

**COUNTRY LEVEL EVALUATION**  
**Republic of Malawi**

**Final Report**  
**Volume 2: Annexes**

November 2011



*Evaluation carried out on behalf of the Commission of the European Union*



**AGEG**  
International  
Consulting Services



**iram**



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**The opinions expressed in this document represent the views of the authors, which are not necessarily shared by the Commission of the European Union or by the authorities of the countries concerned.**

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<sup>1</sup> In this report the consultants will refer to DEVCO and the European External Action Service (EEAS) that was created with the Treaty of Lisbon (entry into force on 01/12/2009) as opposed to the former DG AIDCO and DG RELEX. The term 'EC support' refers to the Commission of the European Union as the major part of the assignment as well as the formulation of the methodology were conducted before the Lisbon treaty came into force.

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## List of Acronyms

AAH	Action Against Hunger
ACP	Africa, Caribbean, Pacific
ADC	Area Development Committee
ADMARC	Agricultural Development & Marketing Corporation
ADP	Agricultural Development Programme
ADP-SP	Agricultural Development Programme- Support Project
ADR	Alternative Dispute Resolution
AEP	Annual Expenditure Programme
AfDB	African Development Bank
AGOA	African Growth and Opportunity Act (USA)
AISP	Agricultural Input Subsidy Programme
AMSP	Accompanying Measures for Sugar Protocol Countries
APIP	Agricultural Productivity Investment Programme
APRM	African Peer Review Mechanism
ARP	Annual Roads Programme
ASSMAG	Association of Smallholder Seed Multiplication Action Group
ASWAp	Agriculture Sector Wide Approach
ASWAp-SP	Agriculture Sector Wide Approach Support Project
ASYCUDA	Automated System for Customs Data
AU	African Union
BCS	Background Conclusion Sheet
BESTAP	Business Environment Strengthening Technical Assistance Project
BIs	Beneficiary Institutions
BL	Budget Lines
BOP	Balance of Payment
BOQ	Bill of Quantities
BS	Budget Support
BXL	Brussels
CAADP	Comprehensive Africa Agriculture Development Programme
CABS	Common Approach to Budget Support
CBI	Cross Border Initiative
CBO	Community Based Organisation
CBRLDP	Community-Based Rural Land Development Project
CDE	Centre for Development of Enterprises
CEAR	Central East African Railways
CEDAW	Convention on Elimination of Discrimination against Women
CEM	Economic Memorandum
CFA	Core Function Analysis
CGIAR	Consultation Group of International Agriculture
CISP	Comitato Internazionale per lo Sviluppo dei Popoli (Italian NGO)
CLE	Country Level Evaluation
COBASSIP	Community Based Activities and Small Scale Irrigation Programme
COMESA	Common Market for East & Central Africa
COMRAP	COMESA Regional Agro-Inputs Programme
CONGOMA	National Body for NGO Activities
COOPI	Cooperazione Internazionale (Italian NGO)

Cpi	Consumer Price Index
CSE	Country Strategy Evaluation
CSO	Civil Society Organization
CSP	Country Strategy Paper
CTC	Community-based therapeutic Care
CWW	Concern Worldwide
DA	Development Assistance
DAC	Development Assistance Committee (OECD)
DADO	District Agriculture and Development Offices
DAS	Development Assistance Strategy
DCA	DanChuch Aid (Danish NGO)
DCAFS	Donor Committee for Agriculture and Food Security
DCI	Development Co-operation Instrument
DEL	Delegation
DFC	Consulting Company
DFID	Department for International Development, UK
DG	Directorate General (of the European Commission)
DHO	District Health Office
DOD	Disbursed Outstanding Debt
DOECC	Department of Economics of Chancellor College
DoF	Department of Forestry of the Ministry of Energy and Mines
DOM	Department of Mines
DOTS	Direct observable treatment short
DPP	Democratic Progressive Party
DR	Desk Report
DTIS	Diagnostic Trade Integration Study
EAC	East African Community
EBA	Everything-But-Arms (EU Trade scheme for LDCs)
EC	European Commission/ Commission of the European Union
ECAMA	Economics Association of Malawi
ECF	Electoral Commissions Forum
ECHO	European Commission Humanitarian Aid
EC-MAS	European Commission Multiannual Adaption Strategy
EDF	European Development Fund
EFSTT	Enhancing Food Security through Trade
EIA	Environmental Impact Assessment
EIB	European Investment Bank
EIS	Environmental Information System
EM	Evaluation Mission
EMP	Employment-Intensive Investment
ENRTP	Energy Thematic Programme
EPA	Economic Partnership Agreement
EQ	Evaluation Question
ESA	Eastern Southern Africa
ESF	Exogenous Shock Facility
ESIA	Environment and Social Impact Assessment
ESMP	Environmental and Social Management Plans



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ET	Evaluation Team
ETR	End-Term Review
EU	European Union
EUD	EU Delegation
FA	Financing Agreement
FAO	Food and Agriculture Organization of the United Nations
FCTF	Food Crisis Task Force
FDE	Finance Director
FDMF	Forest Development and Management Fund
FIDP	Farm Income Diversification Programme
FIMTAP	Financial Management Transparency and Accountability Programme
FISP	Farm Input Subsidy Programme
FMIS	Forest Management Information System
FMO	Netherlands Development Finance Company
FMU	Forest Management Unit
FNSJTF/TS	Food and Nutrition Security Joint Task Force / Technical Secretariat
FNSP	Food and Nutrition Security Policy
FR	Forest Reserve
FS	Food Security
FSBL	Food Security and Food Aid Budget Line
FSI	Food Stress Index
FSNP	Food Security and Nutrition Policies
FSP	Food Security Programme
FSTP	Food Security Thematic Programme
FTA	Free Trade Agreement
FY	Financial Year
GBI	Green Belt Initiative
GBS	Global Budget Support
GDP	Gross Domestic Programme
GEFM	Group on Finance and Economic Management
GFS	Government Financial Statistics
GHI	Global Hunger Index
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit (ex GTZ)
GNI	Gross National Income
GoM	Government of Malawi
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit (German Bilateral Aid Agency)
GVM	Gross Vehicle Mass
HDI	Human Development Index
HDM	Highways Development Model
HH	Households
HIPC	Highly Indebted Poor Countries
HIV/AIDS	Human immuno-deficiency virus/acquired immune deficiency syndrome
HRCC	Human Rights Consultative Council
IAS	Impact Assessment Study
ICBP	Institutional Capacity Building Programme
IDA	International Assessment Study

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IDAF	Institutional Development Agri-Food Sector
IDWP	International Development Working Paper
IF	Identification Fiche
IFMIS	Integrated Financial Management Information System
IFMSL	Improved Forest Management for Sustainable Livelihoods
IFPRI	International Food Policy Research Institute
IGA	Income Generating Activities
IGAD	Intergovernmental Authority on Development
IGPWP	Income Generating Public Works Programme
IITA	International Institute of Tropical Agriculture
IMF	International Monetary Fund
IMF AFRITAC	IMF's East Africa Technical Assistance Centre
INFSSS	Integrated Nutrition and Food Security Surveillance System
INSTAP	Institutional Support for Transport Sector Public Bodies
IO	Indian Ocean
IOC	Indian Ocean Commission
IR	Inception Report
IRCC	Inter-Regional Coordination Committee
ISO	International Organization for Standardization
ISP	Input Subsidy Programme
ITC	International Trade Centre
ITF	Infrastructure Trust Fund
JAR	Joint Annual Report
JC	Judgement Criteria
JEU	Joint Evaluation Unit
JF	Joint Partnership Framework
JICA	Japan International Cooperation Agency
JPSNMES	Joint Programme Support to the National Monitoring and Evaluation Systems
KAA	Key Assessment Areas
KAAs	Key Areas of Achievement
KfW	Kreditanstalt für Wiederaufbau
KRA	Key result areas
KUM	Kayelekera Uranium Mine
LDB	Development Economics Database
LDC	Least Developed Country
LFM	Local Financial Management
LLW	Lilongwe
LRP	Land Reform Programme
LTO	Large Tax Payer's Office
LTTA	Long Term Technical Assistance
M&E	Monitoring and Evaluation
MABRAM	Malawi Backlog Road Rehabilitation and Maintenance Programme
MAFSP	Multi Annual Food Security Programme
MAIFS	Ministry of Agriculture, Irrigation and Food Security
MASIP	Malawi Agricultural Sector Investment Programme
MASSAJ	Malawi Safety, Security and Access to Justice
MBS	Malawi Bureau of Standards

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MCCCI	Malawi Confederation of Chambers of Commerce and Industry
MCH	Maternal and Child Health
MDG	Millennium Development Goal
MDHS	Malawi Demographic Health Survey
ME	Macro-Economic
MEC	Malawi Electoral Commission
MEJN	Malawi Economic Justice Network
Mepc	Malawi Export Promotion Council
MEPD	Ministry of Economic Planning and Development
MGDS	Malawi Growth and Development Strategy
MHRC	Malawi Human Rights Commission
MHRRC	Malawi Human Rights Resource Centre
MIP	Multiannual Indicative Programme
MIPA	Malawi Investment Promotion Agency
MIT	Ministry of Industry and Trade
MLNP	Malawi National Land Policy
MLRPIS	Malawi Land Reform Programme Implementation Strategy
MNREE	Ministry of Natural Resources, Energy and Environment
MoAFS	Ministry of Agriculture and Food Security
MoAI	Ministry of Agriculture and Irrigation
MoAIFS	Ministry of Agriculture, Irrigation and Food Security (divided and renamed)
MoEPD	Ministry of Economic Planning and Development
MoF	Ministry of Finance
MoH	Ministry of Health
MoHP	Ministry of Health and Population
MoJ	Ministry of Justice
MOJICA	Ministry of Justice and Constitutional Affairs
MOLG	Ministry of Local Government
MoLHUD	Ministry of Lands, Housing and Urban Development
MOTPI	Ministry of Transport and Public Infrastructure
MoU	Memorandum of Understanding
MOZ	Mozambique
MP	Management Plan
MPP	Micro-Projects Programme
MPRSMGDS	Malawi Poverty Reduction Strategy Paper and Malawi Growth and Development Strategy
MPRSP	Malawi Poverty Reduction Strategy Paper
MPVA	Malawi Poverty Vulnerability Assessment
MR	Monitoring Report
MRA	Malawi Revenue Authority
MRPRS	Malawi Poverty Reduction Strategy
MS	Member State
MT	Metric Tons
MTEF	Medium term expenditure framework
MTPI	Ministry of Transport and Public Infrastructure
MTPW	Ministry of Transport and Public Works
MTR	Mid-Term Review

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MVAC	Malawi Vulnerability Assessment Committee
MWK	Malawi-Kwacha
NACAL	National Census of Agriculture and Livestock
NAO	National Authorising Officer
NAPA	National Adaption Programme of Action
NAS	National Adaption Strategy
NASFAM	National Smallholder Farmer Association of Malawi
NATAC	National Transport Committee
NCIC	National Construction Industry Council
NCSJ	National Council on Safety and Justice
NDTPF	National Development and Trade Policy Forum
NEP	National Enquiry Points
NEPA	National Environmental Policy Act
NEPAD	New Partnership for Africa's Development
NEWB	National Early Warning Unit
NFP	National Forest Programme
NFRA	National Food Reserve Agency
NGO	Non-Government Organisation
NICE	National Initiative for Civic Education
NIP	National Indicative Programme
NLRC	National Land Reform Council
NORAD	Norwegian Agency for Development Cooperation
NRA	National Roads Authority
NRF	National Research Foundation
NRM	Natural Resource Management
NRSC	National Road Safety Council
NRU	Nutrition Rehabilitation Unit
NSAs	Non-State Actors
NTSP	National Transportation Safety Board
NWC	National Water Commission
ODA	Overseas Development Assistance
ODI	Overseas Development Institute
ODPP	Office of the Director of Public Procurement
OECD	Organisation for Economic Cooperation and Development
OPC	Office of the President and Cabinet
OVI	Objectively Verifiable Indicator
PA	Performance Assessment
PAF	Performance Assessment Framework
PAMA	Paprika Association of Malawi
PCD	Policy Coherence for Development
PE	Programme Estimate
PEFA	Public Expenditure and Financial Accountability
PEFM	Public Expenditure and Financial Management
PEM	Protein Energy Malnutrition
PFEM	Public Financial and Economic Management
PFM	Public Financial Management
PFMAP	Public Financial Management Action Plan

PGBS	Partnership General Budget Support
PIF	Policy Investment. Framework
PME	Planning, Monitoring and Implementation
PMTCT	Prevention of Mother-to-Child Transmission
PPP	Public Private Partnership
PPU	Policy and Planning Unit
PRBS	Poverty Reduction Budget Support
PRGF	Poverty Reduction and Growth Facility
PRIP	Public Sector Investment Programme
PROSCARP	Promotion of Soil Conservation and Rural Production
PRSC	Poverty Reduction Support Credit
PRSP	Poverty Reduction Strategy Paper
PS	Project Synopsis
PSU	Project Support Unit
PTCM	Protocol on Transport, Communication and Metrology
PVHO	Plant And Vehicle Hire Organisation
PWP	Public Works Programme
QA	Quality Assurance
RA	Roads Authority
RAO	Regional Authorising Officer
REC	Regional Economic Community
REWS	Regional Early Warning System
REWU	Regional Early Warning Unit
RF	Road Fund
RFA	Roads Fund Authority
RFRP	Regional Fiscal Reform Program
RG	Reference Group
RIDP	Rural Infrastructure Development Programme
RIO	Research, Instruction and Outreach Committee
RIP	Regional Indicative Programme
RISDP	Regional Indicative Strategic Development Plan
RMSP	Rural Microfinance Support Project
ROL	Rule of Law
ROM	Results Oriented Monitoring
RSA	Republic of South Africa
RSP	Regional Strategy Paper
RTA	Road Traffic Authority
RTD	Research and Technological Development
RTP	Rural Transport Policy
RUTF	Ready-to-Use-Therapeutic-Food
S&G	Standards and Guidelines
SACU	Southern African Customs Union
SADC	Southern African Development Community
SAF	Structural Adjustment Facility
SAFEX	South African Future Exchange Markets
SAP	Structural Adjustment Programme
SARRNET	Southern Africa Root Crops Research Network

