likely to be different from the UNCDF’s organisational needs given the global scope of the UNCDF’s work.
4. The UNCDF should support the development and testing of simple, cost effective, participatory M&E systems adapted to local learning and innovation and to local strategic decision taking. It should leave open the possibility that these are either integrated into the national M&E systems or run parallel with them, depending on considerations of cost, compatibility and practicability.

10.3 Partner specific lessons

Lessons

1. The main lesson from the MDGP the UNCDF should play a role based on its distinctive mandate as a United Nations organisation using investment capital to test innovative local development models. Departing from this makes the UNCDF vulnerable to loss of its identity and raison d’etre both within the UNDP and amongst bi-lateral donors.
2. Capacity building that is not linked to and does not complement capital investments in development and services can lead to the strengthening of individual and institutional
capacities within government without this directly or necessarily leading to development and service provision that benefits the poor.

Recommendations

1. It is critical for the UNCDF to carefully re-think its partnership with the UNDP and its role in the donor community more widely in a country.
2. The relationship with the UNDP should be redefined as that of a supportive partner specialising in testing models of local development based on capital investments.
3. It should be understood that the UNDP’s role in relation to the UNCDF within a country is that of providing capacity building that complements and supports the capital investment activities that are at the core of the UNCDF’s mandate.
4. In relation to other donors, the UNCDF should strive to play the role of harmonising donor support to local development by encouraging budgetary support that promotes the national roll out of decentralisation programmes.
5. In order to do this, the UNCDF national teams should be adequately staffed with people who have deep experience of the pilot local development programmes, a sound knowledge of the UNCDF’s international experience, and the necessary skills to act as influential advisors to national government.

10.4 Sustainability of results

Preamble

Detailed recommendations on the sustainability of results are given in the preceding sections dealing with components 1-3 of the programme. This section draws out the main recommendation regarding sustainability.

Main finding

The mission found that the MDGP has been unsustainable for a combination of reasons relating to its design, management and external context. Putting Malawi tack onto a path of sustainable decentralisation will require not only political will and championship from the highest levels of government, but also the mobilisation of widespread donor support to re-launch the National decentralisation programme. It will also require the careful drawing of lessons from the MDGP and other decentralisation support programmes in Malawi and the incorporations of these lessons into the National Decentralisation Programme.

Main recommendations

In order to promote sustainability, the mission recommends the UNDP and UNCDF strongly pursue the following with the GoM:

1. In terms of national government support meeting with government to persuade and offer support to:
a. Hold local government elections as soon as possible
b. Re-launch the NDP as soon as possible
c. Provide regular flows of funding from the national treasury to the proposed new LDFs

2. In terms of bi-lateral donors to:
   a. Promote a harmonised approach to donor support for local development
   b. Promote donor use of the LDFs for local development support
   c. Promote donor use of LDFs for devolved sector funding and activities where this is appropriate (i.e. where the sector activities is best carried out through the DAs)

3. In its advisory work with the GoM, the UNCDF to emphasise the importance of promoting public entrepreneurship with the DAs and to support this in the following areas:
   a. Coordination of devolved sector activities within the DDPs
   b. Mobilisation of local resources for development, including:
      i. Local tax revenues
      ii. More effective use of public and private sector institutional resources
      iii. More effective use of natural and physical resources.

**10.5 Factors affecting successful implementation and results achievement**

**Preamble**

Detailed recommendations on the factors affecting successful implementation and the results achieved are set out in the sections dealing with the programme’s three main components, above. This section provides overall recommendations, focussing attention on those aspects that have not been emphasised in the discourse or documents on decentralisation in Malawi.

**Recommendations**

The mission recommends that UNCDF & UNDP support for the re-launching of the National decentralisation programme should focus in the following area:

1. Increased attention to investment in infrastructure and services as a means for poverty reduction, as against just capacity building itself
2. Correcting the imbalance between national and district- and community-level institutional development and capacity building support in a way that strongly favours the latter
3. Correcting the imbalance between support for external (i.e. from outside the districts) and district- and community-level resource mobilisation strongly in favour of the latter
4. promoting public entrepreneurship, as against administrative authority, as the motor within local government for local development and service delivery
5. Ensuring that the re-launch of the national decentralisation programme is championed from a level in government that is high enough and has sufficient authority to ensure adherence to policy
6. ensuring that the NDP is managed by an agency within government that has sufficient backing from the highest levels of national government, capacity and latitude of action to drive the decentralisation.

10.6 Strategic positioning and partnerships

1) The mission recommends that the UNCDF in Malawi positions itself within the UN as an organisation working in close partnership with the UNDP focussing specifically on:
   a. capital investment
   b. local development
   c. proving the workability of development concepts and models
   d. innovating and
   e. risk-taking.

2) Positioning itself in this way will require thorough discussion between the UNCDF and UNDP in Malawi as partners playing mutually supportive roles within the framework of the UNDP’s country programme for 2008-2011.

3) The UNCDF will also need to undertake an assessment of the organisation’s niche in the donor community in Malawi, based on the roles it intends to play in the future as an advisor to the GoM on implementation of the NDP.

4) Ideally, the UNCDF in Malawi could build a role as the focal point for the harmonisation of donor activities in the sphere of decentralisation. To play such a role effectively, the national UNCDF team needs to have adequate capacity, be able to draw on lessons learned from past piloting and future testing of innovative local development models and from the UNCDF’s global experience of local development. It would also need to have the communication and facilitation skills to perform this role and the necessary standing in government and amongst donors. (see also the next section on the UNCDF’s potential future role)

10.7 Future UNCFD Role

The mission recommends that the UNCDF takes a three-pronged approach to its future role in Malawi:

1. Once the necessary pre-conditions have been secured, provide advice and technical support to the NDP II based on its accumulated experience and lessons learnt from the MDGP, predecessor programmes and UNCDF global experience with local development.
2. Build the capacity to play an effective role within the donor community as the focal point for the harmonisation of donor support to decentralisation.
3. If conditions are favourable, launch a new programme to promote Local Economic Development in the country.

**Advice and technical support**

The UNCDF, in partnership with the UNDP in Malawi remains in a strong position to play a supportive role to national government, particularly in terms of the anticipated revision and re-launching of the NDP II. The amendment to the programme document made in 2006 has as the MDGP’s fifth output: “Activities and results of the project are fully assessed, reviewed, documented and disseminated”. Our recommendation builds on this amendment. It would be used as the basis for the UNCDF to play a strong role advising and supporting the Government of Malawi in the processes leading up to the re-launch of the NDP II.

The timing of this future role for the UNCDF will depend on the prior establishment of the necessary conditions within Malawi, including a clear commitment to pursuing decentralisation (and not merely sector de-concentration) from the highest levels of national government and the practical prioritisation of decentralisation within the Office of the President and Cabinet and its committees.

**Focal point for donor support**

The UNCDF in Malawi can, potentially, play the role of focal point for donor support on decentralisation. However this will depend on a number of conditions being met:

1. That the UNCDF team in Malawi is strengthened technically and administratively to undertake this role. This will mean redefinition of its role vis-à-vis the UNDP and donors, as already described above.
2. That the UNCDF decides to continue testing new models of local development in Malawi, for example the LED approach suggested in the next section.
3. That the UNCDF is able to build an effective partnership with national government at the appropriate levels to support its model testing and advisory roles.
4. That an effective delivery vehicle for national roll-out of the decentralisation programme is created within national government, such as an adequately strengthened decentralisation vehicle within the MoLGRD, with which the UNCDF team is able to work on a day-to-day basis.

**A Local Economic Development Programme**

There are a number of reasons why the launch of a Local Economic Development Programme makes sense for the UNCDF and UNDP in Malawi at this juncture. Firstly, the amendment to the programme document in September 2006 has as its fourth output “Pilot Districts promote a business supportive environment in rural areas and provide technical assistance and financial
resources to local micro- and small-scale enterprises”, though the team recommends that this amendment be substantially reviewed in the context of design of an LED programme.16

Secondly, LED is one of the four components within the UNCDF’s corporate results framework and is linked directly to achievement of the MDGs, notably the first goal of reducing poverty and hunger.

Thirdly, and LED programme would align directly with the United Nations Development Assistance Framework (UNDAF) and the UNDP’s Malawi Programme for 2008-2011, both of which have sustainable and equitable economic growth as the first amongst a list of objectives. UNDAF seeks to promote equitable economic growth through an approach that supports inclusive, broad-based business development that benefits the poor. A future LED programme could partner effectively with the UNDP’s current programme of support to Sustainable Business Development; by working through how best this national programme could be materialized at the district level through enhanced roles for the DAs in promoting local economic growth.

Fourthly, the UNCDF has recently approved a programme to “Build an Inclusive Financial Sector in Malawi” to promote women’s engagement in economic life. An LED programme could effectively partner with this programme, notably at the district level, by helping strengthen savings and lending groups, particularly of women, helping connect women to micro-lending organisations and ensuring that the loans made were to support the taking up of viable economic opportunities.

Finally, an LED support programme would contribute directly to the Malawi Growth and Development Strategy (MGDS) which sees inclusive economic growth as a national priority for the reduction of poverty and seeks to strengthen the role of the DAs in promoting LED through improvements in the environment for business development.

LED represents a relatively new area of local development practice in Malawi. The UNCDF could play a innovative role in testing promising models of bottom-up participatory LED in the country, focussing on the role of local government in providing an enabling environment for inclusive LED and complementing other initiatives that seek to promote inclusive business development that meets the needs of the poor.

Table 3 below presents the outlines of a possible logical framework for an LED programme in Malawi. The final section of this report briefly describes the objectives and outputs contained in this framework. Clearly there would be a need to take these ideas further within a Programme Document on LED, explaining the logic of the model and processes involved in stimulating LED in far greater detail than is possible here.

16 It would be advisable to review this amendment’s logical framework to ensure consistency with a future LED support programme. Although the team was not asked to review the amendments to the Programme Document, it was asked to give them consideration in the context of recommending a future role for the UNCDF in Malawi. Currently the amendment does not provide for either dialogue over, or participatory appraisal of, the local economy, both of which are essential steps in a bottom-up, inclusive approach to LED. The danger is that the activities set out in the amendment are pre-emptive. We recommend that the amendment be reviewed in the light of the proposal outlined below to ensure that activities undertaken prior to the launch of a fully blown LED support programme are aligned with it.
Starting with the local arena, the overall goal of the support programme is to reduce poverty, in line with the MDG’s, notably their goal 1 (Eradicating extreme poverty and hunger), but also, and in a direct way, goal 3 (promote gender equality and empower women), goal 6 (combat HIV & AIDS) and goal 7 (Ensure environmental sustainability). The development goal is local government promoting inclusive local economic development. The immediate objectives are outlined in the four components of the logical framework, described below.

**Component 1: Strengthen local economic governance through dialogue, partnerships & appropriate institutional arrangements**

**Outputs under Component 1:**

1. NDP 2 includes a LED component & national government is capacitated to promote it
2. Constructive dialogue is taking place between DAs and their local business partners and other actors promoting LED
3. Appropriate institutional arrangements for LED are established and functioning effectively
4. Bottom-up, community generated and district level strategic plans include elements that improve the environment for business development.

**Component two: Strengthen public expenditure management to expand the local revenue base & its use to provide services that improve the environment for inclusive business development.**

**Outputs under component 2:**

1. The DAs’ expenditure management & accountability systems have been strengthened
2. The DAs’ local revenue base is expanding
3. The DAs’ are using their revenues to help create an enabling environment for inclusive business development.

**Component three: Create an enabling environment for business through improved infrastructure service delivery and an improved regulatory system**

**Outputs under component three:**

1. DAs’ providing enabling environment for inclusive business development through improved:
   a. Infrastructure Service Delivery
   b. Sustainable Natural Resource Management
   c. Improved and more effective regulatory systems.

**Component four: Promote inclusive enterprise development benefiting the poor.**

**Outputs under component four:**

1. Efficiency of local enterprises improved and markets functioning better for the poor
2. Inclusive financial services provided in support of inclusive business development
3. More skilled labour gainfully participating in local markets.

Cross-cutting issues

Moving on from the four components, two cross-cutting issues are illustrated in the model: gender and HIV & AIDS. While illustrated here as crosscutting issues, the lesson should be drawn from the MDGP that it is essential to integrated these issues conceptually, both in terms of activities and in terms of finances into the LED programme. One way of doing this is in terms of the synergies between these two crosscutting issues and the core components of the programme.

Monitoring, evaluation, learning and lesson sharing

The logical framework presented in table 3 highlights monitoring, evaluation lesson learning and lesson sharing within the areas in which the model is tested. As illustrated by the red line, this takes the form of feed back loops. A critical feature of the model is to stimulate an internal process of reflexive and continuous lesson learning and sharing that turns these areas into centers of innovation. In addition, the lessons are taken to the national level where they inform policy and programme roll-out through national programmes that scale up the concepts and models that have been tested out.