SBS	Sector Budget Support
SC	Superior Cultivar
SCP	Stanford China Programme
SEA	Strategic Environmental Assessment
SFC	Supplementary Feeding Centres
SFTEP	Social Forestry Training and Extension Project
SGR	Strategic Grain Reserve
SIDA	Swedish International Development Agency
SIP	Sector Investment Programme
SIPO	Strategic Indicative Plans for the Origin
SLRP	Support to the implementation of the Malawi Land Reform Programme
SME	Small and Medium-sized Enterprise
SMP	Staff Monitored Programme
SNRP	Sustainable Nutrition Rehabilitation Programme
SOAS	School of Oriental and African Studies
SPRINT	Special Programme for Investment in Needy Times
SPS	Sanitary and Phytosanitary Standards
SPSP	Sector Policy Support Programme
SQAM	Standardization, Quality System, Accreditation and Metrology
SSATP	Sub-Saharan Africa Transport Policy Program
STABEX	Stabilization of Export Earnings of Agricultural Commodities
STTA	Short Term Technical Assistance
SWAP	Sector Wide Approach Programme
SWG	Sector Working Groups
TA	Technical Assistance
TAP	Technical and administrative provisions
TB	Tuberculosis
TCF	Technical Cooperation Facility
TCSPIP	Transport and Communication strategy and Priority Investment Plan
TLSS	Technical Land Services Secretariat
TNP	Targeted Nutrition Programme
TOR	Terms of Reference
TP	Trade Protocol
TRC	Transformation Resource Centre
TS	Technical Secretariat
TS/FCJTS	Technical Secretariat of the Food Crisis Joint Task Force
TS/FSJTS	Technical Secretariat of the Food Security Joint Task Force
TSIP	Transport Sector Investment Programme
TSMIF	Transport Sector Management Information Framework
TSP	Training Support for Partners
TWG	Technical Working Group
U5	Under 5
UDF	United Democratic Front
UK	United Kingdom of Great Britain & Northern Ireland
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme

UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
US\$	United States Dollar
USA	United States of America
USAID	United States Agency for International Development
VCA	Value Chain Analysis
VDC	Village Development Committee
VFA	Village Forest Area
VNRMC	Village Natural Resource Management Committee
VOC	Vehicle Operating Costs
WATSAN	Water and Sanitation
WB	World Bank
WFP	World Food Programme
WHO	World Health Organization
WTO	World Trade Organization
ZAM	Zambia
ZIM	Zimbabwe





# 1. Evaluation Matrices

## 1.1 Relevance of EC Cooperation

**Evaluation Question n°1: To what extent have the EC support strategies responded to the changing needs of the Malawian population and those expressed by the GoM?**

**Judgement criterion n°1.1: EC support strategy takes into account the short-term and longer term needs of Malawian population including accurate and timely adjustments from programming to implementation based on evolving needs**

Programming documents report consultation with NSAs in the preparation of both EDF9 and CSPs<sup>10</sup>, this consultation process being considerably more extensive for preparation of EDF10 CSP than for EDF9 CSP. During the field phase it was possible to independently verify the perspectives of stakeholders as to the degree of responsiveness of EC support to national needs (good) and whether changing needs have been met by appropriate changes to such support (poor flexibility was noted, although given the consistency of national needs such inflexibility did not have significant effects except as regards EC regulations and procedures.

EDF9 CSP was prepared as a response to MPRSP (2002) whilst EDF10 CSP responded to MGDS (2006-2011). MPRSP reports that MPRS was the product of a consultative process 'involving a broad range of stakeholders and represents consensus about how Malawi can develop ...' whilst MGDS records participatory preparation involving key stakeholders<sup>2</sup> and claims it is 'country led and owned'.

**Indicator n°1.1.1: EC objectives reflect the priorities of non-governmental needs assessments**

***Findings at indicator level:***

**EDF9 CSP (2001-2007)**

Although reference is made in the CSP to involvement and consultation of NGOs in EDF9 programming the only other reference to NGO participation is in connection with reference to partner surveys in intervention areas (such as verification of OVIs) for the Agriculture (Natural Resources Sector).

**EDF10 CSP (2008-2013)**

The consultation process with NSAs is covered under JC2 below but it is clear that NSAs were asked by EUD to comment on proposed support issues prepared by a working group of government institutions. Thus, NSA priorities and concerns were covered and overall there was found to be a broad consensus that MGDS had indeed adequately prioritised such issues. Malawi has exceptionally strong NSA activity advocacy covering such areas as food security, democratisation, human rights, economic development, trade and private sector policy, gender, environment and social development. Advocacy institutions set up in the '90s (after the start of multi-party democracy in 1994) include ECAMA (Economics Association of Malawi; MEJN (Malawi Economic Justice Network) and HRCC (Human Rights Consultative Council) and several NSA networks.

Collaboration between GoM and NSAs is good (for technical issues) especially at local and sector levels such that there is complementarity between NSA and GoM in policy and implementation in agriculture, health and environment. NSAs have been involved in the development of MGDS, adjustment to MPRSP plus monitoring of implementation and sector policies despite involvement in development of the national budget being limited (although there has been advocacy to influence some of the resource allocations). EDF10 CSP aims at directly supporting MGDS and it appears therefore that the priorities of non-governmental assessments were adequately covered in EC response

<sup>2</sup> Government, parliament, private sector, civil society, donors, cooperating partners and general public

**Data and sources:**

Supporting Evidence

*'The EDF9 programming exercise ..... has involved the public and private sectors, civil society representatives and other non-state actors such as NGOs .....'* (EDF9 CSP Executive Summary p. 1)  
*'After consultation with ..... representatives of the .... NGO sectors, civil society .... the NAO and Delegation have concluded that cooperation efforts should be concentrated on poverty reduction efforts .....'* (EDF9 CSP: 5. EC Response Strategy p. 19)

*'Partner surveys in intervention areas .... NGOs (for sources of verification of OVIs for Intervention Purpose for Agriculture/Natural Resources Sector)'* (EDF9 CSP 6.6 Intervention Frameworks p. 28)

*'Meetings were generally well attended and the level of participation was quite high. There was representation of different NSA categories including NGOs .....'*

*The above and multiple other more extensive descriptions in EDF10 CSP Annex 5: CSP Drafting Process: Involvement of NSAs and Local Authorities*

**Indicator nº1.1.2: Outside stakeholders (donors, NGOs, CSOs, independent experts) perceive EC support as responding to national and societal needs**

**Findings at indicator level**

During the course of interviews during the field phase stakeholders confirmed that EC support responded to national needs in terms of identification of support sectors. Overall, EC support strategies have responded to the short term and long term needs of the Malawian population as expressed by GoM and confirmed by independent stakeholder consultation.<sup>3</sup> As each CSP responds to the current national poverty and development strategy at the time of preparation of the CSP, both CSPs reflect national priorities and policies set out in those national strategies and both CSPs do show such responsiveness to national policies and priorities<sup>4</sup>. EC support has in fact picked up on the differences between MPRSP and MGDS I; in essence MPRSP was a 'classic' poverty reduction strategy whilst MGDS I sought to facilitate economic development and employment creation as a means to reduce poverty, although the differences are as much nuance as substance which again points to the essential consistency of national needs and priorities over many years.

Supporting Evidence

*The quality of partnership continues to be positive. Political dialogue ...has been constructive and regular in recent years. It covered on the Malawian side not only government but also opposition, MEC, media as well as private sector (banks and industry)). On the EU side there has been excellent cooperation between EUD and EU MS locally represented. Meetings have been frequent and access to Ministers relatively easy. Referring to programming though, GoM has recently shown little interest in engaging development partners in the dialogue for review of MGDS review exercise. NSA continue to question the actual consideration of their comment in the final document (Main Conclusions, MTR, EDF10, October 2009)*

**Indicator nº1.1.3: Evidence of timely change in response to changing needs**

**Findings at indicator level:**

This issue was covered during the course of interviews during the field phase – prior to the field visit available documentation was not sufficient to form an opinion. With the exception of food security issues, there has been little, necessity for major EU adjustments to accurately identified EC support strategies. However, some interviews during the field visit pointed to an inflexibility and untimely response by EC to (generally lower level) changing needs due as much too rigid EC administrative, procurement and financial regulations as their reasons.

<sup>3</sup> This consultation is reported to have continued with ongoing drafting of MGDS II with regional workshops in the north, centre and south of Malawi having been held to discuss perceived needs.

<sup>4</sup> EDF9 CSP responds directly to MPRS Pillar 1: Sustainable pro-poor growth; EDF10 CSP responds directly to the five themes of MGDS (sustainable growth, social protection, social development, infrastructure development and improved governance).

### Supporting Evidence

*....it can be concluded that the absorption capacity of the partner country in the area of EU development cooperation appears adequate in the light of present aid allocations (Main Conclusions, MTR, EDF10, October 2009)*

*It is found that projects and programmes are on track i.e. the majority of the project indicators has been globally achieved without too much delays compared with the initial implementation calendar – in most cases adequate measures taken where (threatening to go) off track (Main Conclusions, MTR, EDF10, October 2009)*

### Detracting Evidence

*The systems and procedures followed ensured accountability but were not conducive to flexibility and responsiveness. Some examples were mentioned where activities were rolled over to the next PE due to the fact that procurement could not be completed within the time frame of the original PE. Initial purchase of vehicles and furniture took almost one year and some training and workshop interventions were cancelled due to time delays. (Final Evaluation, Promotion of Rule of Law and Civic Education in Malawi, March 2011)*

*The major challenge encountered by the project is mainly the complicated inflexible procurement procedures, ad-hoc planning during preparation of PEs ....' (Final Evaluation, Promotion of Rule of Law and Civic Education in Malawi, March 2011)*

## **Judgement criterion n<sup>o</sup>1.2: Problem analysis has been a consultation process involving government, donors, NSAs and target population informed by conclusions of previous evaluations.**

Consultation processes with all stakeholders improved considerably between preparation of EDF9 and 10 CSPs. EDF9 CSP preparation was characterised by limited consultation and limited involvement of stakeholders which resulted in reduced local ownership. This shortcoming has been ascribed to capacity constraints on all sides that resulted in a lack of structured dialogue.

By comparison EDF10 CSP preparation involved much greater dialogue and consultation with a wider range of stakeholders including three consultation meetings held in the north, south and centre of the country. Issues papers prepared for these meetings were circulated to take into account the views of the meetings. The process was marked by noticeably more pro-active government involvement in identification by means of a technical working group of line ministries.

The majority of lessons learned were identified and recommendations made in the 2003 CLE were accepted and taken into account in the preparation of the EDF10 CSP, including the 'headline' recommendation that good governance should be the over-arching theme of CSP. A few recommendations were partly rejected (simplified intervention framework for support to food security and natural resources) or accepted with reservations (focus of the ME instrument i.e. GBS).

## **Indicator n<sup>o</sup>1.2.1: Evidence of consultation processes with civil society, NGOs, CSOs and target populations**

### ***Findings at indicator level:***

#### EDF9 CSP (2001-2007)

In CSP reference is made to consultation with representatives of the private and NGO sectors, civic society and other donors and lending partners and NAO but the 2003 CLE concluded that government and civic society involvement in CSP formulation 'has been very limited and thereby reduced local ownership of the CSP'. This shortcoming was ascribed to capacity constraints at the levels of civil society but also the lack of properly managed dialogue processes between the different actors involved. Understaffing prevented the EC DEL from playing a pro-active role in facilitating a structured dialogue between government and civil society.

#### EDF10 CSP (2008-2013)

During development of CSP three regional consultation meetings were held with NSAs (at Mzuzu (N), Lilongwe (C) and Blantyre (S)) in 2006. An issues paper, prepared by a technical working group from

line ministries, setting out possible sectors for EDF10 support (ME growth; agriculture and food security; irrigation, transport and infrastructure development; trade and private sector development; WATSAN; energy generation and supply) was circulated to civil society organizations prior to the meetings. The main objectives of the meetings were to solicit comments, views and inputs of local authorities and NSAs on areas proposed by government for EC support. Outcome in terms of inputs and comments was considered to be of high quality.

The NSAs were jointly selected by EC and GoM on criteria including: prior involvement in policy dialogue on GoM/EC development cooperation; participation in meetings on drafting/compilation of the NSA mapping study and preparation of the NSA Support Programme in Malawi; involvement in implementation of GoM/EC funded development programmes; specific competence in one of the focal or non-focal sectors of GoM/EC cooperation (agriculture, food security, natural resource management, ME issues, trade, good governance) or in cross cutting issues (gender, human rights etc.).

NSAs participating included NGOs, labour organizations, trade unions, chambers of commerce, private sector organisations, universities and media.

As a result of the consultation the issues paper was revised and sent to all participants and the revised issues paper 'filtered through into the country response strategy section of the CSP'

#### **Data and sources:**

Supporting Evidence (see also Data and Sources 1.1 above)

*'The initially very ambitious PRSP timetable has been modified ..... to allow for greater participation of civil society'* (EDF9 CSP p. 3)

*'In recent years civil society organizations have been able despite many weaknesses still affecting this sector, to create space for increased participation in policy processes, particularly in the context of PRSP'* (Evaluation of EC Country Strategy for Malawi, 2003 p. 13)

*'.... some progress has been achieved with civil society participation in policy processes (particularly through the PRSP process'* (Evaluation of EC Country Strategy for Malawi, 2003 p. 50)

*EDF10 CSP Annex 5: CSP Drafting Process – Involvement of NSAs and Local Authorities has multiple references to the part played by civil society, NGOs, CSOs etc. in formulation of –EDF10 CSP.*

#### Detracting Evidence

*'.... civil society involvement in CSP formulation has been very limited and thereby reduced ownership of the CSP'* (Evaluation of EC Country Strategy for Malawi, 2003 p iv, p. 40)

*'.... Participation of civil society in the development and decentralization process is far from being mainstreamed as is its participation in structured dialogue with government at central or district levels'* (Evaluation of EC Country Strategy for Malawi, 2003 p. 5)

*'EC lacks a coherent response strategy in support of civil society .... (although) participation of NSAs is a recent policy of orientation introduced by the Cotonou Agreement'* (Evaluation of EC Country Strategy for Malawi, 2003 p. 14)

*'... lack of mechanisms for civil society participation ....'*(Evaluation of EC Country Strategy for Malawi, 2003 p. 17) *'Shortage of staff and expertise prevented the EC DEL so far to invest in civil society advocacy work for pro-poor policy and governance issues ....'* (Evaluation of EC Country Strategy for Malawi, 2003 p. 18)

## Indicator n°1.2.2: Evidence of consultation processes with government

### **Findings at indicator level:**

#### EDF9 CSP (2001-2007)

CSP makes reference to consultation with government including NAO but the 2003 Evaluation of EC Country Strategy notes that government involvement in CSP formulation has been very limited. This shortcoming was reported as resulting from capacity constraints at government level compounded by the lack of a properly managed dialogue between EC and GoM (due also to under-staffing in the EC DEL).

#### EDF10 CSO (2008-2013)

The opening words of EDF10 CSP are 'The cooperation between GoM and EC over the period 2008-2013 will manifest itself through the alignment of support to the over-riding policy objectives of MGDS'. After a joint review of cooperation with various donors, GoM set up a Steering Committee and Technical Working Groups (TWGs) which proposed issues and interventions for EDF10 support. GoM and EC DEL also co-hosted regional (in national context, not international context) consultation meetings with NSAs (at three national locations) to discuss preparation of the CSP.

#### **Data and sources:**

Supporting Evidence (see also Data and Sources 1.1 above)

*'EC is actively involved in PRSP consultation processes .....'(EDF9 CSP p. 17)*

*'Formal annual consultative group meetings are held with government which supplement the plethora of individual meetings (but there remains scope for streamlining and coordination of interface with government)' (EDF9 CSP p. 19)*

*'... donors committed themselves to .... Engaging in joint consultations .... With government' (EDF9 CSP p. 9)*

*Government, in close consultation with donors is currently developing DAS (Development Assistance Strategy) ....' (EDF10 CSP p. 20)*

*'GoM in consultation with EC DEL initiated the programming exercise for EDF10 ....'*

*'.... GoM committed to engage EU in programming dialogue under the framework of DAS and CABs'*

*The references above and multiple other references to the role of government in CSP programming in EDF10 CSP: Annex 5: CSP Drafting Process.*

*'Political dialogue meetings will be held on a monthly basis with EC' (EDF10 CSP: Annex 9: List of Government Commitments)*

#### Detracting Evidence

*'.... government ..... involvement in CSP formulation has been very limited and thereby reduced local ownership'*

*Evaluation of EC Country Strategy for Malawi, p iv*

*'.... understaffing prevented the EC DEL to play a pro-active role in facilitating a structured dialogue between government and civil society on the CSP' (Evaluation of EC Country Strategy for Malawi, p. 40)*

*'.... with quite limited involvement of government (and civil society) in the process of strategy formulation, local ownership risks becoming marginal' (Evaluation of EC Country Strategy for Malawi. p. 41)*

**Indicator n°1.2.3: Evidence of consideration of lessons learnt and recommendations of 2003 CLE in formulation of CSP**

<b>Findings at indicator level:</b>	
<b>Recommendations of 2003 CLE</b>	<b>Evidence of consideration in EDF10 CSP formulation</b> (given the date of the previous CLE, recommendations could only be taken into account in preparation of EDF10 CSP)
1. Good governance as the over-arching theme of the CSP	Accepted  EDF10 CSP states 'The Malawi-EC Strategy under EDF10 will be developed within both good governance and ME stability frameworks'  Fiche Contradictoire on the 2003 Evaluation Report states 'Dialogue with GoM has been maintained through regular bilateral discussions with NAO and through more structured donor-GoM coordination. Improved accountability and transparency in conduct of public affairs and service delivery generating greater public confidence in democracy is one of the key objectives of the 'Promotion of Rule of Law and Civil Education in Malawi' project.
<b>Governance at central and local level</b>	
2. Quality and impact of political dialogue with government should be enhanced	Accepted.  There has been more openness in political dialogue concerning the FS situation (compared with previous years) nevertheless impact of dialogue is difficult to judge.
3. Support country-led assessment processes on governance	Accepted.  Through political dialogue with GoM and in consultation with other stakeholders, the Good Governance section of EUD is participating in governance assessment processes (e.g. review of NCSJ and other mechanisms set up by MASSAJ donors committee on governance impact assessments). Support given to NSAs.
4. Opportunities to improve governance at local level should be better exploited	Accepted.  Decentralisation progressing only slowly
5. Rule of Law Programme should be expanded and gradually embedded in a SWAp	Support to good governance developed with view to eventual development of a SWAp (but not under EDF10). Currently TA provided to MOJ and continued support (under EDF9) to NICE.
<b>Democracy, human rights and civil society</b>	
6. Civil society and private sector participation should be mainstreamed in CSP	Accepted.  NSAs involved in MTR and subsequent reviews of EDF9 NIP. Workshop with NSAs on EU-Malawi cooperation in 2004. NSA involvement in PRLCEM programme. Mainstreaming of NSA involvement to be reinforced when NAO and EUD capacity strengthened.
7. Options for strategic EC support to the decentralisation process should be clarified	Accepted. Decentralisation taken into account in 4 <sup>th</sup> MPP
8. Gains obtained with EC-supported initiatives should be consolidated	Accepted.  Decision taken on institutionalisation of NICE. PRLCEM contributes to eventual development of a SWAp with increasing national ownership of NICE as service provider. Also, guidelines issued for integration of MPP into decentralisation process.
<b>Food security and natural resources</b>	
9. Simplify the intervention framework to focus on fewer and more clearly defined results	Partly rejected.  MTR of MAFSP recommended maintenance of several sub-objectives and continue with the same components except for creation of a rural micro-finance institution. The EDF9 LFM does not appear to have significantly altered but has increased the number of result areas from 4 to 5 while reducing activities from 21 to 17. On the other hand MAFSP (2004-2006) focuses on fewer, more clearly defined results.
10. Continue technical support to important reforms in the sector while linking financial support to progress on	Accepted.

relevant governance issues	4 areas of EDF9 support included land reform, FS and Nutrition Policy drafting process, management of strategic grain reserves (integral component of FS programme), TA to MAIFS, implementation of IDAF Project. Reduced scope of EDF10 support (but moving towards SWAp) – no continuation of support to land reform, access to agricultural credits, core function analysis of MOAFS. GBS and the Food Facility have 3 special governance conditions – PFM, stability, national/sectoral policy and strategy.
11. Work with government and with other donors in establishing a coherent approach to agricultural productivity promotion	Partly accepted. EDF10 CSP 'In order to better coordinate government and donor activities in agriculture, GoM will develop a SWAp'. SWAp document published in 2010. EDF9 notes 'Agriculture productivity promotion in Malawi is not a relevant objective as such but should be linked to increasing and diversifying farm and non-farm incomes'. PROSCARP continued as SLP.
12. Continue support for capacity building and institutional development at country and local/district levels	Accepted. EDF10 CSP p23 'These 4 key issues will be completed by capacity building of government, small holders and NSAs. Capacity building of government with focus on streamlining its involvement in playing an enabling and regulatory role in the sector with a view to increasing efficiency and stimulating private investment'. EDF10 CSP p24 'Capacity building will focus on building GoM ability to respond and coordinate donors' responses to food insecurity. Support will also be given to further develop food security and nutrition security monitoring information systems for both crises and chronic situations .....'. EDF9 support includes FIDP and IDAF which focus on capacity building support at community and local levels.
13. Identify and explicitly document a coordination toll that will establish links between the related interventions	Accepted. FSMP adopted in 2005. Continued support to Technical Secretariat. MASIP merged with FCTF (it is suggested that the effectiveness of FCTF coordination in the Southern Africa region was not taken into consideration in the 2003 CLE).
14. Develop an approach to promote extension of successfully adopted technologies and management systems	Accepted. Taken into account through SLP, PWP2 and IGPWP (FIDP2 and RIDP are successor programmes under EDF10).
<b>Transport Infrastructure</b>	
15. Work with government and other transport stakeholders to ensure adequate levels of sustainable road maintenance funding	Accepted. Progress on institutional reform was effectively started with new government action in 2005 with legislation for separation of NRA and NRF. Development of sector policies has led to a SWAp and SPSP under EDF10
16. Work with government and other transport stakeholders in prioritisation of the maintainable road network including rural access	Accepted. Although delayed due to late separation functions (noted in 15 above) studies carried out to determine maximum RF revenues and thus refine prioritisation and programming of works.
17. Clarify with the governments of Malawi and Mozambique the priorities given to international transport corridor development through Mozambique and, if required, establish a comprehensive approach to support such corridor development	Accepted. Dialogue continues between Malawi and Mozambique but little progress appears to have been made in improving Malawian access to Beira and Nacala ports.
18. Integrate cross cutting issues into sector strategy and its interventions	Accepted. Efforts made to integrate cross-cutting issues with NSA involvement in implementing of HIV/AIDS sensitisation campaigns. Integration of gender issues only in LB works. MABARM covers cross-cutting issues (gender, HIV/AIDS, environment).
<b>Health</b>	
19. Develop an effective exit strategy <i>Detailed quote of the recommendation</i> "The potential to use the instrument for continued sector support to health should be avoided. The Delegation does not possess (and is not planned to	EC support to health has ceased so exit has been made whether or not the exit strategy was or was not effective. Although other donors support this sector indicators are disappointing. EC GBS

<p>get) any expertise in the health sector. Attempts to stay engaged in the health sector will tie limited Delegation resources that could be better used in pursuit of other strategic objectives”.</p>	<p>has indicators for social sectors including health indicators.</p> <p>Health is not included anymore in the concentration sectors in Malawi, but the Health Reform and Decentralization Project implemented under the EDF7 <i>has been Instrumental in initiating the MoH Stakeholder coordination system</i><sup>5</sup> (that finally led to the adoption of a SWAP in the Health sector).</p> <p>However the ongoing PRBS III links the appraisal of its variable tranche to the fulfilment of 6 indicators on social sectors, out of which 4 are related to the health sector performance: immunization against measles, births attended by skilled personnel, nurse population ratio, and HIV/AIDS prevalence.</p> <p><i>On the recommendation itself:</i> a survey on the EC Support to health sector (in French) brought up significantly different conclusions<sup>6</sup>, suggesting namely to avoid a too brutal shift from program approaches to GBS. It mentioned also topics where EC proved a technical know-how in areas such as support to drugs purchasing agencies or to blood transfusion services as well as institutional support to MoH Directions at both central and de-concentrated levels – especially those in charge of programming the activities, the financial management of budgetary resources, the implementation of primary and secondary health services at peripheral levels or the promotion of a sound drugs policy</p>
<p><b>Means</b></p>	
<p>20. Focus of the ME instrument in fiscal and public finance performance</p> <p><u>Detailed quote of the recommendation</u></p> <p><i>“For the foreseeable future, use of the macro-economic instrument should be focused on achievement of macro-economic stability and good governance objectives (including public finance management and accountability) as one of the main instruments providing incentives to the Government in this respect. (..)The Commission’s new policy regarding budgetary aid attempts to link budget support disbursements to performance on poverty reduction indicators. (..) Adoption of the new policy would in Malawi fit well, if budget support disbursements be linked to performance in public finance management and accountability (for example, including full budget execution for pro-poor expenditure lines). Linking it to outcome indicators in the social sectors, however, would be effective only if the CABS donor group reaches agreement on a performance assessment framework that includes such indicators. (..) The approach is also requires suitable attention to data quality assurance issues in a case like Malawi, where systems and procedures are regularly seen being ignored, when large financial interests are at stake. [see 227 – 231]</i></p>	<p>Accepted (although reservations expressed on this section of the CLE – i.e. CLE comments are dated and outside the scope of the evaluation).</p> <p>CABS framework has adopted outcome indicators in PAF (PFM + social sector performance).</p> <p>The General Budget support (35-40% form NIP) is intended to contribute towards the Government’s main economic objectives namely :</p> <ul style="list-style-type: none"> <li>• Macro-economic stability</li> <li>• Implementation of the policy reforms in the area of Public finance management so as to enhance the effectiveness and efficiency of public expenditure<sup>7</sup></li> <li>• Implementation of policy reforms in social sectors so as to increase health services, education opportunities and</li> <li>• Improve the education and health MDG indicators.</li> </ul> <p>A performance Assessment framework (PAF) has been finalized in 2008 among CABS donors and the PRBS III FA (20,6% of NIP) links disbursement criteria to PAF Indicators related to Public finance management (6 out of 12) as well as Social sector indicators (6 out of 12)</p>
<p>21. Enhance the capacity to adequately manage the EC Programme at its current scale with the new priority focus on governance</p>	<p>Accepted.</p> <p>EUD capacity improved (including coverage of economics, trade and good governance). Support to NAO since 2005.</p>
<p>22. EC needs to develop a strategy on how to deal with the institutional development and human resources problem</p>	<p>Accepted.</p> <p>EUD, NAO, project staff and line ministries have undergone training concerning devolution and technical issues including BS, trade etc.</p>

**Data and sources:**

*Unless otherwise noted in the chart above, sources are ‘Fiche Contradictoire on the 2003 Evaluation Report’*

*An evaluation of the previous CSP was made. One of the main recommendations was that*

<sup>5</sup> Annex 6 CSP 2008-2013

<sup>6</sup> Evaluation de l'aide de la CE dans les pays ACP/ALA/MED dans le domaine de la santé Dr Paul De Caluwé et al. Dr. Jean-Pierre d'Altilia (Coord.), Nov. 2002, Chapter 5, p.45

<sup>7</sup> CSP/NIP 2008-2013 §4.2 p. 21.