Not shown in the diagram, but crucially important for the UNCDF, is global lesson sharing. The UNCDF’s competitive advantage relative to other donors is the capacity to learn from the LDPs, to spread this learning nationally and globally. It is by these means that the UNCDF can contribute to the scaling up of effective practices globally that can speed up attainment of the MDGs.
Figure 3: Proposed Malawi Local Economic Development Support Programme
Malawi Local Economic Development Support Programme

**Local arena**

**Overall goal:** Poverty reduced in Malawi (MDG goals achieved)

**Development objective:** Local government promoting inclusive local economic development

- **Immediate objectives**
  1. Strengthen local economic governance through dialogue, partnerships & appropriate institutional arrangements
  2. Strengthen PEM to expand the local revenue base & use it to improve the environment for inclusive business development
  3. Create an enabling environment for business through improved ISD & improved regulatory system
  4. Promote inclusive enterprise development benefiting the poor

**Outputs**

- Efficiency of local enterprises improved and markets functioning better for the poor
- Inclusive financial services provided
- More skilled labour gainfully participating in local labour markets

**Gender**

**HIV/AIDS**

**National arena**

**Poverty reduced**

**Inclusive economic development in other districts of Malawi**

- **Policy impact, replication & scaling up**
  - Monitoring, evaluation, lesson sharing, analysis & advocacy
  - Gender
  - HIV/AIDS

**Goals**

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2007/09/21
Annex 1: Terms of Reference

TERMS OF REFERENCE FOR THE FINAL EVALUATION OF THE MALAWI DECENTRALISED GOVERNANCE PROGRAMME (MDGP)
MLW/02/CO1; 013619

COVER PAGE

Country: Malawi
Programme Number: MLW/02/CO1; 013619
Programme Title: Malawi Decentralised Governance Programme (MDGP)
Executing Agency: Ministry of Finance
Implementing Agencies: Ministry of Local Government and Rural Development
Programme approval date: 2002
Programme Start Date: 2003
Programme End Date: 2006, extended to 2007
Total programme cost: US21,274,820
Financing breakdown: UNDP: US$6,000,000
UNCDF US$6,000,000 reduced to approx. US$1.5m
Government of Malawi: US$7,006,120
Mid-Term Evaluation date: November to December 2004

1. PURPOSE AND TIMING OF THE EVALUATION

1.1 Purpose of the Evaluation

The objectives of the Final Evaluation (FE) are:
1.1.1 To assist the Government of Malawi, in particular the executing agency (Ministry of Finance),
the implementing agencies (Ministry of Local Government and Rural Development, National Local
Government Finance Committee, and the District Assemblies) and the concerned co-financing
partners (UNDP and UNCDF), to understand:
   a) the efficiency, effectiveness, relevance and impact of the programme,
   b) the sustainability of programme results,
   c) the level of satisfaction of programme stakeholders and beneficiaries with the results,
   and
   d) Whether UNDP and UNCDF were effectively positioned and partnered to achieve
      maximum impact;
1.1.2 To contribute to UNDP and UNCDF learning from programme experience.
1.1.3 To help programme stakeholders assess the value and opportunity for broader replication
of the programme.
1.1.4 To help programme stakeholders determine the need for follow-up on the intervention, and
general direction for the future course.
1.1.5 To ensure accountability for results to the programme’s financial backers, stakeholders and
beneficiaries.
1.1.6 To comply with the requirement of the programme document/funding agreement and UNDP
and UNCDF Evaluation Policy.
1.2 Evaluation timing
This final evaluation is coming at a time when UNDP Malawi is repositioning itself to contribute more effectively to the Malawi Growth and Development Strategy—Malawi’s recently developed development plan approved in December 2006 and the new United Nations Development Assistance Framework (UNDAF) –2008 to 2011 to be implemented in the context of ‘ONE UN’, and a new UNDP Country Programme. It is therefore expected that this evaluation will feed into the formulation process for the new programme under the new UNDAF. The Evaluation follows a one year extension to the MDGP which started in 2002 and was expected to end in December 2006. It is also happening at a time when a number of developments are taking place in relation to the national decentralization programme. These include:
Ongoing efforts to develop the ‘Local Development Fund’ (LDF) which is expected to be Malawi’s commonly agreed funding mechanism for local development in Malawi.
Ongoing efforts to develop a universal ‘Capacity Building Programme’ to support decentralization in Malawi
Efforts to review the inter-governmental fiscal transfer system which had been approved by cabinet in 2002 and was expected to be revised after three years
Recent decision by UNCDF to pilot local economic development initiative in two districts of Ntcheu and Thyolo that could pave way for a fully fledged local economic programme within the context of the next UNCDF programme of support to local development/decentralization in Malawi
The continued postponement of local government elections which were expected to take place in 2005
NDP II was developed in 2005.

The evaluation is expected to last 4 weeks beginning 1st June and ending 30th June 2007.

Evaluation collaboration
This is an evaluation to be conducted jointly for UNCDF and UNDP Malawi on the one hand and for the Government of Malawi (Ministry of Local Government and Rural Development) on the other.

2. PROGRAMME PROFILE

A) Country context/status of decentralization in terms of strategy, policy and implementation:

The implementation of the decentralization process in Malawi was founded on the basis of the new constitution in 1995, the adoption of the Decentralization policy and the new Local Government Act in 1998. The National Decentralization Policy backed by the Local Government Act 1998, devolves political and administrative powers, responsibilities, to the Assemblies. The Decentralisation process therefore aims at empowering the grassroots in local development through participatory decision making, ensuring accountability and good governance. The implementation of the Decentralisation process also contributes significantly to the economic empowerment of the local populace in line with the Malawi Growth and Development Strategy (MGDS) which is Government’s overarching development policy. The MGDS is a follow-up to the Poverty Reduction Strategy Paper (MPRSP) that was launched by the Head of State on 24th April 2002.
In order to operationalize the decentralization policy, the Ministry of Local Government and Rural Development developed in 2001 the first National Decentralization Program (NDP I) to guide the decentralization process, but also ensure the necessary financial support by external donors. The first NDP contained seven components: legal reforms, building of a democratic culture, institutional development, fiscal decentralization, local development planning and financing mechanisms, devolution of functions, and accounting and financial management. A Technical Cooperation Program based on a Medium Term Implementation Plan of the NDP for the period of 2001-2004 was developed and approved by the Donor Round Table Conference in August 2001. Following the review of NDP I in 2004, the Government of Malawi in collaboration with development partners developed the second phase of the National Decentralisation Programme (NDP II) in 2005 to cover the period up to 2009. The NDP II defines the future direction to take for the decentralization process in the light of the lessons learned from the experiences made in the past. NDP II contains four components: institutional development and capacity building, fiscal decentralization and financial management, local development planning and financing mechanisms. These components are designed more specific in their strategic relevance for the devolution process, the synergy and complementarities of the different areas of action, and taking into account the implementation capacity of local actors involved. NDP II has however not been officially launched despite its completion in 2005.

Three of the notable developments related to NDP II include ongoing work to establish the Local Development Fund (LDF). In the implementation of the Decentralisation process, the need for a common and standardized financing mechanism of the Local Authorities has become apparent. The Government of Malawi has therefore adopted the Local Development Fund (LDF) as a common financing mechanism of the Local Authorities. The Government of Malawi has decided that the LDF should be within the National Local Government Financing Committee (NLGFC). This is in recognition of the major role that the NLGFC has to play in the decentralisation process as it was set up as an institution at the centre of fiscal decentralisation—an essential component for the decentralization program that Malawi is implementing.

The purpose of the LDF is to establish and provide a nation-wide, sustainable, standardized and transparent financing mechanism, which is open for financing by Government and Development Partners (DPs), so that Local Governments in Malawi can support decentralized and sustained development. The LDF is therefore being designed and implemented as a measure for bolstering the decentralisation process. It is a mechanism that has evolved from the District Development Fund (DDF)—a facility that Government established with support from UNCDF and UNDP Malawi.

The other notable development is the ongoing work to develop a capacity building programme. The review of the National Decentralisation Programme (NDP I) in 2004, highlighted the need for of a capacity building strategy based on a needs analysis for both District Assemblies and central Ministries/ Departments involved in the devolution process.

A recent obstacle to local governance in Malawi has been the postponement of Local Government Elections. Local Government Elections were due in May 2005 and there is no immediate prospect of their being held. This has affected services delivery in that the law requires that Development Plans, Assembly Budgets and By-Laws need the approval of the elected Councillors.
B. Government Strategies and Reforms

Regarding the programme strategy, the NDP was perceived as a strategic coordination framework for development partners who are committed to support the decentralization process. Malawi is now in Year Six of the initially planned ten-year NDP process. A joint Malawi Government/Donor review of the implementation process of the NDP took place at the beginning of 2004. The main objective of the review was to assess the progress made in the implementation of the NDP for the 2001 – 2004 period, but also to assess how existing key government policy instruments, especially the Malawi Poverty Reduction Strategy (MPRS), the Public Sector Reform Programme (PSRP), the Medium Term Expenditure Framework (MTEF), the Malawi Social Action Fund (MASAF), Sector Investment Plans (SIPs), and Sector Wide Approaches (SWAP) are being implemented in relation to the decentralization process. The review identified some successes, substantial gaps, emerging issues and challenges that are briefly compiled below:

‘Drivers’ not in place: There was evidence of entrenched reluctance amongst some key central ministries to put into practice the devolution of functions and resources to Assemblies. Political or bureaucratic incentives for the intended changes and the devolution process were missing.

Legal Reforms: The Local Government Act and the laws that govern sector ministries functions are inconsistent with the decentralization policy. The required amendments were behind target because of the low capacity of Law Commissions.

Institutions and Co-ordination: Institutional arrangements were appropriate, but not functioning adequately. In order to achieve improvements, the Ministry of Local Government and Rural Development (MoLG & RD) would be needed to be effectively ‘in the driving seat’ to facilitate the devolution process. But the Ministry was overburdened in part with tasks that were not strategic to its core business.

The DLG/Decentralization Secretariat (DS) Relationship: The actual tense relationship needed an immediate support for organizational development with the view to clarify a) roles and responsibilities, and b) an exit strategy for the winding-up of the DS. It is important to note that the DS has since 2005 been closed and all its functions institutionalized in the Ministry and other relevant organizations such as the National Local Government Finance Committee (NLGFC).

Fiscal reform: The good functionality of mechanisms for fund allocation to assemblies is the backbone of any decentralization policy. In Malawi, current volumes of fund transfer to Assemblies are low. Under the lead of the Ministry of Finance, but in close collaboration with the MoLG & RD and National Local Government Finance Committee, clear guidelines for the devolution of sector budget were urgently needed. Have they been produced yet? It is also important to note that work to establish the Local Development Fund (LDF) is now in progress.

Sector Devolution: It is difficult to see how the whole process could be driven forward without firm leadership from MoLG & RD. The Office of the President and Cabinet needed to develop guidelines for the new role of line ministries.
Local Planning and Development: While significant progress could be achieved in producing District Development Plans based on Socio-economic Profiles, it was not evident how communities were actively involved in the planning process, nor the consistency of these plans with the local budget framework, PRSP and national planning requirements.

Institutional Development and Capacity Building: In this regard, there is no strategy at all developed and therefore neither in place. However Government in collaboration with its development partners is now in the process of developing a capacity development programme in support of decentralization aimed at building the capacities of the communities, the district assembly and other government institutions involved in the decentralisation process.

Civic Education and the Information, Education and Communication Component: There is now an IEC strategy, but lacking the consideration of gender and HIV/AIDS both crucial factors for the successful implementation of the NDP. The past two years have however seen a lot of progress in the implementation of the IEC strategy which has successfully popularized the programme.

One of the main conclusions of the joint review was that there was the need for a fundamental re-affirmation of commitment to the decentralization policy – first by the Government, then by the donors – to pave the way for a renewed drive to NDP implementation and its detailed planning.

C. Donor support for decentralization

A variety of donors have played a major role in the formulation and implementation of the NDP 2001 – 4. According to sources of the NDP review, UNDP has a budget commitment of US$ 6 million (2002 – 6), and UNCDF of US$ 1.5 for the same period out of US$ 4.5 planned. NORAD/SIDA contributed with US$ 4.5 million (2001 – 4); GTZ/KfW allocated US$ 17.0 million (2003 – 7), and ADB US$ 14.1m (2002 – 7). There is evidence, that the implementation of NDP I utilized only 57% of the budgeted resources over the period Jan 2001 to Dec 2003.

The perspectives of the donor on the result achievements during the first phase were expected to influence their future commitment to the NDP II. Their main concerns were: lack of leadership to steer and monitor the effectiveness of the decentralization process, the backlog of external audits, absence of clear patterns of responsibility and authority over decision making between the MOLG & RD, DS and NLGFC etc. among many others.

Compared to the broad support expressed on the Donor Round Table Conference on Decentralization in August 2001, the present situation changed substantially: the only donors with strong support for decentralization appear to be NORAD/SIDA, UNDP/ UNCDF, GTZ and ADB. However, NDP donors have difficulties to harmonize their funding conditions and approaches. Only NORAD/SIDA contributed unconditionally to basket funding. Along with GTZ, their funds are not allocated to specific Districts. UNCDF only contributes to DDF. UNDP could not channel its funds through the Basket fund arrangements, and attributed them to twelve Districts. It appears that Donor financial support has declined over the past few years.
The coordination of NDP II has somewhat improved in the past two years with a grouping of development partners actively sharing information on developments related to the NDP.

3. PROGRAMME SUMMARY

In the early 1990’s through the UNDP 5th Country Programme UNDP and UNCDF supported the initial decentralisation initiatives using the District Focus approach in 6 pilot districts of Nkhatabay, Mchinji, Dedza, Nsanje, Thyolo, Mangochi. Lessons derived from the decentralised management of local development in the six pilot districts fed into policy formulation and approval in 1998 and subsequent Local Government Act in the same year (1998) that and subsequently fed into the formulation of the first country wide “Local Governance and Development Management Programme (LGDMP)—1997 to 2001 that was meant to replicate the lessons from the pilot phase to all districts in Malawi. The MDGP now under review is a direct follow-up to the LGDMP.

The current UNDP/UNCDF support to NDP has been through the Decentralized Governance Program (MDGP) with earmarked funds to an amount of US$12 million out of a total estimated Program budget of US$ 21,274,820.0. The total GoM contribution in cash and kind is US$7,006,120.00. The Midterm review of the MDGP was carried out between November and December 2004.

3.1 Development Objectives, Immediate Objectives and Outputs

Development Objective: To empower local communities through local governance and development management for poverty reduction

Component 1

Immediate Objective: to strengthen the management and technical capacity of central and local government institutions in relation to their roles and responsibilities

Project outputs:

DLG strengthened for effective implementation of the NDP
Decentralization Secretariat strengthened for effective implementation of the NDP
Decentralization Secretariat functions institutionalized in relevant institutions
District Assemblies strengthened for gender mainstreamed development and effective service delivery

Component 2

Immediate Objective: to strengthen mechanisms for financing local governments in order to increase locally generated and mobilized revenues in support of decentralized service delivery responsibilities
**Project outputs**

An intergovernmental Fiscal Transfer System operational  
Capacity to mobilize, generate and allocate revenues in all Assemblies improved  
Enhanced financial transparency and accountability in DAs

**Component 3**

**Immediate Objective:** to strengthen the capacity of central & local governments & communities in the planning and management of development and service delivery

**Project outputs**

A revised District and Development Planning and Financial Management System developed  
DDP&FMS implemented in focus districts  
Districts Assemblies’ capacity for service delivery enhanced

Following the amendment of the project document in 2006 which allowed for the extension of the project to 2007, the forth and fifth outputs were added to benefit the two districts of Ntcheu and Thyolo. The amendment is also expected to pilot UNCDF support to local economic development (LED). This evaluation is not expected to make any assessment of the two outputs which are as follows:

**Output 4:** Pilot districts promote a business supportive environment in rural areas and provide technical and financial assistance to local, micro-and small-scale enterprises.