*governance should be placed at the centre of all cooperation programmes as both an end in itself (cross sectors) and a mean (to achieve impact and sustainability). The evaluation highlighted democratic governance and accountability as of paramount importance to the success or failure of all other interventions, noting that objectives in public finance management should be pursued primarily through the macro-financial instrument. The evaluation also stated that the Commission should strengthen the articulation between development aid, political cooperation and trade policy. In addition, the evaluation noted that enhancing the capacity of non-state actors to express themselves, to demand accountability (of local and central governments) and to participate in policy was a key element of a comprehensive poverty reduction strategy (EDF 10 CSP p. 15)*

### **Judgement criterion n°1.3: EC strategy is responsive to national priorities and policies for development and growth**

EC objectives fully reflect national priorities and policies for development and growth.

For the EDF9 CSP focal sectors respond directly to MPRS 'Pillar 1: Sustainable pro-poor growth' with expected results of EC interventions directly coinciding with the Pillar 1 priority sub-goals.

EDF10 CSP responds directly to the five themes of MGDS (sustainable economic growth, social protection, social development, infrastructure development and improved governance) whilst addressing some of the six priority areas of MGDS i.e.: agriculture and food security [and nutrition disorders] and transport infrastructure development are covered by EDF10 focal sectors; water and energy may be addressed under the Water and Energy Facility instruments (i.e.: not under EDF10) whilst HIV/AIDS is considered to be a cross cutting issue under EDF10 CSP.

Both EDF9 and 10 CSPs present an analysis of national development strategies plus a country analysis covering the political, institutional, economic, commercial, social and environmental situations, albeit this analysis being considerably more detailed for preparation of EDF10 CSP. Analysis is focused further in consideration of focal and non-focal support sectors and identification of proposed sector responses.

### **Indicator n°1.3.1: EC objectives reflect the priorities of GoM as expressed in MPRSP (EDF9) and MGDS (EDF10)**

#### **Findings at indicator level:**

#### EDF 9 CSP (2001-2007)

At the time of preparation of the EDF9 CSP PRSP was still being prepared but drafts were available to the authors of the CSP which is effectively based upon the Interim PRSP (August 2000) that has a three-pronged approach:

- emphasizing small-holder agriculture to raise productivity and income for the rural poor;
- promotion of private sector growth to expand off-farm employment through various measures, including reduction of transport costs;
- expansion of social services.

These are intended to achieve 'broad based and sustainable economic growth within a supportive environment where democracy is consolidated, rule of law prevails and private sector takes the leading role'.

CSP focal sectors were chosen as a result of comparing objectives and strategies of the national development policy agenda with EU development priorities, relative strength of past and ongoing EC interventions in Malawi and the complementarities to EU MS interventions in the search for lead donors.

The 2003 CLE found that the 2002 CSP is better aligned with MPRSP (than the EDF8 CSP) even though the former was still in only drafting stage by the time the CSP was completed. The CSP focal sectors and their sub-sector objectives feature prominently in the MPRS Pillar 1: Sustainable Pro-poor Growth (the expected results of proposed EC interventions coincide almost completely with the first priorities listed under each of the sub-goals listed in Pillar 1 [although rural transport appears to be a top priority which EC interventions do not (quite) address directly]. The CLE also notes that GoM

policies and strategies were generally comprehensive and well formulated; although implementation has been problematical with numerous examples of official policy statements lacking enforcement or being over-ruled by ad hoc decisions, not least budget allocations. However, policy dialogue between GoM and EC was found to have been comprehensive and to have substantially influenced government policy formulation/revision and implementation.

#### EDF10 CSP (2008-2013)

CSP explicitly states that alignment of EC support to Malawi will support the policy objectives of MGDS which are to create wealth through economic growth and infrastructure development as a means to achieve poverty reduction. MGDS has five themes: sustainable economic growth, social protection, social development, infrastructure development and improved governance. These are expressed through six priorities; agriculture and food security, irrigation and water development, transport infrastructure development, energy generation and supply, natural resource development, and prevention and management of nutrition disorders and HIV/AIDS (these priorities are also supported by NSAs – see also I 1.1 above).

MGDS recognises the role of the private sector in promoting economic growth, the importance of investment in social services (education and health), ME governance, decentralisation, rule of law and promotion of human rights.

Donor support has been expressed for GoM ownership of MGDS whilst suggesting a need for clarification of the roles of the various stakeholders, clear prioritisation of expenditure with realistic budgeting compliant with current ME frameworks, stringer linkage to the annual budget cycle and a strengthened monitoring and progress review mechanism.

There are risks to implementation of MGDS including: scarce financial resources, limited institutional capacity, and lack of human resources, inadequate coordination, limitations on policy implementation, deficient PFM and internal government control strictures.

#### **Data and sources:**

##### Supporting Evidence

*'... the current thinking in the PRSP process has been reflected throughout the drafting of this CSP' (EDF9 CSP p. 3)*

*'... in line with the I-PRSP recommendations; repair, upgrading and sustainable maintenance of improved roads .... will be given increasing priority' (EDF9 CSP p.11)*

*'EC is actively involved in the PRSP consultation process in Malawi ....' (EDF9 CSP p. 17)*

*In line with the objectives of the I-PRSP general EC cooperation objectives .... are ....' (EDF9 CSP p. 21)*

*'Specific objectives taking into account past experiences will be worked out in consultation with future appraisals and in line with the ongoing PRSP exercise' (EDF9 CSP p. 22)*

*ME support will be provided .... With due regard to the PRSP process' (EDF9 CSP p. 23)*

*Policy measures to be taken will be further elaborated in the context of the PRSP process ....' (EDF9 CSP p. 26)*

*Cooperation between GoM and EC over the period 2008-2013 will manifest itself through alignment of support to the over-riding objectives of MGDS' (EDF10 CSP p vi)*

*'... to respond to 3 of the 6 specific priorities identified by GoM within MGDS, EC will concentrate support on 2 focal sectors ....' (EDF10 CSP p. 20)*

*Highly relevant projects were set up by EC during the period under review which are in line with the country's policies (such as MPRSP)' (Evaluation of EC-Malawi Country Strategy, 2003 p. 15)*

*'Although MPRSP was developed at a later stage, the core of the EC strategy for health .... is wholly in keeping with the MPRSP approach to health sector development' (Evaluation of EC-Malawi Country Strategy, 2003 p. 40)*

*The CSP is better aligned with the MPRSP even though the latter was still in early drafting by the time the CSP was completed' (Evaluation of EC-Malawi Country Strategy, 2003 p. 19)*

##### Detracting Evidence

*'Dropping health as a focal sector in the 2001-2007 CSP may appear to have reduced the relevance of the EC Country Strategy to the MPRSP.....' (Evaluation of EC-Malawi Country Strategy, 2003)*

*The principle challenges to viability of MGDS are scarce financial resources, limited institutional capacity of line ministries, lack of human resources, and inadequate coordination among central government institutions as well as policy implementation limitations at both central and local levels' (EDF10 CSP p. 14).*

### **Indicator n°1.3.2: EDF9 & 10 CSP/NIPs (and supporting documentation) present a sound and complete analysis of problems/ needs and EU responses**

#### **Findings at indicator level:**

##### EDF9 CSP (2001-2007)

CSP analysis starts with brief reference to the national development strategy (PRSP – then a work-in-progress) before going on to a country analysis covering the political situation, economic situation (structure and performance of the economy, regional cooperation and trade, public finances, assessment of structural adjustment reform and sector policies, sustainability of development (poverty reduction and social development) and cross cutting issues (good governance, environment, gender, HIV/AIDS, institutional weaknesses).

Discussion of EC response strategy identified focal areas, sector policy dialogue, ME support, on-focal areas of support and the role of EIB, also covering rationale of the focal areas as cooperation sectors, specific objectives and coherence with EU policies.

##### EDF10 CSP (2008-2013)

CSP country analysis covers political, economic, social and environmental situation (political and institutional situation; economic and commercial situation; social situation including work and employment; environmental situation; international context), poverty reduction, national development strategy, viability of current policies and medium term challenges.

Discussion of EC response strategy identifies GBS, focal areas, non-focal areas, sectors outside bilateral development cooperation and support through EIB. There is little or no analysis of pressures of continuing high population growth or of (as yet unidentified) risks of climate change.

#### **Data and sources:**

##### Supporting Evidence

*'The government strategy is based on free market principles to achieve broad based and sustainable economic growth within a supportive environment where democracy is consolidated .... (Vice President's policy Analysis Initiative)' (EDF9 CSP p. 3)*

*'Consistent with its analysis the CSP set the overall objective for aid cooperation to be support for the government policy alleviation programme .....(Evaluation of EC-Malawi Country Strategy, 2003 p. 6)*

*'Analysis of the viability of (GoM) current policies and medium term challenges identifies scarce financial resources, limited institutional capacity, lack of human resources, inadequate coordination, need to improve internal control systems and strengthen PFM... Specific CSP analysis includes political, economic, social and environmental situations, poverty reduction, viability of current (GoM) policies and strategies and medium term challenges, debt sustainability....' (EDF10 CSP p. 14)*

##### Detracting Evidence

*'... current analysis suggests (health service) decentralization would have benefited from a longer preparation period and full transfer of required resources directly down to district level' (EDF9 CSP p. 17)*

*The population of Malawi increased from 12M in 2005 to 13.1M in 2008 and it has the highest population density in Africa rising from 105people/sq. km in 1998 to 139people/sq. km in 2008. According to some estimates the population will reach 40M by 2040. Whilst Malawi is the least urbanised country in Africa (20% of the population) it has one of the highest urbanisation rates in the world at 6% pa and the lack of urban infrastructure and social problems such as unemployment are growing concerns in the informal settlements.*

**Judgement criterion n°1.4: EC strategy is coherent and coordinated with other donor programmes in Malawi**

The Paris Declaration calls for increased use of common arrangements within programme-based approaches and increased joint missions and studies/analysis. There is evidence of increasing coherence and coordination of EC support with other donor programmes although as noted in EDF10 CSP, there remains scope for streamlining coordination. Moves towards budget support and SWAp (in agriculture and transport) as the preferred modality imply concurrent donor coordination and joint policy dialogue with government.

Whilst it is reported that the proportion of joint missions is increasing, only 20% of EC missions (2007) were coordinated with other donors although all EC analytical work was coordinated with other donors (Survey on Monitoring the Paris Declaration, OECD, 2008).

**Indicator n°1.4.1: EUD personnel were in regular contact with donor community to coordinate programme components with other donors**

**Findings at indicator level:**

EDF9 CSP (2001-2007)

There is reference in CSP to close cooperation with EU MS especially those leading or involved with direct policy dialogue in a specific area of cooperation (Denmark & UK – education; UK – agriculture, ME support, health) and that continuation of previous and proposed EC programmes would become part of those sector discussions. Particular attention was given to collaboration with UK regarding the safety net programme and support to the education sector (with Denmark), plus EC consideration of limitation of health sector support to SBS in support of the National Health Plan (and SWAp) as most EU MS provided support to this sector.

With reference to general donor coordination, pooling of technical resources was identified as beneficial with specific reference to discussion between EU, Germany, UK and Denmark regarding support to sectors such as agriculture, health, education, safety net and ME support (the ME support group has established regular dialogue with GoM to assess public sector performance).

EDF10 CSP (2008-2013)

CSP states that EU/GoM cooperation will be in close complementarity with support provided by EU MS and other donors active in Malawi with specific synergies being sought with WB. Development of sector programmes would be promoted and in accordance with the Paris Declaration (EU to lead in implementation of the Paris Declaration) budgetary aid will be the preferred modality followed by joint financing. EU would thus promote better donor complementarity by working towards joint multi-annual programming based on partner countries' strategies and processes, common implementation mechanisms, joint donor missions and use of co-financing arrangements.

EC is part of the CABS group (Common Approach to Budget Support) which constitutes a forum for discussion for development partners involved in budget support (DFID, Norway, Sweden, EC, Germany, WB, AfDB, IMF and UNDP) which has been instrumental in closer alignment of donor funding increasingly channelled through GoM systems.

A DAS (Development Assistance Strategy) has been developed by GoM in coordination with donors to provide a coordination framework for development partners (including prohibiting unilateral negotiations between individual ministries and donors).

**Data and sources:**

Supporting Evidence

*'... EC has been part of a joint donor dialogue with the government in the spirit of Art 8 of the Cotonou Convention' (EDF9 CSP p. 5)*

*'In May 2000 four donors.... agreed.... a common framework for provision of ME assistance (CABS) .... EC has recently joined this framework ....(EDF9 CSP p. 9)*

*'EC is actively and closely involved in the PRSP consultation process in Malawi and will closely*

*cooperate with other donors ....' (EDF9 CSP p. 17)*

*'There is an established framework for donor community and leading agency coordination ....' (EDF9 CSP p. 19)*

*EC response strategy ..... Complementarities to EU MS interventions .....' (EDF9 CSP p. 19)*

*'... permanent coordination will be held with other major donors ....' (EDF9 CSP p. 20)*

*'... there is general consensus between .... Government and the donor/lending community ....' (EDF9 CSP p. 23)*

*'Coordination with other donors and lending agencies is an ongoing process of consultation ...' (EDF9 CSP p. 24)*

*'... terms of donor coordination, EC is part of CABS .... which constitutes a formal forum of discussion and exchange for development partners involved in budget support' (EDF10 CSP p. 15)*

*'... the change in government in .... 2004 brought a new start in donor dialogue with government ....' (EDF10 CSP p. 16)*

*'Government in close cooperation with donors is .... Developing a DAS that will provide a coordination framework for development partners' (EDF10 CAP p. 20)*

*'EC/GoM cooperation will tie in closely with support which is to be provided by EU MS and other donors ....' (EDF10 CAP p. 20)*

*'The EC is committed to donor coordination and complementarity which has facilitated its planning and choice of focal areas' (Evaluation of EC-Malawi Country Strategy, 2003 p iii)*

*'Government coordination of donor aid is also improving to ensure alignment of support to national priorities .....' (Evaluation of EC-Malawi Country Strategy, 2003 p. 12)*

*'... DAS focuses on the need for donors to respond to government reforms by increasing alignment to government systems and strategies and to harmonise practices to reduce transaction costs' (Evaluation of EC-Malawi Country Strategy, 2003 p. 23)*

*There is a general trend towards DPs either directly supporting or aligning their support to the strategic plans of partner institutions. (Financing Agreement, Democratic Governance Programme, MAI002/10)*

#### Detracting Evidence

*'... there remains significant scope for streamlining and coordination of the interface with government' (EDF10 CSP p. 19)*

*OECD in 2007 rated compliance with the Paris Declaration in Malawi low for alignment and mutual accountability and moderate on ownership, harmonisation and coordination' (Financing Agreement, Democratic Governance Programme, MAI/002/10)*

### **Judgement criterion n°1.5: Absence of conflict between EC development objectives in Malawi and EC global and regional policies and strategic frameworks.**

EDF9 CSP responded to the Cotonou Agreement which called for a stronger linkage on aid, political cooperation and trade (although support to trade facilitation under EDF9 appears to have been limited) and also concentration of EC support to a limited number of areas for which EC action was expected to bring added value – in the case of Malawi selected areas included ME support (to social sectors), transport, food security, institutional capacity building (particularly in good governance and rule of law).

Preparation of EDF10 CSP responded not only to Cotonou Agreement but also more recent considerations of EC external policy (coherent role as a global partner, broad spectrum of tools, common foreign and security policy and regional leadership), European Consensus on Development and Paris Declaration (coordination, harmonization, alignment and complementarity between donors, multi-annual programming based on partner country strategies, common implementation mechanisms, joint donor missions and co-financing). The principle of concentration continues (although somewhat widened) of which selected areas for EDF10 support to Malawi include environment (as a cross cutting issue), infrastructure (transport), water and energy, agriculture and food security, governance and democracy plus support for economic and institutional reform.

Reference is also made, but no interventions proposed, to the EU Strategy for Africa and the EU-Africa Infrastructure Partnership.

Internal coherence of EC CSP support has improved from EDF9 to EDF10 although curiously there is little discussion of such internal coherence in either CSP. The 2003 CLE commented on the lack of coherence between major intervention areas and a lack of coherence between response strategy of support to civil society and the rest of the programme.

However, overall, there is no conflict (and indeed good coherence and consistency) between EC development objectives in Malawi and wider EC policies and strategies.

### **Indicator n°1.5.1: Coherence of CSP objectives with general objectives of EU's external policies, strategic objectives of cooperation and bilateral agreements**

#### ***Findings at indicator level:***

##### EDF9 CSP (2001-2007)

This CSP was prepared in compliance with the (then-recent) Cotonou ACP-EU Partnership 2000 which confirmed and reinforced the development cooperation aims of the Treaty Establishing the EC (i.e. sustainable economic and social development of developing countries, smooth and gradual integration of developing countries into the world economy and the campaign against poverty in developing countries). The main over-arching theme was thus reduction and eventual eradication of poverty.

The Council of EU and EC Statement on EC Development Policy, November 2000 determined a limited number of areas for contribution towards reducing poverty and to which EC action provides added value (links between trade and development; support to regional integration and cooperation; support for ME policies; transport; food security and sustainable rural development; institutional capacity building, particularly in the area of good governance and rule of law) whilst also in line with the ME framework EC should continue support of social sectors (health and education) to ensure equitable access to social services.

The Treaty Establishing the EC foresees that EC and EU MS should coordinate policies on development cooperation and consult on their aid programmes (including international organizations). Finally, there should be mainstreaming of cross cutting and thematic areas defined as gender, environment, institution building and capacity building issues.

##### EDF10 CSP (2008-2013)

This CSP was prepared in compliance with the policies noted above plus external policies developed in the intervening period. These additional considerations can be summarised as follows:

##### *EC External Policy*

- coherent role as a global partner inspired by core values in assuming regional responsibilities, promotion of sustainable development and contribution to civilian and strategic security;
- broad spectrum of tools including common trade policy, cooperation under bilateral and multi-lateral agreements, development cooperation, humanitarian and financial assistance as well as external aspects of international policies (energy, environment, transport, justice and home affairs);
- Common Foreign and Security policy, trade policy and cooperation with third countries as a framework for integration of EU instruments and development of common actions (based on common positions in a broader sphere of political cooperation);
- EU enlargement has brought greater responsibilities regarding regional leadership and global partnership which require strengthened capacity to promote human rights, democracy and rule of law and focus on the fight against poverty through bilateral and multilateral policies aimed at sustainable development and political stability. Thus, the EU seeks genuine coherence between domestic and external agendas thereby contributing to global security and prosperity.

##### *Strategic objectives of EC-Malawi cooperation*

The European Consensus on Development sets out the primary and over-arching objective of EC development policy as eradication of poverty (in the context of sustainable development) paying particular attention to MGDS whilst recognising human rights and good governance as important

objectives. EU thus proposes to advance coordination, harmonisation and alignment, promote better complementarity between donors by working towards joint multi-annual programming (based on partner country strategies, common implementation mechanisms, joint donor missions and co-financing), take a lead role in implementing the Paris Declaration commitment on improving aid delivery capitalising on new EU MS experience to strengthen their role as donors. EC will also continue the principle of concentration of support noted above, now amended to cover new areas (with EC comparative advantage in some of them), environment and sustainable management of natural resources; infrastructure, communications and transport; water and energy; rural development, territorial planning, agriculture and food security; governance, democracy, human rights and support for economic and institutional reforms; conflict prevention and fragile states; human development; social cohesion and employment. This mainstreaming approach will include four cross cutting issues: democracy, good governance, human rights, rights of children and indigenous peoples; gender equality; environmental sustainability and the fight against HIV/AIDS.

The 2005 EU Strategy for Africa provides for a long term strategic framework of cooperation between EU and Africa (including pan-African institutions, regional organisation and national governments. The strategy has three pillars: i) promotion of peace, security and good governance as pre-requisites for sustainable development; ii) support to regional integration, trade and inter-connectivity to promote economic development; iii) improved access to basic social services (health and education) and protecting the environment to reach MDGs 1-6 faster.

#### *Bilateral Agreements*

Malawi is a signatory to ACP-EU Partnership Agreements (Lomé 1975-2000; Cotonou 2000-2002) and is still negotiating an EPA with EU under the ESA grouping. The EPA (which is a WTO-compatible framework for reciprocal and mutual cooperation) was expected to enter into force in 2008 to replace previous unilateral trade preferences, but negotiations have been stalled. Thus the EBA Agreement remains in force.

#### **Data and sources:**

*EDF9 CSP; EDF10 CSP; Cotonou ACP-EU Partnership; Treaty Establishing the EC; Council of EU and EC Statement on EC Development Policy, November 2000; European Consensus on Development; EU Strategy for Africa; ACP-EU Partnership Agreements (Lomé 1975-2000; Cotonou 2000-2002)*

#### Supporting Evidence

*'In accordance with Art 177 of the Treaty Establishing the EC ..... Europe should project a coherent role as a global partner' (EDF10 CSP p. 1)*

*'... the EU will achieve general coherence between its domestic and external agendas....' (EDF10 CSP p. 1)*

#### Detracting Evidence

*'The Cotonou Agreement calls for stronger articulation between instruments of aid, political cooperation and trade with a view to improve overall effectiveness and impact..... The calculation of EU trade policies appears to be very limited at this stage .... the recent CSP.... does not produce a coherent strategic response to this major gap' (Evaluation of EC-Malawi Country Strategy, 2003 p. 43)*

## Indicator n°1.5.2: Internal coherence of EC CSP programming

### **Findings at indicator level:**

#### EDF9 CSP (2001-2007)

The only reference to 'coherence' in CSP is with reference to 'coherence between policy and implementation' with reference to sectoral policy dialogue (CSP 5.3 p. 23), but this is more in the context of coherence with EU policies.

#### EDF10 CSP (2008-2013)

There are no references to 'coherence' in CSP except with regard to EU aims to achieve greater coherence between domestic and external agendas thereby contributing to global security and prosperity (CSP p. 1); and with reference to advancement of policy coherence for development (with the aim that all EC non-aid policies should make a positive contribution to developing countries' efforts to attain MDGs) (CSP p. 2)

### **Data and sources:**

#### Supporting Evidence

*'Sector policy dialogue will focus in particular on the coherence between policy and implementation ....' (EDF9 CSP p. 23)*

*'EC assistance will be fully coherent with and incorporated in the overall EC development approach with Malawi as reflected in the CSP 2007-2013' (EDF10 CSP p. 11)*

#### Detracting Evidence

*'The main finding in respect of development policy themes .... The EC has established highly relevant pilot projects but they are not part of a comprehensive and coherent strategy' (EC CLE, 2003 p iv)*

*EC lacks a coherent response strategy in support of civil society....' (Evaluation of EC-Malawi Country Strategy, 2003 p. 14)*

*'Although complementarity with EU MS is generally good and coherence among the different ... Interventions .... ensured, there is still a considerable lack of synergies and coordination tools established between the different EC interventions' (Evaluation of EC-Malawi CSP, 2003 p. 26)*

*'The strategy of CSP lacks coherence in that the three major intervention areas are covered by different instruments managed by different EC institutions without specifying how they will be linked or what synergies should be created' (Evaluation of EC-Malawi Country Strategy, 2003 p. 35)*

*'... EC should take steps .... To define a comprehensive and coherent strategy towards civil society....' (Evaluation of EC-Malawi Country Strategy, 2003 p. 56)*

### **Judgement criterion n°1.6: EC strategy offered value added in contributing to greater focus of development support to Malawi.**

EC states that the areas of concentration of activity specified under the Cotonou Agreement or subsequently under other policy statements are areas to which EC brings 'added value' or 'comparative advantage'. These terms are not defined or indeed discussed in either EDF9 and 10 CSPs but according to EDF10 CSP (p. 20) the latter accrues from '...experience accumulated in more than 30 years of operations in Malawi and synergies that can be fostered between the two focal sectors'. The EDF10 CSP goes on to discuss the concept of 'comparative advantage' referring to comparison with other donor agencies represented in the country including EU MS. Thus it can be concluded that there has been identification of EC competences and experience but, as noted elsewhere, there appears to have been little or no consideration of capacities to implement programmes. Whether such consideration of competences, experience of comparative advantage has actually promised and delivered 'added value' remains to be determined.



## **Indicator n°1.6.1: Clear and appropriate identification of EC competencies, capacities and experience that could contribute to added value**

### ***Findings at indicator level:***

#### EDF9 CSP (2001-2007)

The only reference in CSP to 'added value' is with respect to the EU and EC Statement on Development Policy, November 2000.

#### EDF10 CSP (2008-2013)

There is no reference in CSP to EU added value.

The concept of 'EC added value' is difficult to assess, based on programming documents alone as this concept is not defined, or indeed, discussed in either EDF9 or 10 CSPs. In EDF10 CSP 'comparative advantage' is suggested to accrue from 'accumulated experience' and 'synergies that can be formed between focal sectors'; also 'comparative advantage' refers to comparisons with other donors. Certainly there has been identification of EC competences, experience and resources which can be mobilised but there is no accompanying consideration of any need to match EUD capacity with support programme needs, nor indeed is there any analysis of the 'added value' concept in either CSP. This issue was pursued further during the field phase and was the subject of considerable discussion with other donors, GoM and other stakeholders. The only clear perception of EC added value was that the funds made available by EC are usually very significant but this observation was usually qualified by reference to problems and delays with accessing of EC funds. More than one correspondent noted that 'EC procedures are so much hassle that it is only worth it for major sums'.