**Output 5:** Activities and results of the project are fully assessed, reviewed documented and disseminated.

**3.2 Project Description**

Government in collaboration with UNDP and UNCDF have developed the Decentralized Governance Programme – MDGP for the period of 2002 – 6 focusing on institutional development and capacity building, fiscal decentralization, and local development planning and financing mechanism as areas of support in the NDP. Besides UNDP/UNCDF, other development partners like the NORAD/SIDA, the German Government and the ADB are supporting the NDP. Until December 2004, DS had overall management responsibility. The Inter-ministerial Technical Committee on Decentralization with representatives from LGFC, NAO, LASCOM, MALGA, UNDP and UNCDF and chaired by the Principal Secretary of the MoLG & RD, had been mandated to oversee the implementation of the Program through quarterly meetings (list of acronyms see Annex).

**3.3 Institutional Arrangements**

The relevant institutional bodies for steering the Program are presented below.
INTER-MINISTERIAL TECHNICAL COMMITTEE ON DECENTRALIZATION

The mandate of this Committee includes coordination and providing technical support to the implementation of the decentralization policy. The Committee works through Task Forces established and reports to the Cabinet Committee.

3.3.1 Ministry of Finance
The ministry of finance is responsible for government authorization of the programme, policy guidance and management of the broad relations between government and the donors.

3.3.2 Department of local Government (DLG)
Located in the Office of the President and Cabinet, the Department of Local Government is responsible for the coordination and management of the whole decentralization process. It does this by working with line ministries, at the centre in preparing for the devolution of their functions to Assemblies and by providing administrative support and guidance to Assemblies. Note that the DLG was later elevated to Ministry of Local Government and Rural Development.

3.3.3 Local Government Finance Committee (LGFC)
The provisions for a NLGFC are provided in the constitution of Malawi and they focus on determining financial relationships between the centre and local governments.

In January 2004, the DS transferred all DDF activities to the LGFC, addressing a major challenge noted in the October 2003 report. This had been done to realign the allocation and transfer of finances form Central Government to local Authorities function with the mandate of the National LGFC as provided for in the constitution of Malawi. The Finance Section of the DS then focused on systems development, monitoring, training and mentoring until its closure in December 2004.

3.3.4 The Decentralization Secretariat (DS)
The DS was established as a temporary institution to assist the DLG to develop systems, test procedures and to support the DLG in a relatively non-bureaucratic manner in the implementation of the decentralization programme, and to provide managerial and technical support to the implementation of NDP. The Secretariat has been supported by UNDP/UNCDF since 1994. In accordance with the review in 2001, the DS wound up its operations in December 2004.

4. PROJECT IMPLEMENTATION STATUS

Major achievements as of June 2004 ahead of the Mid-Term review of the MDGP in November 2004 were summarized as follows (Fact sheet submitted by PO).

Staff of the Ministry of Local Government (13) have been trained in decentralization management
Approved recommendations on property rates and business licensing study are being implemented in 5 (Mchinji, Thyolo, Dedza, Kasungu and Chiradzulu) District Assemblies

24 (6 Directors of Finance, and 18 Accounts Assistants) Accounting staff have been trained in integrated financial management systems (IFMIS) from Mzimba, Mchinji, Thyolo, Dedza, Kasungu and Chiradzulu district Assemblies

District development plans that mainstream gender and HIV are being developed. (DDPs were prepared in 2002, now they are under review. The DS has completed review of the annual investment plans in all 12 UNDP supported districts)

Assembly committees are being trained in their respective roles (Procurement, Development and Finance committees from the 12 districts were trained)

Data base and dissemination mechanism (computerized M&E is being developed). Computerization of M&E has been completed and piloting is being done in Thyolo, Lilongwe and Blantrye District Assemblies.

Formula for inter-governmental fiscal transfer system established.

More progress following the Mid-term Review has been recorded as follows:

I. The DS has been successfully closed since December 2005 and the MoLG & RD has assumed some of its responsibilities. Other responsibilities have moved to NLGFC. The Ministry has been capacitated through a computer network and technical assistance through the services of four experts in the areas of IT, Data Analysis, IEC and Accountancy.

II. The decentralization process in Malawi received high publicity through implementation of the MDGP’s IEC strategy. 20 radio programmes on relevant decentralization themes have been produced and aired on the national broadcasting station and others; and road shows have been done in three districts while focus group discussions on decentralization have been held in four districts of Thyolo, Nkhotakhata, Ntcheu and Phalombe districts. In addition, 3,900 booklets on the Malawi Decentralisation Policy have been printed and are now accessible to various stakeholders.

III. Eleven District Commissioners have been trained on team building at ESAMI—Blantyre

IV. A fiscal transfer system for ceded revenues and user charges has been developed.

V. An officer from the Ministry of Finance has been trained in fiscal decentralization at Duke University in the US.

VI. Five officers from the Assemblies are undergoing training at the Malawi College of Accountancy. In addition, the project supported capacity building around the new IFMIS through financial support for a study tour to Tanzania.

VII. A computerized data bank system has been installed in the four districts of Kasungu, Mzimba, Ntcheu and Chiradzulu.

VIII. Four officers attended training in fiscal decentralization and Financial Management at Duke University in the US, and 2 officers attended training in project management at RIPA in the UK.
The midterm evaluation of the MDGP took place between November and December 2004. An aide memoire containing achievements, constraints and recommendations is attached to the TORs.

5. CONTENT AND SCOPE OF EVALUATION

a) Key Evaluation Questions
Taking into account the implementation status of the programme and the resource disbursements made to date, the evaluations will explore the following questions:

1. Results Achievement
   1.1 Has the programme made satisfactory progress in terms of achievement of programme outputs (as per logframe indicators and annual workplan targets) and related delivery of inputs and activities? How effectively and efficiently have results been achieved, and to what quality? (analysed by output and to refer to specific development and immediate project objectives)
   1.2 Given output achievement and related delivery of inputs and activities, what is the evidence that the programme has or is likely to attain its Immediate and Development Objectives? Specifically in this regard what is the evidence/likelihood that the programme will achieve its intended contribution, including to:
       ▪ Alleviating programme-relevant dimensions of poverty
       ▪ Improving access to infrastructure and services
       ▪ Achieving more equitable participation and distribution of benefits across gender, and socio-economic groups
       ▪ Influencing policy reforms and implementation that support effective decentralization
       ▪ Replication of the approach by Government and/or other donors.
   1.3 Assess the performance of the programme with regard to the High-Level Outcome Indicators in the UNCDF, local governance culture and accountability, etc. in the Strategic Results Framework.
   1.4 Are the results reported through the programme’s monitoring/Management Information System validated by evaluative evidence? Analyse any discrepancies.
   1.5 Assess the significant changes (positive and otherwise) in the country relating to decentralization and local development during the programme lifetime and assess the programme’s contribution to these changes (i.e. the criticality of programme results). What level of value added and consequence can be attached to the programme in the area of decentralization in the country?
   1.6 Assess the relative effectiveness and efficiency (cost-benefit, value for money) of the programme strategy compared to other strategies pursued by the Government, other donors or actors to achieve the same outcomes? Is there evidence of any unintended negative effects of the programme?
   1.7 What is the level of satisfaction of various programme stakeholders with the programme and the results achieved?
   1.8 Have the agreed recommendations of the mid-term evaluation of the programme been implemented? How has this affected programme performance, relevance, management etc? Evaluate any other critical issues relating to results achievement (for example, time and cost effectiveness of infrastructure delivery, quality of infrastructure, operations and maintenance, provision for recurrent costs, quality of participation in different phases of planning and
infrastructure delivery, linkages between investment planning and budgeting and from local to regional/national planning frameworks, contribution of the programme to co-ordinated multi-sector planning, local resource mobilisation

Sustainability of Results

2.1 What is the likelihood that the programme results will be sustainable in the longer term, independent of external assistance, in terms of systems, impact on policy and replicability, institutions, capacity, local governance culture, infrastructure and services delivered, financing, and in terms of benefits at the individual, household and community level?

2.2 Is there sufficient funding available (from the Government and/or donors) to support programme innovations in the pilot area, and the wider adoption or replication of the model or aspects piloted by the programme? (e.g. LED, etc)

2.3 Are UNCDF and UNDP strategies for exit/further engagement appropriate with regards to promoting sustainability?

Factors Affecting Successful Implementation and Results Achievement

3.1 Was programme implementation and results achievement according to plan, or were there any obstacles/bottlenecks/issues on the UNCDF and UNDP/Government/programme partner side that limited the successful implementation and results achievement of the programme?

3.2 External Factors:
- Has the policy environment had consequences for programme performance?
- To what extent does the broader policy environment remain conducive to further future pilots related to the current programme?
- Are there any other factors external to the programme that have affected successful implementation and results achievement, and prospects for policy impact and replication?

3.3. Programme-related Factors:

3.3.1 Programme design (relevance and quality):
- Were the programme logic, design and strategy optimal to achieve the desired programme objectives/outputs, given the national/local context and the needs to be addressed?
- In assessing design consider, among other issues, whether relevant gender issues were adequately addressed in programme design.
- Is the programme rooted in and effectively integrated with national strategies (e.g. poverty reduction strategy) and UN planning and results frameworks (CCA, UNDAF) at country level?
- Have the programme’s objectives remained valid and relevant? Has any progress in achieving these objectives added significant value?

Institutional and implementation arrangements: Were the programme’s institutional and implementation arrangements appropriate, effective and efficient for the successful achievement of the programme’s objectives? Were there any institutional obstacles hindering the implementation/operations of the programme?
Programme management:

- Were the management arrangements for the programme adequate and appropriate? How effectively has the programme been managed at all levels? Is programme management results-based and innovative? Has financial management been sound?
- Have the programme’s management systems, including M&E, reporting and financial systems functioned as effective management tools, and facilitated effective implementation of the programme.
- Have the programme’s logical framework, performance indicators, baseline data and monitoring systems provided a sufficient and efficient basis for monitoring and evaluating programme performance? Has the M&E system supported effective programme management, corporate decision-making and learning?

Technical backstopping: Is technical assistance and backstopping from programme partners appropriate, adequate and timely to support the programme in achieving its objectives?

4. STRATEGIC POSITIONING AND PARTNERSHIPS

4.1 Have UNDP and UNCDF, through this programme and any other engagement in the country, optimally positioned themselves strategically, with respect to:
- Other UN/donor/government efforts in the same sector in the country?
- Implementing national priorities, as reflected in national development strategies?
- UNDP and UNCDF corporate priorities

4.2 Have UNDP and UNCDF leveraged their comparative advantages to maximum effect?
4.3 Have UNDP and UNCDF leveraged their current/potential partnerships to maximum effect?

5. FUTURE UNDP AND UNCDF ROLE

What are the remaining challenges and gaps in the area of decentralization in the country? How are various actors positioned to address these? Is there a conducive environment for further progress on decentralization? In light of the above, is there a future opportunity for UNDP and UNCDF to add value following the end of the current programme? In what capacity? Analyse and comment on any emerging vision, strategy and measures proposed for disengaging or continuing UNDP or UNCDF’s programming in the country.

What are findings and lessons from the final evaluation of the current programme that should influence any decision on a future role(s) for UNDP and UNCDF and its partners?

6. EVALUATION METHODOLOGY AND INSTRUMENTS

To be incorporated by outsourced firm (based on design contained in Manual for Use by Team leaders being finalized by ECI) However, a proposal is provided below:

a) Regional Office/HQ Phone Briefing

The Evaluation Unit and the Portfolio Specialist will brief the Team Leader via telephone
b) Review of relevant project documents and files

As there has been several evaluation and study missions conducted recently that are related to this project, the evaluation team should utilize the data and information already available from these missions. Critical documents include -

i. Project documents
ii. Relevant backstopping reports from the RTA
iii. Project Reports - Annual Progress Reports, Audit reports, etc.
iv. Inception reports

vii. NDP II
viii. Any additional relevant documentation that will be handed over to the consultant team upon arrival.

ix.

c) In-Country Consultations

Briefing by UNDP and UNCDF, representatives of relevant Government ministries, and Decentralisation Unit staff and review of the project files in the field. The staff of UNDP and UNCDF will assist the team. Field trips and site visits to conduct the evaluation will be planned in consultation with UNDP, GoM and Decentralisation Unit staff, to meet with the relevant project-related authorities and the beneficiaries/users, as well as population groups outside the project areas. These should include local authorities, women representatives/groups, community leaders, and poor community members, Ministry management, national and technical staff, NGOs and donors. The mission should visit an appropriate, representative sample of Districts and communities. Wherever possible, all evaluation data should be disaggregated by gender.

d) Drafting of Aide Memoir

On the basis of their findings, the mission is expected to draft an Aide Memoir, which will be shared with key stakeholders (GoM, UNDP and UNCDF in Malawi and other relevant partners) prior to the mission "wrap-up" meeting, where stakeholders can comment on the missions' findings.

e) Mission Wrap-Up meeting

The Mission Wrap-Up meeting is held and comments from participants are noted for incorporation into the final report. The UNCDF PO and a representative of the Government of Malawi will record the minutes of this meeting for submission to the mission, all relevant stakeholders, and UNCDF HQ/Regional Office.

f) In-country Debriefing session with the UNDP Resident Representative or DRR (P) and GoM focal point

g) Debriefing of UNCDF

h) Finalization of the Report
7. COMPOSITION OF EVALUATION TEAM

7.1 Profile specifications for Evaluation Team Leader
International consultant with strong international comparative experience in the field of decentralization and local development including:
- fiscal decentralization;
- decentralized infrastructure and service delivery;
- local government capacity building for decentralized public expenditure management and operationalization of decentralized systems of planning and budgeting;
- policy, legal and regulatory reform related to decentralization;
- rural development.
Experience leading evaluations of decentralization and local development programmes, including experience using a range of qualitative and quantitative evaluation methodologies to assess programme results at individual/household, institutional, sector and policy level.
Sound knowledge and awareness of issues related to gender and social inclusion.
Thorough understanding of key elements of results-based programme management.
Demonstrated capacity for strategic thinking, and excellent analytical and writing skills.
Strong task management and team leading competencies.
Country/regional experience relative to the programme to be evaluated an advantage.
Language skills relevant to the evaluation.

7.2 Profile specifications for Evaluation Team members:
Local decentralization specialist, with experience in fiscal decentralization and good understanding of decentralization history, process, and issues in the programme country.
Civil engineer/chartered surveyor, with specialised knowledge of infrastructure and service delivery, design and construction of small-scale infrastructure projects, assessing technical quality and cost-effectiveness of infrastructure and services, appropriateness and quality of procurement processes, provisions for recurrent costs, operations and maintenance, community participation in procurement, delivery, operations and maintenance of infrastructure and services delivered.
Socio-economist, with specialised knowledge of PRA and evaluation methodologies, to lead evaluation of programme results at the individual/household/community level.
Specialist on gender, social inclusion, participation, to assess programme performance with respect to participation and inclusiveness of the various stages in the planning and infrastructure and service delivery process, level of satisfaction with the process and results, and outcome and impact of the programme, disaggregated by gender, socio-economic, ethnic status etc.