### ***Data and sources:***

#### Supporting Evidence

*'... community action provides added value: links between trade and development; support for regional integration and cooperation; support for ME policies; transport, food security and sustainable rural development; institutional capacity building (particularly in the area of good governance and rule of law' (EDF9 CSP p. 2)*

*'In this context the Community will be primarily active in the following nine areas, bearing in mind its comparative advantage in a number of them: trade and regional integration; the environment and sustainable management of natural resources; infrastructure, communications and transport; water and energy; rural development, territorial planning, agriculture and food security; governance, democracy, human rights and support for economic and institutional reforms; conflict prevention and fragile states; human development; social cohesion and employment' (EDF 10 CSP p. 2)*

*'In selecting these two focal sectors, careful account has been taken of the strategic indications of the forward-looking donor matrix (see Annex 2 – Donor Matrix- forward-looking donor matrix) and the comparative advantage that can be offered by the EC. This is based on experience accumulated in more than 30 years of operations in Malawi and synergies which can be fostered between the two focal sectors.'* (EDF10 CSP p. 20)

*'Consideration was also given to these sectors where the European Commission has comparative advantage vis-à-vis other donor agencies represented in the country, including the Member States (UK, France and Germany) (EDF10 CSP Annex 5)*

#### Detracting Evidence

*'While the EC is perceived to have an added value in political matters considering its relatively neutral position (compared with bilateral agencies) it needs to be granted enough space and authority in order to be effective. In Malawi, preparedness of EU MS to accept a lead role of EC seems rather limited' (Evaluation of EC-Malawi Country Strategy, 2003 p. 18, FN10)*

**Indicator n°1.6.2: Perceptions of third parties confirm that the EC support approach added value**

***Findings at indicator level:***

This indicator was covered during the course of interviews carried out during the field phase. The concept of 'EC added value' is difficult to assess, based on programming documents alone as this concept is not defined, or indeed, discussed in either EDF9 or EDF10 CSPs. In EDF10 CSP 'comparative advantage' is suggested to accrue from 'accumulated experience' and 'synergies that can be formed between focal sectors'; also 'comparative advantage' refers to comparisons with other donors. Certainly there has been identification of EC competences, experience and resources which can be mobilised but there is no accompanying consideration of any need to match EUD capacity with support programme needs, nor indeed is there any analysis of the 'added value' concept in either CSP. This issue was further investigated during field phase and the general consensus articulated that 'EC added value' manifested more by way of the large funds available through the various modalities and instruments of EC support rather than any other perceived manner. However, such perceptions were in most cases accompanied by reference to impediments to disbursement due to EC procedures

## 1.2 Agriculture

### **Evaluation Question n°2: To what extent has EC support contributed to increased agriculture-led economic growth?**

#### **Judgement criterion n° 2.1: EC support has contributed to development of a SWAp**

EC sector dialogue (and support interventions) have addressed some but not all, of the 7 KAAs. Some limited technical assistance has been provided in development of sector policies and strategies but more work is necessary in development of these strategies and a multi-annual investment programme, which may in turn lead to the preparation of a sector MTEF. Sector coordination is improving (albeit from a low baseline) but there continues to be plenty of room for further improvement. Monitoring systems in the agriculture and food security sectors are multiple and specialised but all share problems to a greater or lesser degree of quality issues, although preparation of a PAF for the proposed ASWAp is under consideration. Institutional capacity continues to be weak (after much technical assistance over many years). The national macro-economic situation is very relevant to any proposed sector budgetary support and despite encouraging GDP growth in recent years Malawi is not exempt and balance of payments. More encouragingly, PFM continues to improve.

EC dialogue has addressed (and continues to address) the issues necessary for development of a SWAp. Most of the key areas of achievement have been addressed at least in part. Whilst the current levels of achievement might not be judged adequate to launch sector budgetary support, EC is going to support the Multi-Donor Trust Fund ASWAp-Support Project (ASWAp-SP) under EDF10 as a step towards developing a full SWAp. It is clear that considerable additional work will be required during the course of implementation of the ASWAp-SP to improve achievements regarding the key areas in order to progress to sector budget support.

#### **Indicator n° 2.1.1: EC sector dialogue has addressed the 7 key issues for the development of the SWAp**

##### ***Findings at indicator level:***

EC has been involved in sector policy dialogue for many years. An Agricultural Development Policy was drafted by MoAFS in 2008 and this document, after revision and approval by Cabinet, was issued as the Agriculture Sector Wide Approach (ASWAp). It is understood that further development of the document is proposed to operationalize the SWAp including development of a realistic investment plan.

A pre-requisite for sector budget support is an acceptable sector situation judged against 7 specified KAAs (Key areas of achievement) i.e.:

##### 1. Policy and strategy

The draft ASWAp comprises three pillars of support (food security and risk management; agribusiness and market development; sustainable land and water resources development). There are also two key support areas (technology dissemination; institutional capacity building) and identification of cross cutting issues. In this respect ASWAp is clearly coherent with MGDS. Reference is also made to the essential facilitation role of rural roads but this issue is expected to be covered under the SWAp for the road transport sector. As noted above, further development work is proposed on investment programming and on consultation (including sector donors). Despite high level political support (or at least rhetoric) policy issues yet to be resolved include linkages between infrastructure and agriculture (e.g. irrigation systems), the role of government in agricultural inputs, food security by means of self-sufficiency and/or trade and importation.

##### 2. Budgeting and sector MTEF

An MTEF is not yet available. In the short term it is proposed by GoM to develop a multi-annual investment programme under ASWAp which could be considered to be a 'proxy' MTEF (as has been accepted in other sectors). The proposed budget for ASWAp is not yet consistent with considerable funding gaps. EC sector dialogue through the Donor Committee for Agriculture and Food Security (CDAFS), which was chaired by the EC in 2008 and will again be chaired by the EC from the 2<sup>nd</sup> half of 2011, is requiring a revision of the ASWAp budget proposal.

### 3. Sector coordination

The need for improved sector coordination has been recognised for some years as difficulties have arisen from time to time due to fragmented donor actions and frequent changes of donor direction, focus and advice. ASWAp proposes closer mechanisms of sector stakeholder coordination led by government. While the GoM led sector working group for irrigation is contributing to improved sector coordination, the sector working group for agriculture is still not fully functional. As several ministries are providing services to the sector, coordination under a common framework continues to be a challenge. The two GoM priority frameworks ASWAp and GBI are yet to be harmonised.

### 4. Monitoring and evaluation

Monitoring systems in the sector have been deficient as most starkly exposed in the food shortages of 2003 and the decision to export maize based on forecasts of a record maize harvest that led to a food price hike in 2007/2008. However, efforts have been made by MoAFS to improve monitoring systems including the Malawi Integrated Nutrition and Food Security Surveillance System (INFSSS) supported by EC. A monitoring system for ASWAp is understood to be under development but there are considerable problems to be overcome in eventual implementation including availability and reliability of monitoring information, consistency of data collection methodology plus logistical, compilation and analysis issues.

### 5. Institutional capacity assessment

The 2003 Evaluation of EC Country Strategy recommended that EC should continue support for major reforms in the sector and EC has indeed supported such reforms and institutional capacity building under EDF8 & 9 programmes. However, GoM appears not to prioritise such long term changes and the trend is to decrease EC sector support to institutional change. The premature discontinuation of IDAF under EDF9 brought EC supported CFA in MoAFS to a halt (for details see indicator 2.2.1).

### 6. ME stability

Malawi's economic situation has improved with GDP averaging 7% (although inflation is about 9%). GoM has stated commitment to agriculture and food security as a 'growth-facilitating sector' resulting in allocations of 12.5% of national budget to the sector. However, the international economic crisis is impacting upon Malawi in terms of adverse balance of payments and reduced foreign exchange reserves. Malawi has negotiated an ECF with IMF to follow on from the IMF 'Poverty Reduction and Growth Facility'. This ECF is intended to build reserves, deliver a realistic exchange rate, strengthen PFM and continue the Social Safety Net Programme. Government has committed to a continuing tight fiscal policy (to reduce inflation), control of domestic borrowing and a flexible exchange rate mechanism.

### 7. PFM

The most recent PEFA assessment concluded that Malawi continues to exercise fiscal discipline in budget execution, that domestic revenue collection is above target and that public accounts are being submitted more promptly. Other PEFA assessments in 2005 and 2008 both found continuing improvement in PFM.

### ***Data and sources:***

#### *Supporting evidence*

*"At present, agriculture is in a transition to a full SWAp. There is need for Government and donors to sign a Joint Memorandum of Understanding and a Joint Financing Agreement governing expenditure which is on the Government Budget... There is considerable potential for Development Partners to harmonize support to the agriculture sector around an expanded AWAP-SP Programme. IFAD have already redesigned their next phase of investment in the Agriculture Sector to be fully aligned to the ASWAP-SP Programme – following the same Programme of Work and Ministry led management systems. IFAD support will not be in the form of pooled funding – but it is fully harmonized with the ASWAp-SP Programme. Other donors including the European Union and FICA are willing to provide pooled funding to a Multi-Donor Trust Fund in support of an expanded ASWAp-SP Programme. At present, this programme offers the best potential for increased donor harmonization."* (DCAFS/Conroy, 2011, p. 2)

*"There are a number of outstanding issues that should be resolved before donors can programme multi-annual support. These include clarification of the future size of the programme, improving*

internal consistency in the document and between the FISP Medium Term Plan and the ASWAp Document, clarifying Government contribution and the size of the financing gap, strengthening the monitoring and evaluation framework, clarifying the process for identifying beneficiaries, clarifying plans for logistics to ensure timely delivery of inputs and increased involvement of the private sector...The European Union is financing technical assistance and background work in order to facilitate the development of a National Irrigation Fund. The European Union is prepared to allocate €30m from the EDF10 to Malawi Government priorities in irrigation through the National Irrigation Fund. ...There is at present good donor coordination through the Irrigation Sector Working Group which has broad stakeholder participation and strong Government leadership. However, the lack of clarity in institutional arrangements between the Green Belt Initiative and the ASWAp and Ministry of Irrigation is a key concern which should be addressed in order to facilitate increased harmonization of irrigation development and a scale up of investment. Other important factors include: a focus on governance arrangements for irrigation development – both at the national and local level, the need for credible environmental impact analyses of all proposed investments, the need for social impact analysis to ensure that land tenure issues are addressed in a just manner and that peoples' rights to land are protected...CAADP Technical Review Report stressed the importance of measuring changes in outcomes at the field level. At present, donor support to statistics is fragmented around a number of donor funded initiatives. Rebuilding a credible data collection system will take time and sustained investment.” (DCAFS/Conroy, 2011. p. 3)

“The basic principles for effective donor coordination include: planning future investments in as consultative a manner as possible, putting more emphasis on monitoring and evaluation and lesson learning, mainstreaming capacity development into all agricultural programmes, the need to place more emphasis on harmonizing efforts and establishing a division of labour within the DCAFS Group in order to ensure that there is not a disproportionate burden on a few Development Partners, strengthen links between the DCAFS Group and other donor groups: resilience and private sector development, commission joint research in order to take advantage of economies of scale and define institutional roles more clearly to ensure that the technical cooperation agencies focus on technical cooperation rather than implementing fragmented projects.” (DCAFS/Conroy, 2011, page 4)

“Implications for work of DCAFS

- Importance of the good relationship between Development Partners and PS(MoAFS) and the regularity of meetings to support the process
- Recognizing the difficulties that are associated with political leadership in the Agriculture sector and the consequent implications.
- Working towards coherent evidence based process for the SWAp planning and monitoring frameworks.
- Importance of clarity among DCAFS members about the priorities when engaging with the Ministry of Agriculture over the coming months.
- Need to ensure adequacy of current structures for Development Partner engagement with MoAFS over the coming months.

### **Part Three: Specific Recommendations to Advance Harmonization in the Most Promising Areas**

The five areas identified to advance harmonization are the following:

1. The ASWAP-SP Programme.
2. The Farm Inputs Subsidy Programme Medium Term Plan.
3. Irrigation Development
4. Agricultural statistics and monitoring and evaluation.
5. Capacity Development

The first three identified are the most promising; iv) and v) are more challenging, but are required in order to make progress in terms of rolling out the ASWAp in the medium term.

(DCAFS/Conroy, 2011, p. 17)

The most recent supervision of the ADP-SP Programme was in October 2010. The review concluded that it is making good, though delayed progress in terms of implementation. The ASWAp is now a fully functional programme with a commitment laid out in the ASWAp Investment plan. Component One of the ASWAP-SP programme targets the improvement of institutional capabilities necessary to assure that investments necessary to ensure these investments are well allocated, accounted and

*committed as a results-based programme. MoAFS financial management and procurement systems are being addressed and procurement systems are improving. Human resources needs are being addressed and a gender and HIV/AIDS plan has been completed. (DCAFS/Conroy, 2011, page 18)*

*The programme does not have a Project Implementation Unit. Implementation depends on the commitment of the existing directors and their staff – and a willingness to be accountable for a specific set of results. The MoAFS appears to be fully committed to the task and the project should meet its project development objective and the global environmental objective.*

*A number of donors have expressed interest to align their investments in the agricultural sector to this programme. As mentioned earlier, IFAD have completely redesigned their SAPP programme to make it fully consistent with the ADP-SP Programme. Discussions are underway to promote harmonization in line with this programme. A meeting in late February 2011 involving the World Bank, IFAD, DFID, Norway, EU, Irish Aid and FICA made the following resolutions:*

- 1. The World Bank is ready to manage the Multi-Donor Trust Fund and amend the ASWAP-SP to accommodate additional resources by different donors (EU, FICA, and Norway).*
- 2. The World Bank will advance the Mid Term Review of the ASWAp-SP project to end April, early May in order to do the groundwork required in advance of the revision of the Project Implementation Document.*
- 3. Significant progress has been made between the EC and the Ministry of Agriculture in agreeing the use of the €30m which will be channelled to Government via the Multi-Donor Trust Fund. The EU is in the process of drafting a fiche which will specify their investments. The wording has to be agreed, and the EU wants the Ministry of Finance to be more specific about commitments.*
- 4. At the request of the EU, the FISP has been included in the ASWAP-SP Trust Fund. The other donors financing the FISP (Norway, DFID and Ireland) are prepared in principle to harmonize their support to the FISP within the context of the Multi-Donor Trust Fund in support of the ASWAp-SP Programme.*
- 5. While the Multi-Donor Trust Fund will be managed by the World Bank, the donors financing the ASWAP-Sp and FISP will continue to have policy engagement with Government.*
- 6. The World Bank clarified that their oversight is on the use of resources, procurement, accounting and audit; they expect the donors financing the ASWAp-SP to continue policy engagement with Government. However, the Multi-Donor Trust Fund envisages common missions, common performance indicators, all following the Project Implementation Manual.*

*(DCAFS/Conroy, 2011)*

*'In 2008, the Ministry of Agriculture and Food Security (MoAFS) has drafted the Agricultural Development Programme (ADP), which is meant to serve as both a prioritisation of activities as well as an investment framework for both GoM and development partners. After incorporation of nutritional aspects, the ADP was later renamed Agriculture Sector Wide Approach (ASWAp). The document was approved by Cabinet in May 2008 subject to further revisions, but no revised version was circulated thereafter'. (IF COBASSIP, p XIV)*

*'The ASWAp is sector strategy focusing on three pillars: a) Food security and risk management, b) Agri-business and market development, c) Sustainable land and water management. These are complemented by 2 key support services (Technology generation and dissemination; Institutional strengthening and capacity building) and cross-cutting issues. Although the ASWAp does not foresee support to road infrastructure, it recognises the need to improve the rural roads network. It is expected that, following the signature of the Comprehensive African Agriculture Development Programme (CAADP) Compact on 19 April 2010, a consultative process will be launched in order to finalise the ASWAp and operationalize it through the development of a realistic investment plan and result framework. The ASWAp makes reference to the GBI (ASWAp focal area 3 "Sustainable land and water management") and emphasizes the need for irrigation infrastructure development and rehabilitation as a key to increase agricultural production and productivity, increase agricultural exports and foreign exchange earnings, promote crop diversification and increase household incomes.*

*The overall objective of the GBI is to contribute towards the attainment of sustainable economic growth and development in line with the MGDS. The specific objectives are to increase production and productivity of crops, livestock and fisheries; increase agricultural exports and foreign exchange earnings; promote diversification of crop and livestock enterprises; increase private sector*

participation in agricultural production; add value through processing of raw materials; reduce rural-urban migration; and improve availability of quality water for both domestic and industrial use. The GBI foresees seven major components: Infrastructure Development and Rehabilitation; Environmental Management; Technology Development and Dissemination; Institutional Development and Capacity Building; Agro-Processing and Marketing Development, Gender and HIV/AIDS Mainstreaming and Monitoring and Evaluation. On irrigation, the GBI aims to expand area under irrigation from 78,000 ha to 1,000,000

Both initiatives are expected to lead to the development of sector programmes, but at present discussions are still ongoing between development partners and GoM, notably on the linkages between these two initiatives and the relation with the national irrigation policy currently being revised. It has however been confirmed that the Ministry of Irrigation and Water Development is in charge of project design and construction. The EU is closely associated to these processes in view of future funding under the remaining EDF10 allocation (€63m under the agriculture/food security focal area). (TAP RIDP p. 4-5)

'For agriculture and food security, the main lesson learned is that there is an urgent need to develop a sectoral approach where GoM, NSAs and development partners can act in a coordinated manner. The Ministry for Agriculture and Food Security has started the development of a sector wide programme, which is expected to represent the framework for interventions aimed at supporting agriculture and food security under the EDF10'. (JAR 2006, p. 9)

And lastly, the MoA has restarted the development of a Sector Wide Approach (SWAp) in the agricultural sector focusing on a pragmatic approach rather than a holistic one, bearing in mind that developing a SWAp in agriculture is more complex and challenging than developing a SWAp in social sectors. This is well demonstrated by the experiences accumulated in many different countries.

Despite these results, the sector continues to face a number of different types of constraints. On the policy level, there are positive high-level political statements, for example, on the linkages between infrastructure and agriculture and the need for more adoption of irrigation schemes. These statements have yet to be translated in policy, action plans and budgeted for (through a medium expenditure framework) and – most importantly – implemented. A number of structural issues have to be clarified regarding the government's role in agricultural inputs and commercial maize, and if GoM believes that food security is best achieved through self-sufficiency or through trade and importation. In the past difficulties have been exacerbated by fragmented donor actions and by the fact that donors have frequently changed direction and focus. There is a clear need for a more mature relationship characterised by stability in approach and focus on implementation results. (JAR 2005, p. 19)

"The ASWAp uses a programme based approach and is being implemented through existing Government structures. The plan has outlined a clear structure with strong leadership from MoAFS, focuses on the need for unity and cooperation across all government ministries in the implementation of the ASWAp. Inter-ministerial and multi-stakeholder structures will be used for management and consultation including the Sector Working Group, technical working groups, specialized task forces and district teams. Although the ASWAp outlines participation by several line ministries as well as the Ministry of Finance, more detail on the precise oversight, structure and frequency of interaction between MoAFS and other ministries that will be implementing activities that are critical to the ASWAp (i.e. MTI) is critical. Similarly, the involvement of civil society, farmers, and the private sector in ASWAp is limited to the Sector Working Group at the National level. Involvement of these stakeholders at the district level is not clear in the implementation arrangements outlined in the ASWAp. Although the ASWAp has begun implementation, some of these structures do not seem to be functional yet. For example, the Sector Working Group is not meeting regularly." (NEPAD, 2010, p. 6)

Detracting evidence:

The Commission recognises that sector dialogue in agriculture and food security remains weak and focused too strongly on the FISP. The weak policy dialogue is hampering the delegation's efforts to re-direct, in line with the MGDS, the strong Government focus on the FISP towards a more balanced support to the three food security dimensions. In fact, nutrition is not adequately prioritised by the Government and this is reflected in the limited implementation of the Commission's interventions in this area." (Court of auditors, 2011, p. 16)

"Although strong coordination mechanisms have been established to support programme

implementation, these mechanisms are not yet fully functional, thus reducing the impact from the initially strong stakeholder consultations in the ASWAp. Strong coordination mechanisms are important to ensure full stakeholder participation, which is critical to successful program implementation. There may be scope to review the ASWAp program balance as program performance can be evaluated. The ASWAp program is currently heavily focused on two programs, the Farmer Input Supply Program (FISP) and the Green Belt Initiative (GBI) that comprise 70% of the total ASWAp budget, with less attention and budget devoted to private sector, capacity building, agricultural diversification efforts, value chain development and financing to accelerate commercialization of agriculture. The GoM should re-evaluate budget allocations based on program performance and contribution to results on a periodic basis. This re-evaluation should consider more evenly balancing budgets across program components and diversifying investment in more agriculture value chains as appropriate.

2. Increase stakeholder participation in the review and implementation of the ASWAp. This effort can be facilitated by increasing meeting regularity and defining terms of reference for coordination platforms, especially the Sector Working Group

3. Identify and facilitate necessary capacity development and institutional alignment (mandate and responsibilities) to strengthen mechanisms for inter-sectoral, interministerial collaboration. This should also take deliberate effort to institutionalize stakeholder consultations and dialogue". (NEPAD, 2010, p. 2)

The Development Partners provided consolidated comments on the first draft of the Medium Term Plan in May 2010 – there was limited progress in terms of revision of the document until very recently. The Development Partners have tried to engage in the process, but during the period November 2010 to early March 2011, there was limited scope for engagement with Government as many of the meetings scheduled were cancelled. (DCAFS/Conroy, 2011, p. 20)

Due to the delays in meeting Government officials, the Development Partners worked to strategize in terms of the most important issues for the Medium Term Plan and developed a detailed document outlining areas of concern. These are summarized as follows:

- clarification on the future size of the programme and subsidy package;
- ensuring the budget and text is consistent; and the funding gap is clear;
- strengthening the monitoring and evaluation framework;
- clarity on plans to improve the process of selecting beneficiaries and managing coupons,
- clarity on plans to improve logistics and timeliness of inputs;
- Involvement of the private sector and impact of the FISP on the private sector.

(DCAFS/Conroy, p. 21)

**Judgement criterion n°2.2: EC support to sector reforms and institutional capacity building adequately addressed requirements for the development of the agricultural sector.**

EC supported sector reforms and institutional capacity building under EDF8 and EDF9 to address requirements for the development of the agricultural sector. In particular the need to implement the land reform programme, to establish access to agricultural credits and to reform extension services to provide improved extension services to more farmers were mentioned as priorities by the evaluation of EC cooperation with Malawi in 2003.

While EC support to the land reform process was well designed regarding development requirements, the fact that the land reform process stagnated, important bills did not pass parliament up to today and the withdrawal of other important development partners, did seriously affect programme achievements to a degree that almost no visible lasting results were achieved under SLRP. Support to the establishment of agricultural credit schemes already phased out under EDF8, as APIP was not successful in developing a viable model for a rural credit scheme to be scaled up (Indicator 2.2).

IDAF, designed to support the institutional reorganisation and development of MoAFS, was not adequate in its original design. Even though it addressed important requirements, it was too broad and ambitious to be successfully operationalized. Even the refocusing of the programme did not improve achievement of the remaining results as some programme components faced resistance within the MoAFS and management problems brought the programme to a premature halt (Indicator 2.1)



While EC support to NGOs and GoM programmes has resulted in improved access to extension services in intervention areas for the time of programme implementation, support to sector reforms and institutional capacity building regarding extension services were limited to specific programmes and not holistically integrated into MoAFS.

EC support attempted to address reform requirements of the agricultural sector with limited success as assumptions were frequently overoptimistic regarding political will, GoM capacity to translate policies into action and existing capacities within GoM.

EC support under EDF10 with regards to capacity building will focus on the capacity building component under the ASWAp-SP and on targeted capacity building to the irrigation sector. It reflects ASWAp priorities as well as lessons learned from EDF9.

However, long-term development reform requirements seem to have less focus from GoM as well as EC even though they continue to be of major importance for long-term development in the sector and for sustaining results and impact of EC support. (Indicator 2.1).

### **Indicator n° 2.2.1: EC sector support portfolio is increasingly supporting key sector reforms**

#### ***Findings at indicator level:***

The ASWAp and other sources see one of the basic causes of food insecurity in Malawi in the failure to implement reforms to address basic questions such as e.g. declining land availability, fragmentation of land holdings and the non-availability of agricultural credits.

The evaluation of the EC's cooperation with Malawi in 2003 recommended that the EC should continue its technical support to important reforms in the sector and mentioned the implementation of the land reform, institutional reform to strengthening of SGR management and establishment of a rural micro-credit scheme.

Under EDF8 EC supported the Agricultural Productivity Investment Programme (APIP) (€6.3m) with the objective of developing a successful credit in kind system for small holders that could be used as a model to further develop sustainable rural micro credit schemes. A monitoring report from 2005 stated that though some important lessons had been learned, the credit scheme had serious problems regarding the default of some major financial service providers and the too slow delivery caused by the bureaucratic set-up and was not sustainable. It was recommended that EC should not continue its level of involvement. These discouraging results, together with the uptake of input subsidies by GoM in 2006/2007, resulted in the withdrawal of EC support to rural credit scheme development under the subsequent EDF9.

Under EDF9, interventions with regard to reforms focused on the implementation of the Support for the Implementation of Malawi's Land Reform Programme (SLRP, €1.97m), the institutional reorganisation and development of MoAFS (IDAF, €7.97m), and support to the management of the SGR €(2.65m) under the MAFSP 2004-2007. Improved Forest Management for Sustainable Livelihoods (IFMSL I, €9m) was the main vehicle for implementing policy reforms in the forestry sector (see Indicator 4.3). The achievements and non-achievements of these interventions reflect the challenges development partners are facing in addressing reforms and organisational development in Malawi. The support to the implementation of the land reform did not render visible results as the whole reform process stagnated up to today (see Indicator 2.2). The IDAF design was too broad and ambitious at programme onset and even refocused failed to achieve most of the expected results. The Core Function Analysis that was to clarify roles, responsibilities and relationships for management and operational staff faced resistance within the Ministry and was not finalised up to today. Stated improvements in SGR management were overshadowed by GoMs repeated maize sales against agreed rules and fraud issues. In regards to land reform and forest reform policy reforms EC stayed on supporting GoM longer than other donors who pulled out (earlier) when progress was assessed as too slow.

Under EDF10 support to land reform implementation has not continued. Even though EC is aware of the importance of implementing the land reform, particularly with regards to the ambitious GBI including larger irrigation schemes, the formulation mission for the Agriculture and Food Security Interventions to be supported under EDF10 advised not to embark on another support programme to MoLHUD until the Land Bill is passed. Support to institutional development of MoAFS under EDF10 has not yet been agreed upon and is currently being negotiated in the preparation of the ASWAp-SP,

where support to the capacity building component is foreseen.

So far EDF10 support focuses on capacity building for the implementation of ASWAp and GBI. A second IFMSL is to continue support to implement a participatory forest management approach. Key sector reforms such as land reforms or the establishment of rural credit institutions are not included into this new framework. EC sector support is therefore rather decreasing its support to key sector reforms, as political will by GoM currently does not seem to prioritise these long-term complex changes.