8. WORKPLAN FOR THE EVALUATION MISSION
The assignment will be undertaken in June 2007 for a period of 4 weeks. A tentative, initial schedule is as follows:
HQ/Regional Office Briefings (by phone) - 1 day (Team leader only)
Pre-Mission document familiarization - 1 day
3rd June 2007: Arrival
4th June 2007: Orientation, initial briefings by UNDP CO and project team, document familiarization, team building and methodology formulation, and meetings with GoM and other stakeholders in Lilongwe (3 days)

June 7-8, 2007: Exchange with donors

June 11-20: Field data collection in xxx (8 days)

June 21-22: Aide Memoire preparation
June 25th – Evaluation Wrap-up session in Lilongwe)

June 29th First draft report available

July 13th First draft of final Report.
July 30 Final Report ready.

9. Mission Costs and Financing
US$ 91,000 (ref. UNCDF Evaluation Plan) is to be financed by UNCDF, on the programme budget.

ANNEXES:
Annex 1: Indicative documentation list
(1) UNDP/UNCDF DOCUMENTS
All relevant programme-related documentation will be provided to the Evaluation Team. Documentation will include, at minimum:
- Programme document
- Technical studies
- Mission reports
- Annual work plans, progress reports (Management Information System reports) and financial reports
- Programme Audits
- Documentation, guidelines, studies produced by programme
- UN Common Country Assessment and UN Development Assistance Framework for the programme country
- UNCDF Strategic Results Framework
- UNCDF (2005) Delivering the goods: Building Local Government Capacity to Achieve the MDGs - A Practitioner's Guide from UNCDF Experience in Least Developed Countries
- UNCDF (2003) Empowering the Poor: Local Governance for Poverty Reduction

(2) Other relevant Non-UNCDF Documents
- The Local Government ACT (1998)
- MTR 2004
- NDP Review 2004
- NDP II Programme Document
Annex II.

1. REPORTING (Deliverables)

The Consultants shall work as a team and report to UNCDF Evaluation Unit. In the field, the mission should report to the UNCDF representative (i.e. the Resident Representative UNDP or his appointee).

Near the end of the mission (upon completion of information gathering and assessment), the mission should draft an Aide Memoire briefly stating their key findings. Ideally, time should have been allowed for discussion of findings in the field with the project beneficiaries during the in-field consultations. The Aide Memoire becomes the basis of discussions at the Evaluation Wrap-Up meeting, to which representatives of key stakeholders are invited. UNCDF HQ should receive a copy of the Aide Memoir as well prior to the meeting. At the Wrap Up meeting, the mission should discuss its main findings and recommendations with the UNDP Resident Representative or his/her appointee, government authorities, and other project partners concerned. While the consultants are free to raise any subject relevant to the evaluation of the project, the mission is not empowered to make any commitments on behalf of UNDP, UNCDF, and GOM.

The Minutes of the Evaluation Wrap-Up Meeting are to be prepared by the UNCDF Programme Officer and submitted to the mission team, all relevant stakeholders, and the Evaluation Unit at UNCDF HQ?

The comments of the Government, the UNDP Resident Representative, and other relevant stakeholders on the Aide Memoire and at the Wrap Up meeting should be incorporated or addressed appropriately in the Draft Evaluation Report. The mission should submit the Draft Evaluation Report 4-5 days after completion of the Evaluation Wrap-up meeting. An electronic version of the Evaluation report, including the "summary of project evaluation", should be submitted to UNCDF headquarters for review and comments, ideally at least 5 days prior to the Evaluation Debriefing of UNCDF HQ by the team leader.

After the evaluation debriefing, the team leader should then finalize the Final Evaluation Report and Summary as per the format outlined (Annex 2), including the Evaluation Summary, which should be prepared as per the outline below. One bound copy and an electronic version of the report should be submitted to UNCDF-HQ. UNCDF-HQ will share with the Malawi Country Office for distribution to all parties concerned.

In summary, the outputs required of the evaluation team are –

Evaluation Methodology and Work plan
Aide Memoire
Evaluation Report and Evaluation Summary
II. FORMAT FOR THE EVALUATION REPORT

The evaluation report should follow the outline provided in the Detailed Terms of Reference below:

DETAILED TERMS OF REFERENCE

1. Contents of the Evaluation Report

The evaluation report should include the following items: (Reference should also be made to Evaluation Manual, pages 17-20 to be provided by the UNCDF Programme Officer)

- Table of contents
- Executive Summary, 2-3 pages providing an overview of the report, and a summary of the main findings and recommendations.
- List of abbreviations
- Project data sheet, providing key facts and figures on a single page
- Introduction to the Evaluation, briefly stating the purpose of the mission, composition of the evaluation team, a schedule of activities carried out, the methodology used, and the structure of the report.
- Chapters as per sections 2 outlined below
- List of persons interviewed
- List of documents and references used in the evaluation

An Evaluation Summary; a 4-5 page annex to the main report. This is distinct from the Executive Summary, and should serve as a self-contained summary that may be read without reference to the main report. The evaluation summary should follow this outline:

- Basic project data
- Background of the project
- Description of the project
- Purpose of the evaluation
- Findings of the evaluation mission
- Assessment of the project design
- Policy implications and lessons learned
- Recommendations of the mission
- Members of the evaluation team

UNCDF will provide examples of Evaluation Reports and Summaries to the team leader if necessary.

2. EVALUATION REPORT CHAPTERS

The report should include chapters on: Introduction and background, Project Preparation, Design and Relevance and Status and Performance of Implementation, Results and Potential Impact as follows:
A. INTRODUCTION AND BACKGROUND

The evaluation report should include a brief description and overview of the MDGP (including the phase from inception to the present, focusing on changes that may have occurred since inception). It should indicate briefly:

The country and sector; the situation existing at the time the project started; selected data to illustrate prevailing conditions in the areas targeted by the project. The project rationale; the substantive approach; the development objectives; immediate objectives; expected results (outputs); activities; project inputs; implementation arrangements; costs and financing, including the Government's funding commitments; plan of operations; and arrangement for monitoring and evaluation (M&E).

B. PROJECT PREPARATION, DESIGN, AND RELEVANCE

Preparation
Analyze the appropriateness of the project preparation (including baseline data, key performance indicators, feasibility studies, implementation arrangements, etc.)
Assess the design and quality of the project formulation process, based on the Project Document.Were all the necessary components/elements taken into account? Were the original assumptions and risks still justified and valid?

Design
Assess the approach adopted to solve the problems identified. Is it the most effective?
Are the objectives and outputs well defined, realistic and quantifiable?
Are beneficiaries and users of project results properly identified?
Assess the planned sequence of implementation of activities vis-à-vis supporting implementation arrangement such as allocation of funds (amount, channel of disbursement, accountability), and staff requirements. Establish the extent to which achievement of the activities envisaged is commensurate to logistical arrangements (vehicle and office equipment)

Relevance
Assess the relevance of the project and its strategy given the current context. Are the objectives realistic and appropriate given the current context? Re-examine previous efforts to re-align the project objectives.

C. STATUS AND PERFORMANCE OF IMPLEMENTATION, RESULTS, AND POTENTIAL IMPACT

Describe all facts that reflect the status and performance of implementation, the results achieved and their potential impact upon the development objective. The evaluation should discuss here their findings in terms of the causes and effects of project actions, as well as the internal and external factors, which have had an effect upon the attainment of the results and the immediate objectives. This should be followed by the related recommendations to solve or improve the current situation as necessary; such as specific recommendations for improved utilization of the produced
outputs and of the established systems and procedures, etc. In addition, the evaluation should also extract policy lessons learned that will be discussed with the Central Government, be incorporated in the operation of the project, and be useful for the development of future projects.

1. Status and Performance of Implementation:

a. Status of Input Delivery

State the factual delivery of project inputs and implementation of project processes versus the planned inputs and processes should be documented, describing the procedures, activities, and timing, of the different project stages; covering formulation, inception, and implementation, including the operational processes therein. In this respect, the quality and timeliness of inputs of the various parties to the project should be assessed.

In addition, the following information should be documented and assessed -

Financial Information:
Financial contribution of each partner, total disbursements and utilization of funds; including related, complementary support, such as the GoM funding. This should include a discussion of the procedures involved and the timeliness of funding.

Equipment
Inventory of project-related equipment, construction materials, spare parts and facilities (number, type of equipment, location, etc.); including an assessment of the quality of the equipment and tools procured, appropriateness of construction materials, timeliness of delivery, and actual use on site, their working condition, procurement methods, availability of service and repair, contracting systems and documents, and the quality and adequacy of their maintenance and operation.

b. Programme Management and Systems Performance

This section of the report should provide an evaluation of the means, processes and procedures used to implement the MDGP, and its overall performance in terms of economic efficiency, equity, transparency, timeliness, participation and effective management.

This includes specifically assessment of the management system, the administrative procedures, and overall teamwork. In this context, the evaluation should assess factors, both internal and external to the projects, which have contributed to or limited the efficiency of the project. An assessment of the effectiveness of the implementation arrangements should also be included. The mission should highlight and describe any changes in the mode of implementation compared with the project document.

c. Implementation Arrangements

Assess the programme organigram in terms of its effectiveness and efficiency for project management. The current institutional arrangements involve many parties with different roles and responsibilities. Assess these to ascertain the extent to which it is beneficial, or detrimental, to the project.

Assess the respective roles and responsibilities of, and the coordination mechanism between, the MoLG & RD, LGFC, UNDP/UNCDF CO and UNCDF HQ.

Assess the flexibility and responsiveness of the management to change
Assess the functionality of the interaction between the programmes funded by other donors.

d. Management Issues
Assess the overall effectiveness of project management; i.e. quality of work planning, supervision of staff outputs, staff performance appraisal and feedback, competency development planning, management style, management-staff relations, etc.
Assess the accountability of project management to donors, government and other stakeholders; e.g. is there regular reporting and communication between project and stakeholders, etc.

e. Procedures and Systems
Assess the quality (adequacy) of the project financial management systems, personnel recruitment, contracting and procurement procedures and documents and forms developed.
Assess the efficiency of the procedures for financial disbursements established
Assess the functionality, effectiveness and efficiency of the operational linkages and procedures established between the District Councils and

f. Capacity issues
Management capacity, competency and innovation in implementation of the projects.
Staff qualifications and its relation/impact on the quality of outputs produced.

g. Monitoring and Evaluation
The evaluation should assess the status and effectiveness of the project Monitoring and Evaluation system. Specifically, the system as it exists should be described, with special attention to both operational M&E as well as to the monitoring and evaluation of project results

For operational M&E -
Assess the effectiveness of the existing monitoring system for work supervision and regular reporting purposes; with attention to the linkages between the individual work plans and the project work plans.
Assess the effectiveness of the monitoring system for quality control of inputs and outputs, in relation to road and infrastructure construction as well as capacity building activities
Assess the adequacy of the inventory monitoring system

For the M&E system at Programme level
Verify the availability and quality of baseline information
Assess the relevance of agreed upon indicators and the level of their acceptance as well as extent to which other key actors are aware of and agree with them
Review and compare project performance indicators with corporate performance indicators; i.e. the UNDP and UNCDF Strategic Results Framework
Check on the regularity and accuracy of data collection
Comment on the usefulness and extent of actual use of M&E data collected by project staff, key actors and beneficiaries
Assess the strengths and weaknesses of the current monitoring and evaluation system with view to ensure improved service delivery and capability of learning from experiences and best practices.
2. Results
This section provides a discussion of the results - the outputs attained so far, and the potential attainment of remaining outputs, outcome and impact.

a. Outputs
The results attained so far should be presented with regard to delivery of all outputs (both physical and process oriented); timeliness, quantity and quality, costs, utilization of outputs, etc. The evaluators should describe the outputs relative to targets in the project document and workplans, using the established performance indicators as well as any additional relevant indicators.

Technical Assistance
Assess the various types of technical assistance provided by the project, from different sources - UNCDF, UNDP, and other partner agency.

In all the above assessment of outputs, the relevant indicators should be specified and reviewed. (This should include a comparison with corporate indicators as specified in the UNCDF Strategic Results Framework. Please note that the results levels in the SRF may be different from that of the project. Nevertheless, the important thing is to compare the indicators, regardless of the results level where they are placed).

The evaluators should then assess the progress in achieving the outputs in relation to the potential for attaining the immediate and development objectives as stated in the project document.

b. Immediate Objectives
The mission should assess the attainment, or likelihood of attainment, of the projects immediate objectives as per the outcome indicators established by the projects.

c. Impact -
Early indications of programme impact should be identified as a total Impact assessment may not be possible at this point in the project implementation, however,

The evaluation team can do the following:
- Assess whether and how the inclusive participation, efficiency and effectiveness of the local governments have enhanced improved delivery of services and accountability in general.
- Assess how the project has enabled the institutionalization of dialogue between the communities, civil society, private sector and the local governments.
- Assess the progress made by the Project in empowering different categories of civil society in local governance and development management.

It is important that, wherever possible, all data gathered should be disaggregated by gender, socio-economic and social groupings.
3. CRITICAL ISSUES

The following are some critical issues that have been identified for special attention. To avoid repetition, if any of the following are covered in the above sections (for example, under the results section), they should either only be covered here, or in the above.

1. Institutionalization and Sustainability

Institutionalization has been defined as introducing something that is qualitatively new, by way of institutional practices or organizational arrangement, such that it can be sustained as a normal part of those practices and arrangements. This definition also includes resource investment and maintenance. In this section, assess the prospects and conditions for future sustainability of the projects benefits (technically, financially, institutionally and otherwise). The issues that have implications for the sustainability of the results are -

a. Policy Environment
Review and assess the policy environment to determine if it is conducive for attainment of MDGP goals; i.e. assess the extent to which policies are supportive or are a deterrent for project implementation. Relevant donor policies (including UNCDF and UNDP policies) should be reviewed as well as government policies.

b. Institutional Issues
• Review the institutional bottlenecks of the central and district administration that are affecting the effectiveness of the programme in the context of its overall objective
• Assess the ownership and actual support provided by relevant central and local government officials for the MDGP; e.g. assess understanding and ownership of the MDGP by officials at all levels; indicate actual supportive actions taken, timeliness of support, etc; e.g. are officials that are trained by the project retained in relevant positions to utilize their training?

c. Sustainability of Financing
• Assess local financing of capacity building; percentage of capacity building / training costs covered by the Districts, central government or any other alternative source.
• Assess the potential of local financing for operations and maintenance.

d. Replicability
• Assess the replicability of the project interventions

State findings and recommendations.

2. Operational Capacity
Assess the capacity and efficiency of the Government to manage and implement the project, the suitability and availability of staff in the District Councils and their motivation (civil service, salaries), the quality and timeliness of reporting (progress, audit etc.);
• Assess the technical supervision, financial management, staff management, equipment operation and repair of equipment capacity of district supervisors
- Assess the suitability, quality, efficiency and durability of the technical assistance provided by UNDP, UNCDF and other technical assistance providers, including the quality and suitability of the experts and the training methods utilized;

State findings and recommendations

4. Gender issues

The mission should assess the extent to which gender issues are mainstreamed into the project, and identify issues that need to be addressed -
For example - the following should be reviewed -
How do men and women feature in the decentralization policy
How do men and women feature in the implementation of the decentralization policy as piloted in the project? For instance, how does the local level project formulation, establishment and implementation phases take into account the different needs of women and men, so that both can serve in a complementary manner to enhance the outputs of the project? What are the strength and gaps?
- To what degree has the project and the local level planning process facilitated dialogue between women and local governments and to what degree are District and Village administration responsive to the needs of women and gender issues.

State findings and recommendations.

5. Partnerships and Coordination Role of the Project

The evaluation should assess the nature and quality of the partnerships the project has forged with local actors, as well as the effectiveness of the coordination role the project plays in aligning the efforts of different players towards the project objectives. This should not be limited to government and donor partners, but should include a discussion of the role of civil society partners.

State findings and recommendations.

6. Externalities/spillovers

The mission should assess whether there were any externalities, which affect the project negatively or positively, for example, are there any adverse effects on the environment due to project activities? This review of externalities should include an examination of the implementation of other projects, which have implications to the project.

7. Any other critical issues identified

The evaluation should raise here any other critical issues that need to be addressed.

8. CONCLUSION AND KEY RECOMMENDATIONS

Summarize the key findings and recommendations of the evaluation.

9. LIST OF ABBREVIATIONS AND ACRONYMS

DFID Department for International Development
DA  District Assembly
DDF  District Development Fund
DDP  District Development Plan
DEC  District Executive Committee
DLG/DoLG  Department of Local Government
DS  Decentralisation Secretariat
GTZ  German Agency for Technical Cooperation
GoM  Government of Malawi
IFMIS  Integrated Financial Management Information System
IMTC  Inter-Ministerial Technical Committee
KfW  German Infrastructure and Capital Development Fund
KS  Association of Norwegian Local and Regional Authorities
LASCOM  Local Government Service Commission
LED  Local Economic Development
LGFC  Local Government Financial Commission
LDF  Local Development Fund
MASAF  Malawi Social Action Fund
MPC  Management Procurement Committee
MGCS  Ministry of Gender and Community Services
MALGA  Malawi Local Government Association
MCI  Ministry of Commerce and Industry
MEJN  Malawi Economic Justice Network
MDGP  Malawi Decentralized Governance Programme
MGPDD  Malawi-German Programme for Democracy and Decentralisation
MIM  Malawi Institute of Management
MPRS  Malawi Poverty Reduction Strategy
NAC  National Aids Commission
NDP  National Decentralisation Programme
NICE  National Initiative on Civic Education
NLGFC  National Local Government Finance Committee
NORAD  Norwegian Agency for Development
Annex 2: Project Logical Framework

PROGRAM RESULT AND RESOURCE FRAMEWORK

The Program Result and Resources Framework below gives a summary of the above description of the three Program components.

**COMPONENT 1**

**Goal:** Empowerment through local governance and development management for poverty reduction. This outcome will directly contribute to the overall objective of the Malawi PRSP Pillar 4, which aims at ensuring that public institutions and systems protect and benefit the poor. Indicators for this outcome will be selected from those being developed by NEC under the poverty monitoring system which has three levels at national, sectoral and district.

**Intended Outcome:** Financial and human resources mobilized in support of decentralization and local governance in rural and urban areas.

**Immediate Objective:** To strengthen the management and technical capacity of central and local governments institutions in relation to their roles and responsibilities

**Strategic Area of Support:** Decentralization policies and allocation of resources to the sub-national levels.

**Partnership Strategy:** NORAD & DANIDA are also supporting institution development.

**Project Number and Title:** MLW/02/005/01/99: MLW/02/C01 - Decentralized Governance.

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<th>Outputs</th>
<th>Indicators</th>
<th>M o V</th>
<th>Activities</th>
<th>Inputs</th>
<th>Assumptions</th>
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For inputs please see details in the Programme Budget.
| 1.1 DLG strengthened for effective implementation of the NDP | 1.1.1 # of meetings of Cabinet Committee and Technical Committee | Minutes of Meetings Reports | 1.1.1.1 Organize regular Cabinet and Technical committee meetings  
1.1.2.1 Undertake regular monitoring visits to assemblies  
1.1.3.1 Develop data base and dissemination mechanism  
1.1.3.2 Review and refine the existing reporting system  
1.1.4.1 DLG to undertake advocacy and resources initiatives  
1.1.5.1 Train DLG Staff  
1.1.6.1 Conduct joint annual reviews  
1.1.7.1 Develop Gender strategy  
1.1.7.2 Conduct gender training  
1.1.8.1 Develop donor support map | Staff recruitment will have been completed |
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<tr>
<td>1.1.2 NDP supervised according to M&amp;E plan</td>
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<td>1.1.3 DLG Management information system installed and working properly</td>
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<td>1.1.4 # of strategic partnerships established with other development partners in the area of decentralization</td>
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<td>1.1.5 NDP implemented according to schedule</td>
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<td>1.1.6 Government/Donor joint reviews carried out</td>
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<td>1.1.7 Gender mainstreaming strategy developed and implemented</td>
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<td>1.1.8 Donor support map developed</td>
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<td>1.2 Decentralization Secretariat strengthened for effective implementation of the National Decentralization Programme</td>
<td>1.2.1 # of civic education Programmes conducted to increase understanding of the decentralization policy, LGA, systems and processes for participatory planning and financing of local development at both national and local levels. 1.2.2 # of training Programmes developed and evaluated for impact 1.2.3 # of additional donors supporting NDP 1.2.4 # of planning, financing, participatory, etc systems and sub-systems developed and working for effective implementation of the decentralization process. 1.2.5 # of institutions strengthened for implementation of NDP</td>
<td>Reports</td>
<td>1.2.1.1 Develop civic education Programmes 1.2.1.2 Develop IEC Plan 1.2.1.3 Develop IEC strategy 1.2.1.4 Undertake outreach IEC campaigns 1.2.2.1 Undertake TNRA of DS 1.2.2.2 Implement training Programmes in Local Government and Decentralization 1.2.2.3 Establish training networks 1.2.2.4 Undertake impact studies 1.2.3.1 Develop and implement Programme Support Documents (PSDs) 1.2.4.1 Develop systems 1.2.4.2 Undertake periodic surveys 1.2.5.1 Undertake search for institutions to be strengthened 1.2.5.2 Undertake capacity needs assessment of SDI 1.2.5.3 Develop strategic plans for LASCOM and MALGA 1.2.5.4 Conduct functional review of LASCOM and MALGA 1.2.5.5 Train staff of LASCOM, MALGA, SDI, CERT and MCA in Local Government and Decentralization 1.2.5.6 Train Ministry of Finance in Decentralization and LGA 1.2.5.7 Provide technical assistance to National institutions involved in decentralization</td>
<td></td>
</tr>
<tr>
<td>1.3 Decentralization Secretariat functions institutionalized in relevant institutions</td>
<td>1.3.1 # of functions of DS transferred to and operational in other institutions, i.e. DLG, LASCOM, MALGA, NLGFC, etc</td>
<td>Reports</td>
<td>3.1.1 Transfer planning, M&amp;E, training and systems development functions to DLG 1.3.1.2 Transfer financial management functions to NLGFC 1.3.1.3 Transfer advocacy, training and information dissemination functions to MALGA 1.3.1.4 Undertake regular phasing out meetings 1.3.1.5 Develop and implement exit strategy</td>
<td></td>
</tr>
</tbody>
</table>
### COMPONENT 2

**Goal:** Empowerment through local governance and development management for Poverty reduction. This outcome will directly contribute to the overall objective of the Malawi PRSP Pillar 4, which aims at ensuring that public institutions and systems protect and benefit the poor. Indicators for this outcome will be selected from those being developed by NEC under the poverty monitoring system which has three levels at national, sectoral and district.

**Intended Outcome:** Financial and human resources mobilized in support of decentralization and local governance in rural and urban areas.

**Immediate Objective:** To strengthen mechanisms for financing local governments in order to increase locally generated and mobilized revenues in support of decentralized service delivery responsibilities.

**Strategic Area of Support:** Promote sound and sustainable financing and financial management practices at the local level.

**Partnership Strategy:** ADB, NORAD/Sweden, The World Bank, GTZ and IFAD are also supporting institutional development in the area of finance and, supports local infrastructure development.

**Project Number and Title:** MLW/02/005/01/99: MLW/02/C01 - Decentralized Governance.

<table>
<thead>
<tr>
<th>Outputs</th>
<th>Indicators</th>
<th>MoV</th>
<th>Activities</th>
<th>Inputs</th>
<th>Assumptions</th>
</tr>
</thead>
</table>

| 1.4 District Assemblies strengthened for gender mainstreamed development and effective service delivery | Reports | 11.4.1.1 Conduct TNRA  
1.4.1.2 Develop Human Resources Capacity Building Plan for DAs.  
1.4.2.1 Recruit qualified management staff  
1.4.2.2 Train assembly management staff in Local Government management  
1.4.2.3 Train assembly committees in their respective roles  
1.4.3.1 Develop and implement DAs operational guidelines  
1.4.3.2 Revise DAs operational guidelines  
1.4.4.1 Develop DA corporate management strategic plans  
1.4.4.2 Conduct functional review for restructuring of DAs  
1.4.4.3 Review DA corporate management strategic plans |
### 2.1 An Intergovernmental Fiscal Transfer System operational

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<tr>
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<th>Description</th>
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<tbody>
<tr>
<td>2.1.1</td>
<td>Formula for allocation of resources approved by National Assembly</td>
</tr>
<tr>
<td>2.1.2</td>
<td>Number of DAs receiving resources according to approved IGFTS formulas including:</td>
</tr>
<tr>
<td>2.1.3</td>
<td>Number of districts where resource allocation is compliant to IGFTS formula.</td>
</tr>
<tr>
<td>2.1.4</td>
<td>Number of sectors disbursing funds to DAs according to approved sector grants formula</td>
</tr>
</tbody>
</table>

### Hansard and circular to Assemblies conveying approved formulae

<table>
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<th>Number</th>
<th>Description</th>
</tr>
</thead>
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<tr>
<td>2.1.1.1</td>
<td>Get approval of the formula from parliament</td>
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<tr>
<td>2.1.2.1</td>
<td>Allocate funds to DAs according to approved IGFTS formula in the budgeting process</td>
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<tr>
<td>2.1.3.1</td>
<td>Develop and implement reporting formats on intergovernmental fiscal transfers</td>
</tr>
<tr>
<td>2.1.4.1</td>
<td>Review the IGFTS formula to incorporate sector transfers and revenue generation potential</td>
</tr>
<tr>
<td>2.1.4.2</td>
<td>Review IGFTS reporting formats</td>
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### 2.2 Capacity to mobilize, generate and allocate revenues in all Assemblies improved

<table>
<thead>
<tr>
<th>Number</th>
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<tr>
<td>2.2.1</td>
<td>Number of DAs implementing Revenue Collection and enforcement mechanisms</td>
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<tr>
<td>2.2.2</td>
<td>Number of DAs using own revenue to fund development projects and other services</td>
</tr>
<tr>
<td>2.2.3</td>
<td>Number of DAs having data on potential revenue sources.</td>
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### Financial reports Field visits Document

<table>
<thead>
<tr>
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<th>Description</th>
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<tr>
<td>2.2.1.1</td>
<td>Submit Property Rates and Business Licensing study recommendations to government for approval</td>
</tr>
<tr>
<td>2.2.1.2</td>
<td>Implement approved recommendations on Property Rates and Business Licensing study to DAs for implementation</td>
</tr>
<tr>
<td>2.2.1.3</td>
<td>Develop Business Licensing strategies</td>
</tr>
<tr>
<td>2.2.1.4</td>
<td>Review administration of User charges</td>
</tr>
<tr>
<td>2.2.1.5</td>
<td>Develop Systems for Ceded revenue collection and distribution</td>
</tr>
<tr>
<td>2.2.2.1</td>
<td>Develop reporting mechanisms on sources of funding of projects and services.</td>
</tr>
<tr>
<td>2.2.3.1</td>
<td>Collect data on revenue sources in assemblies</td>
</tr>
</tbody>
</table>

### Ministries of Lands release the functions to Assemblies
2.3 Enhanced financial transparency and accountability in DAs

| COMPONENT 3: | Goal: Empowerment through local governance and development management for Poverty reduction. This outcome will directly contribute to the overall objective of the Malawi PRSP Pillar 4, which aims at ensuring that public institutions and systems protect and benefit the poor. Indicators for this outcome will be selected from those being developed by NEC under the poverty monitoring system which has three levels at national, sectoral and district. |
| Intended Outcome: Financial and human resources mobilized in support of decentralization and local governance in rural and urban areas. |
| Immed. Objective: To strengthen the capacity of central & local governments & local communities in the planning and management of development and service delivery |
| Strategic Area of Support: Promote a participatory planning process at the local level |
| Partnership Strategy: ADB, CIDA, DANIDA, DFID are supporting different sectors through DDF. |
| Project Title and Number: MLW/02/005/01/99; MLW/02/C01 - Decentralized Governance |

<table>
<thead>
<tr>
<th>Outputs</th>
<th>Indicators</th>
<th>M o V</th>
<th>Activities</th>
<th>Inputs</th>
<th>Assumptions</th>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### 2.3.1.1 Develop Training manuals for the computerized integrated financial management information system
- Install the computerized Integrated Financial Management Information System
- Develop Financial Instructions and Budget Manuals
- Recruit and train Accounting personnel
- Train finance and management & procurement committees in financial management and procurement procedures respectively
- DAs publish revenues received, generated, mobilized and allocated
- Develop Internal Audit Guidelines for DAs
- Audit DA accounts in accordance with LGA
- Implement DAs operational guidelines
- Review DA operational guidelines in view of sector devolution
- Follow up audit queries

### 2.3.1.2 Install the computerized Integrated Financial Management Information System

### 2.3.1.3 Develop Financial Instructions and Budget Manuals

### 2.3.1.4 Recruit and train Accounting personnel

### 2.3.1.5 Train finance and management & procurement committees in financial management and procurement procedures respectively

### 2.3.2.1 DAs publish revenues received, generated, mobilized and allocated

### 2.3.3.1 Develop Internal Audit Guidelines for DAs

### 2.3.4.1 Audit DA accounts in accordance with LGA

### 2.3.5.1 Implement DAs operational guidelines

### 2.3.6.1 Follow up audit queries

Overall commitment to financial transparency and accountability by all the stakeholders
Interviews are conducted on time and qualified
Personnel recruited
| 3.1 A revised District Development Planning and Financial Management System developed | 3.1.1 # of DAs with District plans linked to budgeting framework  
3.1.2 # of DAs budgeting according to MTEF  
3.1.3 # of DAs where VAP system is integrated and institutionalized into the DDP system  
3.1.4 # of DAs whose sector plans are integrated into the DDP | Revised DDPS Handbook | 3.1.1.1 Develop Linkage between development planning and budgeting  
3.1.2.1 Review the post project completion maintenance strategy  
3.1.3.1 Revise planning system (to include VAP, Gender and sector plans)  
3.1.3.2 Revise DDPS handbook  
3.1.3.3 Revise Institutional planning structure below District Assembly  
3.1.4.1 Integrate sector plans into DDP | IGFTS is completed |
| 3.2 DDPFM S impleme nted in focus districts | 3.2.1 # of DA staff and members of assembly trained in DDPFMS | Site visits  
Data banks  
SEPs  
VAPs  
DDPs | 3.2.1.1 Prepare DDPFMS training manual  
3.2.1.2 Train all DLG planning staff in DDPFMS  
3.2.1.3 Train DECs in DDPFMS  
3.2.1.4 Train Development Committees in DAs in DDPFMS  
3.2.2.1 Establish and update data banks in DAs disaggregated by gender  
3.2.3.1 Prepare and update SEPs  
3.2.4.1 Train DA staff in gender  
3.2.4.2 Train MASs in gender  
3.2.4.3 Prepare VAPs that include gender  
3.2.5.1 Link DA annual investments to budgets  
3.2.6.1 Prepare DDPs that integrate VAPs, gender, district environmental action plans, other sector plans and are linked to budgeting system | Planning positions are filled with capable and qualified personnel |
| 3.2.2 # of DAs with data banks established and maintained | 3.2.3 # of DAs producing SEPs as a basis for the preparation of the DDP and impact evaluation | | |
| 3.2.4 # of VAPs that include Gender prepared in participatory manner | 3.2.5 # of DAs with DDPs linked to budgeting system | | |
| 3.2.6 # of DAs with integrated DDPs | | | |
| 3.3 District Assemblies’ capacity for Service delivery enhanced | 3.3.1 # of DAs receiving at least 75% funding for implementation of DDP 3.3.2 # of districts in compliance with minimum conditions and performance measures 3.3.3 # of DAs allocating development resources and providing services based on gender 3.3.4 # of DAs with well maintained projects after completion 18 3.3.5 # of DAs producing timely and accurate DDF project reports 3.3.6 # of DAs conducting quarterly monitoring of DDF projects 3.3.7 # of DAs successfully implementing DDP | M&E reports 3.3.1.1 Make DDF funds available to DAs 3.3.2.1 Review DDF system in light of emerging challenges 3.3.2.2 Review minimum conditions and performance measures 3.3.2.3 Revise DDF funding mechanism in light of the IGFTS 3.3.2.4 Revise DDF manual 3.3.2.5 Allocate funds to districts based on the revised DDF system 3.3.3.1 Develop a gender based resources and services allocation formula for DAs 3.3.3.2 Implement a gender based resources allocation and services provision formula in DAs 3.3.4.1 Review M&E system for Dp implementation 3.3.4.2 Conduct impact evaluation studies 3.3.4.3 Undertake quarterly field visits to DAs 3.3.7.1 Develop criteria for determining successful districts 3.3.7.2 Assess performance of districts based on criteria |

18 Indicators 3.3.4 to 3.3.6 are covered by activities 3.3.4.1 to 3.3.4.3
Annex 3: Work plan and meetings

UNCDF Malawi - Final Evaluation June 2007
Summary of Meetings Held

<table>
<thead>
<tr>
<th>No</th>
<th>Date</th>
<th>Time</th>
<th>Meeting Description</th>
<th>District</th>
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<th>No of Women</th>
<th>% women</th>
<th>Category</th>
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<td>Thyolo</td>
<td>Yes</td>
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<td>20</td>
<td>4</td>
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<tr>
<td>38 June</td>
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<td>Dedza</td>
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<td>52 June</td>
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<td>Time</td>
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<td>Location</td>
<td>Participated</td>
<td>Attendance</td>
<td>Category</td>
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<td>UNV Meeting</td>
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<td>FG</td>
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<tr>
<td>26 June</td>
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<td>COM</td>
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<td>26 June</td>
<td>15:00</td>
<td>Chambwe Police Unit women focus group</td>
<td>Kasungu</td>
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<tr>
<td>26 June</td>
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<td>Chambwe Police Unit Men focus group</td>
<td>Kasungu</td>
<td>No</td>
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<td>26 June</td>
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<td>Chambwe Police Unit Trad Leaders focus group</td>
<td>Kasungu</td>
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<td>26 June</td>
<td>17:00</td>
<td>Wirme Clinic</td>
<td>Kasungu</td>
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<td>13</td>
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<td>9:00</td>
<td>Central Region Report Back Meeting</td>
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<td>RD</td>
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<td>27 June</td>
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<td>AfDB project Officials</td>
<td>Lilongwe</td>
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<tr>
<td>28 June</td>
<td>8:30</td>
<td>MoLGRD - IT Officer, Decentralisation Programme Officer &amp; Programme Accountant</td>
<td>Lilongwe</td>
<td>No</td>
<td>3</td>
<td>KS</td>
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<td>28 June</td>
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<td>National LG Finance Comm</td>
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<td>10:00</td>
<td>PS for Education</td>
<td>Lilongwe</td>
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<td>10:00</td>
<td>Dir Debt and Aid, Dir for Budget</td>
<td>Lilongwe</td>
<td>Yes</td>
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<td>KS</td>
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<tr>
<td>28 June</td>
<td>13:30</td>
<td>Dir of Environment Affairs</td>
<td>Lilongwe</td>
<td>Yes</td>
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<tr>
<td>28 June</td>
<td>13:30</td>
<td>Dir Gender and Chair Sector Devolution Task force</td>
<td>Lilongwe</td>
<td>Yes</td>
<td>1</td>
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<td>Accountant General</td>
<td>Lilongwe</td>
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<td>28 June</td>
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<td>Executive Director of NAC</td>
<td>Lilongwe</td>
<td>No</td>
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<td>KS</td>
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<tr>
<td>28 June</td>
<td>13:30</td>
<td>Dir of Environment Affairs</td>
<td>Lilongwe</td>
<td>Yes</td>
<td>1</td>
<td>KS</td>
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<tr>
<td>29 June</td>
<td>13:30</td>
<td>Dir Gender and Chair Sector Devolution Task force</td>
<td>Lilongwe</td>
<td>No</td>
<td>3</td>
<td>KS</td>
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<tr>
<td>29 June</td>
<td>15:00</td>
<td>World Bank</td>
<td>Lilongwe</td>
<td>Yes</td>
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<td>KS</td>
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<tr>
<td>29 June</td>
<td>13:30</td>
<td>LASCOM - Human Resource Management Officer</td>
<td>Lilongwe</td>
<td>No</td>
<td>3</td>
<td>KS</td>
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<tr>
<td>02 July</td>
<td>16:00</td>
<td>Report to UNDP RR</td>
<td>Lilongwe</td>
<td>No</td>
<td>2</td>
<td>KS</td>
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<td>03 July</td>
<td>8:30</td>
<td>National Debriefing Meeting</td>
<td>Lilongwe</td>
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</table>

**Category** COM Community meeting
Key:

- DEC  District executive meeting
- FG   Focus group discussion
- KS   Key stakeholder interview
- RD   Regional briefing
### Annex 4: Summary of Project Reports (separate attachment)

#### UNCDF Final Evaluation, Malawi June 2007

#### Schedule of Projects Visited

<table>
<thead>
<tr>
<th>No</th>
<th>Ref</th>
<th>Date visited</th>
<th>Project</th>
<th>District</th>
<th>Report Draft</th>
<th>Final Report</th>
<th>Revision</th>
<th>DDF Cost ($)</th>
<th>Compl Date</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>N1</td>
<td>2007/06/13</td>
<td>Yeleyele School, Mzinga</td>
<td>Mzinga</td>
<td>Yes</td>
<td>Yes</td>
<td>R01</td>
<td>$5449</td>
<td>?2005</td>
<td>Not on UNCDF project list. Costs from DA report.</td>
</tr>
<tr>
<td>2</td>
<td>N2</td>
<td>2007/06/15</td>
<td>Mundola School</td>
<td>Nkhetabay</td>
<td>Yes</td>
<td>Yes</td>
<td>R01</td>
<td>$5357</td>
<td>Nov-01</td>
<td>Not on UNCDF list. Costs from community meeting.</td>
</tr>
<tr>
<td>3</td>
<td>N3</td>
<td>2007/06/15</td>
<td>Mpamba Market Borehole</td>
<td>Nkhetabay</td>
<td>Yes</td>
<td>Yes</td>
<td>R01</td>
<td>$2143</td>
<td>Nov-01</td>
<td>Project completed 2001 and not on UNCDF list of projects. Costs from similar project in area.</td>
</tr>
<tr>
<td>4</td>
<td>S1</td>
<td>2007/06/18</td>
<td>Mauni School Teachers House</td>
<td>Mangochi</td>
<td>Yes</td>
<td>Yes</td>
<td>R01</td>
<td>?</td>
<td>Mar-04</td>
<td>Not found on UNCDF list of projects. No costs available except for contractor costs of</td>
</tr>
<tr>
<td>5</td>
<td>S2</td>
<td>2007/06/18</td>
<td>Ntonda School</td>
<td>Mangochi</td>
<td>Yes</td>
<td>Yes</td>
<td>R01</td>
<td>$5357</td>
<td>Jan-03</td>
<td>Information on cost from Community only. Not on UNCDF list of projects</td>
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<td>S3</td>
<td>2007/06/19</td>
<td>Katuli Market</td>
<td>Mangochi</td>
<td>Yes</td>
<td>Yes</td>
<td>R01</td>
<td>$3571</td>
<td>Jun-05</td>
<td>Costs from market committee who claim they have no details. Costs are different from others on the list. Not on UNCDF list.</td>
</tr>
<tr>
<td>7</td>
<td>S4</td>
<td>2007/06/20</td>
<td>Mwalo School</td>
<td>Thyolo</td>
<td>Yes</td>
<td>Yes</td>
<td>R01</td>
<td>$5425</td>
<td>Jan-05</td>
<td>The costs were taken from the UNCDF list of projects even though this school name does not appear. The DA gave a slightly higher cost.</td>
</tr>
<tr>
<td>8</td>
<td>S5</td>
<td>2007/06/21</td>
<td>Saopa Bridge</td>
<td>Chikwawa</td>
<td>Yes</td>
<td>Yes</td>
<td>R01</td>
<td>$28 571</td>
<td>?</td>
<td>Project is not on the UNCDF list and value is from DA</td>
</tr>
<tr>
<td>10</td>
<td>C1</td>
<td>2007/06/26</td>
<td>Chambwe Police Unit</td>
<td>Kasungu</td>
<td>Yes</td>
<td>Yes</td>
<td>R01</td>
<td>24320</td>
<td>?</td>
<td>On the UNCDF list of projects but very different budget from DA</td>
</tr>
<tr>
<td>11</td>
<td>C2</td>
<td>2007/06/26</td>
<td>Wimbe health Centre</td>
<td>Kasungu</td>
<td>Yes</td>
<td>Yes</td>
<td>R01</td>
<td>11667</td>
<td>2005?</td>
<td>Not on UNCDF list of projects. Budget obtained from the DA.</td>
</tr>
</tbody>
</table>
Annex 5: Cost Comparisons

COMPARISON BETWEEN LDP, MASAF AND EU MICRO-PROJECTS APPROACHES TO SMALL SCALE INFRASTRUCTURE AND SERVICE PROVISION

By Hamish Scott.

In order to assess the effectiveness of the model used for the UNCDF funding, a comparison of the programme, relative to some of its competitors in the country, is made. It is compared to two other programmes, the Malawi Social Action Fund (MASAF) which is funded by the World Bank and the Micro Project Programme (MPP), which is an EU project. There are a large number of other programmes in Malawi but the reason for choosing these two programmes is that both:

- have physical products that are similar and can be directly compared to those produced by the Districts Assemblies, through the District Development Funds (DDF)
- have a strong community participation component
- use a similar method of construction with builders sourced in the communities in which the project is being constructed, and
- require a similar contribution from the communities (in the region of 20%)

The table below gives comparative data relating to the three programme methodologies with specific reference to small building projects, where applicable.

Comment

The variation in the programmes is considerable, as would be expected with methodologies of this nature, and comment can therefore only be general in nature. Using the information given in the table we comment as follows:

1. The project methodology is fairly similar in many respects and each have advantages and disadvantages. The identification of the projects are all community based to some degree and are all aimed at empowerment. It can be expected that the programmes which place funding in the community for them to manage will provide skills that others systems will not. It also takes the role away from the District Assemblies, who would normally be responsible for this role in most countries. There are however, risks that go with this and additional monitoring and supervision would be required at project level.

2. The choice of methodology would also depend on what the objectives are and the time frame in which the outcomes are expected. The approach of MASAF, particularly its earlier methods, has the advantage that the programme can be set up to be fairly efficient and focussed on service delivery, while at the same time providing some skills and empowerment to the community members who are involved. On the other hand however, the system completely by-passed the structures of government and the opportunity to build capacity and skills in the government structures is lost.

3. The process also tends to undermine the government structures in that many skilled individuals have been lost by local government (where there is a capacity shortage) to the NGOs and donors where remuneration is generally higher. This competition (which in some ways will tend to improve service delivery) is inevitable where there are parallel structures competing for scarce resources. Government structures however, with their rigorous and slow processes will generally be at a disadvantage.
4. The large number of donor bodies in contact with the communities, also tends to fragment the relationship between the DAs and the communities and the communities seem to play service providers off against each other, which has a negative effect in the longer term.

5. The management costs of the three systems are unlikely to be very different and in the DDF model, the difficulty is to estimate how much of the cost should be included in the overhead project costs. The system of decentralisation, if implemented as designed, is fairly efficient however, as it is local, is able to share skills and facilities very effectively and should be able to provide services more cost effectively than the other programmes. This does however, assume that the skills and facilities are available and that the process is running efficiently, which is often not the case in the government environment. It is our view that the costs are quite low currently but this is more due to the fact that a low level of service is being provided.

6. Although there are certain problems in placing funding through the DA in the DDF (LDF) in terms of the capacity of some of the DAs to manage the funds and other capacity problems in terms of supervision etc, the decentralisation model is likely to be the most sustainable in the medium to long term. A focussed delivery tool such as MASAF or MPP could be more effective in delivering services in the short term due to the fact that they have more experience, more capacity and are better resourced. In the longer term, if the capacity is built in the District Assemblies, this will provide a base for a sustainable service delivery vehicle into the future.

7. In conclusion, the DDF model of funding projects had a number of advantages and once resourced and running properly, is likely to be the most effective and sustainable way of providing services to the rural communities in the medium to long term.

<table>
<thead>
<tr>
<th>Function</th>
<th>UNCDF (DDF)</th>
<th>MASAF CSP</th>
<th>EU MPP</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Description</strong></td>
<td>Funding flows from central government as well as donors through central government</td>
<td>Running since 1995. Now in 3rd phase (MASAF 3). CSP transfers funding to community account and managed by community, apart from a public works component that goes through the DDF.</td>
<td>Running since 1995 and now in 4th phase. Funding for construction goes to community committees.</td>
</tr>
<tr>
<td><strong>Funding</strong></td>
<td>$0.5m per annum - project funding to DDFs, namely through the DA coffers</td>
<td>$20m/ annum – project funding to community bank account (for a number of different components)</td>
<td>$10m / annum. Funding to community</td>
</tr>
<tr>
<td><strong>Project Identification</strong></td>
<td>VDC representing villages produce list of projects and priorities, consolidated into DDP and final decision by DA councillors.</td>
<td>Initially MASAF had teams of people going into communities, setting up own committees and working with community. In current phase starting to work closely with DAs and using DDP.</td>
<td>Public call for applications by communities and approved at regional level. Also open for NGOs, faith based organisations and local government.</td>
</tr>
<tr>
<td><strong>Comment on Process</strong></td>
<td>DDP process is flawed currently as there are no councillors but in the longer term will have best chance of</td>
<td>MASAF want a transition phase of capacity building prior to placing all funding through DDF (LDF).</td>
<td>Work with DA only for implementation. This is a delivery oriented programme.</td>
</tr>
<tr>
<td>Function</td>
<td>UNCDF (DDF)</td>
<td>MASAF CSP</td>
<td>EU MPP</td>
</tr>
<tr>
<td>----------</td>
<td>-------------</td>
<td>------------</td>
<td>--------</td>
</tr>
<tr>
<td></td>
<td>true bottom up planning and community empowerment.</td>
<td>Their process is more delivery oriented and they are successful at that but dual systems are inefficient.</td>
<td></td>
</tr>
<tr>
<td>Community Participation</td>
<td>Through VDCs and ADCs, councilors and MPs.</td>
<td>Originally set up own community structures but now are working through DA structures.</td>
<td>Set up own community structures around project but also use DA structure to some degree now.</td>
</tr>
<tr>
<td>Comment on Participative planning</td>
<td>The quality of the community participation varies and is often dominated by TAs.</td>
<td>The proposed transition capacity building period has merit but dual systems are inefficient and costly. Capacity building is not coordinated with other donors.</td>
<td>The programme is working independently of the DA and requires more intensive support than DA has the capacity to provide at this stage but is dual system and hence inefficient.</td>
</tr>
<tr>
<td>Material Procurement</td>
<td>The DA calls for quotations on bills of schedules and have the material delivered to the community. Material is then secured by the project implementation committee.</td>
<td>The community have complete control over the procurement of materials.</td>
<td>Material is procured by the project office in Lilongwe and materials are then delivered to the project.</td>
</tr>
<tr>
<td>Comment on materials procurement</td>
<td>The system works well but more training in the procurement process will make procurement more rigorous.</td>
<td>There have been problems with the ability of the community structures to adequately control the process. Do not always get best prices. Probabaly not the best method for most communities. Limited number of local suppliers. Good capacity building opportunity.</td>
<td>The cost implication of this method could not be established (data not available) but probabaly less efficient than purchasing locally and does not support local business.</td>
</tr>
<tr>
<td>Construction</td>
<td>The community is assisted by the DA to choose a locally based (normally) contractor to undertake the work. Local labour is procured free of charge or at nominal wages.</td>
<td>Community is responsible for the construction process with assistance of the DA.</td>
<td>The community is responsible for the construction and employ a supervisor (foreman) to assist with training and quality.</td>
</tr>
<tr>
<td>Comment</td>
<td>Of the three, this system probabaly has the best chance of providing a good quality product due to the fact that a contractor can be used. It depends on the quality of the contractor used.</td>
<td>Good system when it works but ability of the DA to provide adequate supervision is questioned. The potential for empowerment of the community is good.</td>
<td>The quality is heavily dependent on the ability of the supervisor.</td>
</tr>
<tr>
<td>Function</td>
<td>UNCDF (DDF)</td>
<td>MASAF CSP</td>
<td>EU MPP</td>
</tr>
<tr>
<td>------------------------</td>
<td>------------------------------------------------------------------------------</td>
<td>----------------------------------------------------------------------------</td>
<td>------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Community contribution</td>
<td>The community are required to provide bricks, sand, stone, water and labour free or at very low rates</td>
<td>The community are required to provide bricks, sand, stone, water and labour at very low rates</td>
<td>The community are required to provide bricks, sand, stone, water and labour at no cost.</td>
</tr>
<tr>
<td>Comment on contribution</td>
<td>It is impressive that such a substantial contribution is made by the community. The impression was gained that without the insistence of the traditional leaders, this would not be as successful. The very low wages paid was expressed as a concern in some community meetings.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Costs of School Block</td>
<td>Calculated cost based on projects visited R1 501 182 Including contractor, management and contingency.</td>
<td>National average for school block supplied by MASAF MK1 946 513. Including management, overhead and ?</td>
<td>The estimated cost provided by MMP is MK 1 800 000</td>
</tr>
<tr>
<td>Comment on cost</td>
<td>The cost based on calculations using average material costs in two districts. Compares well with DA &amp; MoLGR reports (although there are large variations). Found to be very cost effective.</td>
<td>Cost effective but seems to be slightly more expensive than other programmes but difference is minor.</td>
<td>N/A</td>
</tr>
<tr>
<td>Comment on Quality</td>
<td>School blocks for all three programmes were visited (only one of each of MASAF and MPP) and all were found to be of acceptable quality with only relatively minor differences in specification. All have fairly basic specification levels.</td>
<td>Quality is apparently improved in MASAF 3 but if community managed there is more risk involved and more supervision required.</td>
<td>Depends on the ability of the supervisor hired and supervision provided. Probably slightly higher risk. Report are of reasonable quality.</td>
</tr>
</tbody>
</table>
Annex 6: List of Interviews (separate attachment)
Annex 7: Minutes


WELCOME REMARKS

The Director of Local Government Services, Stuart Ligomeka who stood in for the Principal Secretary Mr. George Mkondiwa, and Michael Keating Resident Representative of UNDP Malawi welcomed all Government Officials and development partners present at the debriefing meeting for the Malawi Decentralised Governance Programme. After self introductions, the meeting proceeded to adopt the agenda for the meeting.

INTRODUCTORY REMARKS—DIRECTOR OF LOCAL GOVERNMENT SERVICES

In his introductory remarks, Stuart Ligomeka, started by acknowledging the presence of Michael Keating, UNDP Resident Representative, Anthony Mawaya UNDP’s new head of Governance Cluster, Chandi Kadirgamar UNCDF’s Monitoring and Evaluation Advisor and development partners including Ross Worthington of the World Bank, among others.

The Director, then went further to give the background of the UNDP and UNCDF partnership with the Government of Malawi through the Ministry of Local Government and Rural Development in the area of decentralized governance starting with UNDP and UNCDF support to district focused decentralized management in six pilot districts in Malawi during the UNDP Fifth Country Programme. Through this initial support, UNDP and UNCDF facilitated the establishment of the District Development Fund (DDF) and helped Government draw lessons that later fed into the formulation of Malawi’s National Decentralization Policy and subsequently, the Local Government Act of 1998. The Director emphasized that the initial support of UNDP and UNCDF came at a time when this country had no decentralization policy which meant that the two organizations had to be prepared to take risks.

The Director informed participants that following the pilot phase, UNDP and UNCDF assisted Government to replicate the achievements of the pilot through the first nationwide Local Governance and Development Management Programme (LGDMP) of 1997 to 2001. The LGDMP was in 2002/2003 followed up by the current Malawi Decentralised Governance Programme (MDGP)—a programme that was designed to pursue similar objectives as those of the LGDMP but aimed at deepening and consolidating the processes. The MDGP which was expected to end in 2006 was given a one year extension and will now end in September 2007.

The Director of Local Government Services ended his remarks by expressing the hope that that the results of the final evaluation would provide justification for further support and a basis for future government partnership and engagement with UNDP and UNCDF and called on all participants to the meeting to freely make their contributions.

INTRODUCTORY REMARKS—UNDP RESIDENT REPRESENTATIVE

In his brief remarks, Michael Keating, UNDP Resident Representative and UN Coordinator said Decentralisation was a broad and big experiment that UNDP and UNCDF are keen to support within the context of the Paris Declaration. He acknowledged the UNDP’s partnership with, and the
interest of UNCDF in working to broaden the poor people’s access to opportunities for achieving economic empowerment and growth. The Resident Representative said the final evaluation was an important exercise as it would feed into UNDP’s programming cycle for 2008 to 2011, and would assist UNDP and UNCDF to fashion support with development partners on the basis of its report. The Resident Representative ended by saying that he was looking forward to the outcome of the final evaluation and he thanked all development partners who came to the meeting.

PRESENTATION ON THE EVALUATION OUTCOME

Following the introductory remarks by the Ministry of Local Government and UNDP, Doug Hindson, team leader of the consultants, proceeded to make the first part of the presentation on the outcome of the evaluation. He started the presentation by taking them through the purpose and core question of the evaluation, the evaluation methodology and by indicating that key findings were made around a) institution and capacity building also covering HIV/AIDS and environment, b) financial systems and gender and c) planning and service delivery. The presentation also covered the project goal, the immediate objectives and the expected outputs. In addition, the evaluation looked at factors affecting successful implementation of the programme, the strategic positioning of the UNDP and UNCDF and their exit or re-engagement strategy. The main question of the evaluation was whether the MDGP had improved governance, built institutional capacity, increased the efficiency of service delivery and by these means reduced poverty. The evaluation also compared the MDGP approach to other approaches seeking to improve service delivery for the poor.

HIGHLIGHTS

The presentation proceeded with findings of the evaluation. Below is a summary of highlights under each component:

**Institutional and Capacity Building, HIV/AIDS and Environment: Justin Nyondo**

At the national level, the Decentralisation Secretariat had been phased out and its functions transferred to Government institutions; the Ministry has facilitated the devolution of functions to local governments, and significant capacity had been built at the centre.

Challenges in this area included the inactivity of the Cabinet Committee on Decentralisation and the Inter-ministerial Committee on Decentralization; absence of a body with sufficient

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19 These minutes do not contain details of the presentation but rather provide a summary. Readers should therefore refer to the power point presentation for details.

20 The evaluation covered 7 districts out of the 12 focus districts: Nkhata Bay and Mzimba in the North, Kasungu and Dedza in the Centre and Chikwawa, Mangochi and Thyolo in the South. In each district, the team met with the District Commissioner (DC), District Executive Committee (DEC), communities, focus groups and conducted interviews with officials. The team also met national actors and carried out regional report back sessions to districts and national actors before the national debriefing. They also inspected DDF project sites.

21 Now called the Cabinet Committee on Local Government and Rural Transformation
authority to drive the process of decentralization and a decline in technical support to the
district assemblies following the closure of the DS.
Recommendations in respect of the above include the need to redefine and strengthen the role
of the Office of the President and Cabinet (OPC) in relation to decentralization, the need to
place technical advisors in the Ministry of Local Government and the need to review the
development strategy.
At the district level, progress was noted that included the existence of basic management
structures at district level, the significant improvement of professional staff both in quantity and
quality, and the increased understanding of roles and responsibilities of various players and the
emergence of DCs as local champions of decentralization.
Challenges related to the above included the significant gaps in key personnel, the difficulties
faced by DCs in the management of devolved staff, NGOs undermining decentralization by
operating outside the decentralization structures, and the conflict between Chiefs and MPs
bordering on their roles and responsibilities.
Recommendations on the above include the need to continue utilizing UNVs as a stop gap
measure to fill vacancies particularly in the area of financial management, written declarations
to settle the role conflict between chiefs and MPS, and need for an advocacy strategy to
ensure NGOs utilize the decentralization structures set up.
On HIV/AIDS, the evaluation notes that the MDGP did not include specific interventions on
HIV/AIDS although the district management structures had facilitated the multi-sector approach
to managing HIV/AIDS. In addition, it was difficult to see the participation of the sub-district
structures (VDCs and ADCs.)
On environment, the evaluation notes that environmental degradation is a serious danger to
sustainable development but that this was not reflected in the programming of DDF resources.
The absence of Environmental officers in the district team meant that environment issues did
not have advocates.

**Fiscal Decentralisation: Asiyati Chiweza**

On fiscal decentralization, the evaluation notes that there has been some improvement in
central government transfers to Assemblies although General Resource Fund (GRF) transfers
are still below 5% of total government revenues. In addition, both GRF and sector
transfers have become more consistent and according to approved budgets.
Regarding the strengthen of DA’s capacity to mobilise, generate and allocate revenue, the
evaluation establishes that a strategy on transferring of ceded revenue and administration user
fees was developed and was being considered by Treasury. However by-laws governing the
license fees were now outdated and the rates were on the lower side. In addition, the absence
of councilors has been a major setback in the revision and approval of new bylaws to revise the
business license and other rates. The evaluation notes that the composition of local revenues
has not really changed and that with the exception of a few districts, market fees still remain
the main source of locally generated revenues for most districts.
Recommendations on fiscal decentralization included the need to ensure that the revision of
the IGFTS incorporates revenue generation potential of the Assemblies and for Government to
ensure that the issue of property rates and ceded revenue has been resolved with speed.
Further, the evaluation recommends the strengthening of transparency mechanism including
internal and external audit systems.
On the component aimed at enhancing DA’s fiscal transparency and accountability, the
evaluation notes the progress made in implementing the integrated financial management
information system (IFMIS), the production of assembly final accounts, auditing, training of
officers managing the system, and production of an auditor’s manual. However, the evaluation finds that the role of Government in determining systems to be used by DAs remains critical to the success of IFMIS. In addition, there is need to ensure more regular audits of the DAs accounts to reduce the flouting of accounting procedures that is apparent in the recently conducted audits of the DDF.

Gender

On gender, the evaluation notes that although gender had been included in the document as a cross cutting issue, no activities had been properly designed and budgeted for. As a result there were significant gender disparities within the decentralization programme as reflected in the low level of participation of women in decision making process in the DEC. Culture, including religion and traditional beliefs played a significant role in this. Further, efforts to develop a gender strategy had not been successful. The evaluation recommends that future programmes have a gender strategy that is appropriately funded and that such a strategy has provisions for enhancing the voice of women, among other elements.

Planning and Service Delivery

Progress included the updating of District Development Plans, establishment of structures for planning and training of staff. In addition a number of infrastructures of generally good quality had been put up, with very good and effective contribution by communities. Further, the services are cost effective. Regarding service delivery, decentralization was now initiated and established as the mode for service delivery. However, deficiencies included low level of funding, sectors not fully devolved and district management structures not being fully integrated. Recommendations included the need for standardized reporting system, the need for more capacity building and training support particularly in project management, the need for more funding and the strengthening of the M&E system.

Recommendations on re-engagement strategy

The evaluation recommends a two phase strategy including the use of lessons from the MDGP to inform the successor programme, and launching a new programme on local economic development (LED). The lessons will need to be discussed within the donor decentralization group, the Ministry and the OPC. The evaluation proposes a new programme with four elements: institutional, fiscal, business environment and Infrastructure Service Delivery (ISD); and enterprise development – with gender, HIV/AIDS, M&E and IEC as major crosscutting issues.

COMMENTS AND OBSERVATIONS

i. One participant wanted to know how the MDGP and the DDF model in particular compared with other models including in empowering communities. The team leader responded by saying that the DDF was seen to be very cost effective and the quality of projects was generally good but that there were many lessons that the DDF would benefit/learn from
other models such as ‘MASAF procedures’ particularly in terms of community empowerment.

ii. One participant was concerned that the evaluation was recommending the use of UNVs to fill capacity gaps when it appeared like the work of UNVs was not being appreciated by their host assemblies. Another participant contributed by saying that the work of most UNVs was in actual fact, being appreciated but that there were instances when the quality of UNVs hired left a lot to be desired. In response, a member of the consulting team emphasized that the use of UNVs was only recommended as a stop gap measure while other more durable solutions were being sought. He added that other alternatives included the hiring of retired civil servants and complementing them with new graduates.

iii. One participant bemoaned the situation of vacancies of key personnel particularly in the area of finance. He suggested that there was need for Government to explore ways of motivating staff who had basic educational achievements such as a diploma in accounting by appointing them substantive directors of finance.

iv. Another participant made the observation that Assemblies were finding it difficult to use the minimum of 25% of resources from Government for development programmes as there were other equally pressing non-programme needs to be met such as paying salaries to staff and settlement of gratuity or terminal benefits to staff.

v. Another participant was concerned with the observation made in the report particularly the inference that because there were no internal audits carried out, staff was engaged in stealing money. He argued that there were probably other important reasons why some staff engaged in misappropriation of funds.

vi. A participant representing the Department of Human Resource Management and Development (HRMD) urged the Ministry of Local Government that it had the responsibility to press for and follow up on issues of vacancies with the Treasury and the OPC.

vii. A representative from the Ministry responsible for Economic Planning and Development suggested that future programmes have appropriate indicators to measure the contribution the projects were making to poverty reduction. To this, the Director of Local Government responded that there was need to undertake any such impact assessment to measure impact on poverty at the MGDS level.

viii. One participant wondered if Malawi had rushed to adopt the decentralization policy and whether Government had the political will and commitment towards decentralization.

ix. In his final comments, the team leader pointed to a design flaw where the programme made ‘empowerment’ the ‘goal’ of the project rather than the ‘means’ towards poverty reduction. Further, another aspect of design flaw related to the cutting of programme funds which was not accompanied with any modification of expectations for the MDGP.

CLOSING REMARKS

In his closing remarks, the Director of Local Government Services thanked all members for their active participation. He also thanked the consulting team for work well done. He assured participants that Government’s decision to adopt decentralization was well thought out and was arrived at following a long consultation process. He also assured participants that there was

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22 UNCDF had cut its financial commitment to the programme from USD6m to approximately USD1.5m. However, there was no subsequent modification of programme results or coverage to reflect this budget cut.
adequate political will and commitment in Government to push the decentralization agenda forward but that there was need for all devolving sectors to cooperate fully in this process. He ended by thanking UNDP and UNCDF for the technical and financial support they have provided towards decentralization and expressed the hope that the partnership with Government would continue through a successor programme to the MDGP.
Annex 8: Bibliography


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Annex 9: Project Document (separate attachment)
Annex 10: Interview Notes (separate attachment)
Annex 11: Comments on the Global Debriefing from the MoLGRD

This annexure contains the comments from the MoLGRD on the Global Debriefing. Under each comment the team has inserted a reference to the location within the report where the comment has been addressed.

MINISTRY OF LOCAL GOVERNMENT AND RURAL DEVELOPMENT, MALAWI

COMMENTS ON THE EVALUATION REPORT OF THE MALAWI DECENTRALISED GOVERNANCE PROGRAMME

The Ministry wishes to note that the evaluation exercise for the Malawi Decentralised Governance Programme was professionally done by a team that came up with a comprehensive methodology for data collection, analysis and feedback and visited a good sample of districts.

Specific Comments on the Power point Presentation:

Findings 2: Poverty Reduction:

The assertion that most expenditure on capacity building went to the national level which does not immediately benefit the poor may be true but could have been made without looking at the circumstances. One needs to look at the expenditures against the workplan. One also needs to consider that a huge chunk of resources for the procurement of vehicles and other equipment was centrally done using the same budget line, hence the huge amounts. Further, It would be unfair to measure the reduction of poverty through implementation of this programme alone. If anything the programme made a significant contribution towards government efforts in reducing poverty, therefore expecting the programme alone to impact on poverty would be asking for something difficult to achieve. See 4.2.4 Intended results, footnote 3.

Findings 3: Slide 13
Cabinet and Inter-ministerial Committees.

It was important that these committees should be meeting but in the absence of any deliberate funding from the programme it is strange to note that the evaluation findings are highlighting this. See 5.2 Outputs and components, challenges p. 20, footnote 7.

The MLRGRD:

To say that absorbing DS functions into Ministry and creating Decentralisation Unit was not successful is an unnecessary over-emphasis. The truth is that the Ministry made a board attempt to put to effect what the programme review of 2004 recommended. However, creation of the unit could not and cannot be done by the MLGRD alone. Other players also have a role to play which
may not have been finalized. What should also be realized is the fact that any point where transition is taking place, it is not always smooth and this should not be seen as a failure. It is also a known fact that at the time when the ministry was taking over the functions from the DS, the amount of funding had significantly reduced. The way the DS was being funded as compared to the funding that was coming to the ministry at the point of take over, it was quite different and one would not expect to see the same level of operations. It should also be realized that it was at this same time that a shift towards LED was taking place, which to a certain extent affected and stalled operations. See 5.2 Outputs and components, progress p. 32, footnote 9.

The assertion that creation of a DS unit in the ministry was not successful would be portraying a wrong picture to those stakeholders who do not have inside information. The fact of the matter is that the unit was successfully created through a function review that was done for the ministry and Ministry of Finance provided a warrant of establishment for the new positions. The issue here is the delay that has so far taken place to fill these positions. For instance, the position of a Deputy Director for Decentralization can only be filled through an appointment by the office of the president and the ministry did all the paper work to facilitate the same and we are still waiting up to now. The same applies with the rest of the positions which have to be filled through the Public Service Commission. So to allege that creation of the unit was a failure in an evaluation would be sending inaccurate information to stakeholders. See 5.2 Outputs and components, progress p. 19, footnote 6.

The DAs

We agree with the fact that major gaps exist in key positions at DA level. While Government is one the one hand recruiting and training officer at DA level, NGOs and other institutions and donor driven programmes are pouching from the same DAs. This leaves government with the challenge to continue training and filling these positions. This comment accords with the findings and recommendations of the Evaluation Repo.

FINDINGS 4: SLIDE 16.

Locally Generated revenues:

“Very little used for development & services, most is going to support salaries and operational costs.”

The team may wish to note that most Assemblies’ revenue bases are weak and as such they collect very little. They however, have to make do with whatever they get; and paying salaries and operational costs is not necessarily outside the budgets. What government however is trying to do now is to identify additional sources of revenues by considering ceding some to the Assemblies. Currently, the Ministry of Finance is studying the recommendations that were made through study. We would all hope that once this is done Assemblies should be able to fund some development projects on their own. See Section 6.2 Achievements and Results, footnote 12, page 42.

Inter-governmental transfers to DDFs:
“Regular flow from the GRF to the DDF but remain at 0.5% as against 5%. This is a misrepresentation of facts in that the Decentralization policy on Page 12 states that “government will make available to district assemblies at least 5% of the National Revenue, excluding grants, to be used for the development of the district.” The Policy did not specify that this 5% shall be in form of GRF. Therefore our analysis should not only be focused on the GRF but all the resources Central Government is transferring to the different sectors for different programmes at Assembly level (Health, Education, Agriculture, etc.). If you do this you will find that Government is transferring more than 5% as required by the policy. As earlier on pointed out, using GRF for salaries and operations is not in any way off side, as a General Resource Fund, the Assembly is at liberty to use it for any purpose one of which is salaries. See Section 6.2 Achievement of Results, Challenges, footnote 10, p 38. See also 6.3 Likely Attainment of Immediate Objective and Section 6.4, Sustainability, on pages 53-54 which explain why unconditional capital grants channeled through the DDF are critical to substantive decentralization.

**Accountability**

“Auditing takes place irregularly or not at all” While it would be accepted that in general terms audits are irregular, it would be far exaggerated if we proceed to say they are not done at all. This evaluation was specific to this MDGP as such there are programme resources specifically earmarked for facilitating audits and as far the ministry is concerned, the programme resources have been audited as and when required. However, it might be true with general audit programmes as carried out by the National audit office. See Section 6.1, Challenges, page 53, footnote 13.

**Findings 9: Factors Affecting Successful Implementation**

**External Factors**

The assertion that we have a constitutional crisis needs to be explained clearly. As far as Government is concerned there is no crisis. The in availability of councilors does not amount to a constitutional crisis; it amounts to inability to fulfill a constitutional requirement. A crisis would have been there if the constitution did not provide for how Local Governments should be managed, or where two sections of the constitution were contradictory, which is not the case with us. See 4.1.1. The country context and status of decentralisation in terms of strategy, policy and implementation, footnote 1.

“Suspension on NDP11” NDP 11 has never been suspended. You will notice that Agreements that were signed in NDP1 were running up to 2007, although NDP1 came to an end in 2004. There was therefore the need to have a programme that would continue being supported with agreements made in NDP1. As such one would not say that NDP 11 was suspended when actually implementation continued with support from agreements made in NDP1. See 4.1.1. The country context and status of decentralisation in terms of strategy, policy and implementation, footnote 1.
It is also not clear why the evaluation asserts that decentralization is in question in Malawi. Government has made a lot of progress in transferring of fiscal responsibilities to the local level. Government is now in a process of transferring the Human resources responsibility to the local level this is evident through the efforts Government has made to provide for an Establishment to each Assembly. The next stage now is to move the Human resource which is under central Government payroll onto local government’s payroll. As we speak now government is putting in place payroll systems in all local authorities and once we finish, we are starting with the education sector. Whether this assertion is coming from the fact that we do not have locally elected officials, it has to be clarified. It is a known fact that current we do not have councilors, however we have assurance from our authorities that processes will be ignited that will lead into councilors getting into the Assemblies. See Section 9, Finding 11, Replication, page 77, footnote 15.

**Institutional and Implementation Arrangements.**

Lack of Championship or even support, at top government level. While this is true, Government has now in the Office of the President and cabinet, created an office headed by a principal Secretary that will coordinate all reform programmes in Malawi. It is this office that will provide leadership in driving this process. The Office of the President and Cabinet has also provided for a sub committee of Principal Secretaries on Local Government and Rural Transformation to technically over-see the decentralization process and advise the Cabinet Committee on Local Government and Rural Development. This committee has so far met twice since its inception and we believe that with these arrangements, issues of championship are being addressed. See Section 5.2, Outputs and Components, Challenges, 1, page 28 and footnote 8.

The evaluation asserts that the DS was dissolved prematurely. We find this as a contradiction to the recommendation made in the 2004 review report on the evaluation of the Decentralisation programme. The Decentralization Secretariat was dissolved following this recommendation. Apart from that, it should be known that the DS was establishment to fast track activities that were to put the decentralization process on course. Some of these were to facilitate institutionalization of relevant institutions like NLGFC, MALGA and LASCOCOM that were to eventually take over the functions the Ds was performing. Now that these institutions were in place and that all the critical activities to fast track the decentralization process were completed, it was time for the ministry to take over and incorporate the DS into its structure. Otherwise continued existence of the DS began to bring in conflicts with the said institution. See Section 10.2, Programme Lessons and Recommendations, p. 80 footnote 14.

The evaluation questions the appropriateness of MoLGRD as a decentralization driver. We find this observation to be strange as it is in contradiction with international practice. All processes of decentralization are driven by such ministries simply because decentralization revolves around local government systems and policy holders for such systems are ministries of local government. Now when this evaluation begins to question this, we are put at a loss. See Section 10.2, Programme Lessons and Recommendations, p. 80 footnote 14.

**Programme Management.**
Direct execution modality replaced, in effect by national execution modality. Again as government, we are raising a serious concern on this assertion. Actually the National Executive arrangement came in view of the apparent problems experienced with the direct execution which, by implication, did not advocate local ownership. As Government we find the National Execution arrangement to be in line which the Paris declaration of February 2005 which advocates for developing countries to take charge of their own development. Going back to the direct execution would be moving many steps back in our development process and would not be to the benefit of local people whose poverty we want to reduce. See 4.2.2 Intervention Strategy, page 76 footnote 2.