**Data and sources:**

Supporting Evidence:

*Finally, support to reforms in the agriculture sector should be enhanced so that the rural population benefits and policy dialogue continues. This approach is on the one hand in line with the recommendations made in the EC-Malawi development cooperation evaluation report and on the other hand would permit continued policy dialogue with the Government while being consistent with Malawi's absorptive capacity. (JAR 2004, annex MTR conclusions, page 12)*

Detracting Evidence:

*"APIP... is not sustainable in its present form. It cannot operate at a loss and GoM cannot expect the EC to continue to replenish its funds. For sustainability MoAFS has to establish ownership of the programme. EC cannot continue its present level of involvement." (APIP MR 2005)*

*"It is recognised that access to agricultural credit is a significant constraint. However, experience with agricultural credit projects has been poor, a significant disincentive for further investment." (DCAFS/Bagnall-Oakeley, 2010, p. 18)*

*„APIP has been based on a top-down approach at every level, from its development conceptualisation, to its determination of technical packages, to its credit operations, its managerial approach and implementation methods. This has been its essential weakness. The top-down rationale has insured that its interventions have failed to account for the needs, constraints and opportunities of its participant smallholder households. The programme's concern to increase food production has provided a direct positive contribution to development goals but it has not been concerned to meet such goals in an economically feasible manner...The rigid demands of loan repayments should have been adjusted to farmers' market opportunity requirements. The lack of effective monitoring and evaluation procedures, including base line studies and impact monitoring, prevented understanding, and undermined ex post evaluation." (EC/AGEG, 2005, p. 8)*

*"Increase harmonization in capacity building. There are severe capacity constraints which limit the potential for achieving the aims of the ASWAp. These constraints are identified in the ASWAp and were confirmed by the CAADP Technical Review. ..The CAADP Technical Review recommended that the Ministry of Agriculture and Food Security should develop a research and training plan for ASWAp implementation. It should also identify and prioritize key capacity requirements across the sector (implying the need to incorporate the needs of the private sector, civil society, farmers' organizations and other Government Ministries) in line with institutional reports including the timeframe and targets. It is also important to complete the Core Function Analysis." (DCAFS/Conroy, 2011, p. 4)*

*"There is no doubt about the importance of land issues in the agriculture and food security sector. However, support to lands was not included in the CSP for the EDF10 and special justification would be required to include activities on lands in the EDF10 programme." (EC/Cardno Agrisystems, 2010, p. 46)*

*"CFA in MoAFS has been supported by the EU in the past, notably through the IDAF programme. With the premature discontinuation of IDAF, CFA came virtually to a halt..."*

*Given the mixed feelings and different signals on the support to CFA, it is proposed not to have it as a specific issue or component in the programme, but to apply it in particular cases, such as to assist the institutionalisation of FNSJTF/TS mentioned above." (EC/Cardno Agrisystems, 2010, p. 44)*

*A further major threat to the success and sustainability of any FS Policy, Action Plan and related programmes is the continuing lack of reform and adaptation to modern demands within the agriculture sector – in vision, policy, programme priorities and structure. Without such reform, programmes such as FS 2004-06 can continue to do the best they can in less than favourable circumstances. But their success will be limited by the fragmented environment in which they are implemented. With such reform, such programmes could achieve much more durable results in*

*meeting the FS and developmental needs of Malawi. (Monitoring Report 2007, FOOD2004/006-173)*

*This programme aims at improving institutional capabilities within the MoAFS and at district level and has struggled to achieve an ambitious set of objectives. Implementation of institutional change within the Ministry of Agriculture (MoAFS) has stalled, causing the project to lose momentum. Despite considerable efforts to reenergise the project and a change of leadership changes in the MoAFS have not been implemented. The programme was also affected by the departure of both long-term TAs, which still need to be replaced. Currently the programme has been suspended due to audit irregularities. (JAR 2008, p. 16 on IDAF)*

*Summary of Conclusions IDAF*

- 1. Relevance and quality of design: C*
- 2. Efficiency of implementation to date: D*

*3. Effectiveness to date: D*

*4. Impact to date: D*

*5. Potential sustainability: D (MR IDAF 2007)*

*“Result 1 (MoA is reorganized and enabled to facilitate partnerships for sector development involving stakeholders, public & non-public sectors)*

*The Core Function Analysis was, without any doubt, the most expected result, as it would orient future interventions. However, despite the setup of various fora and debates, it was unfinished business eventually.*

*Result 2 (MoA capacities are strengthened in policy formulation, strategic planning, provision of production services and support to decentralization)*

*This result (which was removed at mid-course) was very complementary to Result 1, as it would reinforce capacities given revised functions. It can be considered that the achievements under this Key Result Area were minimal.”*

*(Final Evaluation IDAF, First Draft, 2011, p. 10)*

*“The ASWAp acknowledges the primary institutional challenges facing implementation and capacity constraints of the numerous institutional actors within the sector. To address this, GoM has initiated a core functional analysis of institutions within the sector with the intent of launching an institutional reform process based on its findings. However, only 4% of the total budget is devoted to strengthening public management systems and capacity building of the public and private sector. This is probably an underestimate of the resources needed for a comprehensive upgrading of human capacity and management systems within the agriculture sector.” (NEPAD, 2010, p. 6)*

*“Development partners support to policy research or the further development of agricultural policy is thin. There appears to be 2 projects, the USAID funded SAKSS and the JICA funded irrigation policy adviser. Development partners may wish to consider how to increase the policy dialogue, either through drawing and disseminating lessons from the wide range of different projects or making greater use of SAKSS policy unit, currently located in MoAFS.” (DCAFS/Bagnall-Oakeley, 2010, p. 6)*

## **Indicator n°2.2.2: EC-supported Technical Land Services Secretariat for land reform implementation is set up and functioning**

### ***Findings at indicator level:***

Inadequate access to land by the majority of smallholder farmers has been identified as one of the critical factors contributing to food insecurity in Malawi. In order to promote a more equitable access and efficient use of land, GoM developed a national land policy that passed cabinet and parliament in 2002. Thereafter the Malawi Land Reform Programme Implementation Strategy was drafted to determine how to move from policy to action.

During that period donors strongly supported land policy reforms in several sub-Saharan African countries. Based on the MLRPS the SLRP was designed as an instrument to assist Malawi in land reform implementation. Other donors were to cover other parts of the strategy, e.g. DFID was to support a Land Reform Awareness Project and the WB and DFID were to implement a land reform

pilot project, CBRDP. However, from 2004 donor support started to decrease as land reforms proved to be politically sensitive and progress in setting up the institutional framework including enabling legislation took much longer than planned. The land bills upon which the implementation of the policy depends are still under consultation and have not yet passed parliament. The reform faces opposition from traditional leaders.

As a consequence the politically sensitive land reform issue in Malawi seems to be stagnating. While the MGDS 2006-2011 at least mentions land reform in its log frame as a result under protection of the vulnerable, the ASWAp does not even mention land reform as part of GoM's objectives and strategies. Due to lack of progress in legislation, programmes identified in the MLRPIS could not go ahead; other identified programmes were not able to obtain donor support.

Into this context of withering momentum fell the implementation of the SLRP, originally a well-designed programme to support land reform implementation and planned as covering one part of the MLRPIS while other donors were expected to cover other parts.

The setting up of the TLSS was problematic right from the onset of the programme. At first the Ministry of Lands decided to set up an inter-departmental committee instead of a TLSS. This approach was revised after it proved non-functional because of human resource constraints. A separate TLSS was finally set up with short term staff being contracted for programme implementation. Throughout programme implementation the organisational relationship between the Ministry structure and the TLSS remained problematic, tasks, responsibilities and lines of authority continued unclear. This caused a lack of ownership by the Ministry. In addition project design had assumed that the Land Bill would be tabled in parliament and other interdependent components of the MLRPIS would be implemented, thus building the TLSS. All this led to the closure of the TLSS as an entity at the end of the programme. A final evaluation stated that the efficiency and effectiveness of the programme were reduced as a result of factors beyond its control.

As the programme failed to render the desired results and policy progress continued to be slow, the EC did not continue support to land reform implementation under EDF10 as had originally been envisaged when the first programme was designed. However, under EDF10 addressing land tenure issues is particularly important in light of EC's increased support to irrigation. Recent experiences with the sugar out grower schemes under the Sugar Budget line and STABEX clearly show the necessity to address land issues if EC support is to be successful.

**Data and sources:**

Supporting Evidence:

*"Today, as a result, many smallholders' land holdings are too small to support the families that live on them and some rural households are effectively landless." (ASWAp, 2010, p. 10)*

*"The Ministry of Lands is judged to be committed to the policy reforms. However, at the political level the process has lost the prominence that it had in 2004 when the SLRP started. Following the recent elections, the government's majority is expected to be sufficient for the passage of the Land (Amendment) Bill in the new Parliament in 2010. This would be the acid test of the Government's commitment." (EC/NIRAS, 2009, p 18)*

Detracting Evidence:

*"In the period 1995-2002, there was strong donor support to land policy reform in sub-Saharan Africa. By 2004, it was clear that donor support for the MLRPIS was decreasing in favour of social development which had clearer links to poverty reduction, had the capacity for higher absorption of ODA and lower transaction costs for aid agencies. Support to social development was also less politically sensitive than land. More than other sectors support to land policy reform presents problems arising from the often volatile and politically sensitive nature of land reform. Further, redistributive reform and land tenure regularisation, are long-term iterative processes, needing feedback, learning and involvement of many stakeholders." (EC/NIRAS, 2009, p. 5)*

*"The work of the Special Law Commission, which included the enabling legislation, essential for setting up the institutional framework, took longer than planned. The related land bills, on which the implementation of the policy depends, have yet to be tabled in Parliament.*

*Half of the programmes identified in the MLRPIS failed to obtain donor funding or could not go ahead in the absence of the long-awaited legislation. Thus structures intended to coordinate the implementation of the policy either could not come into existence (i.e. the National Land Reform Council) or were rendered obsolete (i.e. the Technical Land Services Secretariat).*

*The Evaluation found that the original project design was very relevant to the situation prevailing in 2004, but, for reasons beyond the control of programme management, the effectiveness and efficiency of the activities were greatly reduced.” (EC/NIRAS, 2009, p v)*

*“GoM has started a process of **Land Reform**, but progress so far has been rather slow. The Malawi National Land Policy (MNLPP) was approved by Cabinet in January 2002... The MNLPP provided the policy framework for land administration and land management and guidance on future legislation. The Malawi Land Reform Programme Implementation Strategy 2003-2007 (MLRPIS) was developed to provide a guide for the implementation of the MNLPP, identify the key issues arising from its recommendations and the relationship with other national policies. The programme was supported by DFID, World Bank and EU.” (Formulation draft report, COBASSIP/ICBP, 2010 p.7)*

*Already in June 1994, EDF funding was agreed for the “Support to the Implementation of the Malawi Land Reform Programme”. This programme is supporting a larger scale effort in Malawi to initiate and implement a new land policy, one fundamental principle being to codify the tenets of customary land law and to elevate the customary estate customary law) to full ownership status. However, the strong opposition from traditional authorities has considerably slowed GoM’s action to adopt new land legislation.” (JAR 2005. p. 25)*

*Project implementation has been slow principally because of delay in setting up the TLSS. The Ministry decided to set up an inter-departmental committee instead of the TLSS arguing that functions of the TLSS were overlapping with those of its Department of Policy and Planning and that sustainability of the TLSS beyond the project was questionable. The inter-departmental committee did not prove workable because of human resource constraints at the Ministry of Lands. As a result, the Ministry decided to revert to the original plan of setting up a separate TLSS.” (JAR 2005, annex XI, Project fiche Land)*

*“There are other issues which should be addressed, especially land tenure issues. Given the critical importance of land tenure and riparian rights, it is vitally important to address this issue in depth when assessing all new irrigation development proposals. In particular, how will the rights of poor, vulnerable and female headed households be protected, if their land occurs within an irrigation scheme? How will their tenure rights be addressed if they are incorporated within an irrigation scheme? It will also be important to address issues of land and riparian rights of the downstream users (if water is abstracted from perennial rivers). Other countries are experiencing increasing conflicts over access and usage of natural resources, and this must be carefully balanced and incorporated into the planning processes.” (DCAFS/Conroy, 2011, p. 26)*

*“Disputes over land allocations and the lack of a social mobilization process, are significant contributory factors for the delays incurred in the Dwangwa project. Hence, there is a clear need for a coherent set of land allocation guidelines for future expansions (by way of for instance a land tenure framework), in order to avoid potential conflicts and to ensure that out-growers expansion projects are completed on time.” (EC/HTSPE, 2011, p. 8)*

### **Indicator n°2.2.3: Increased percentage of smallholder farmers (male and female) benefiting from extension services**

#### **Findings at indicator level:**

ASWAp identifies the low capacities of extension services as one of the major challenges limiting agricultural growth. The previous decades have seen a deterioration of extension services due to the implementation of SAPs and the reduction of the budget spent on extension services. Only from 2005 GoM reversed this trend, allocating funds to rebuilding of extension services. Inadequate extension services negatively affect the extent to which improved techniques can be disseminated and adopted by farmers.

Data at national level suggests that access to extension has declined in recent years from 22% in 2007 to 13% in 2010. This is approximately in line with findings of the 2010 evaluation of AISP that measured extension access as 14% at national level with considerably lower access by female headed households (11%) and the poorest households (10%).

IDAF was supposed to support the development of a demand driven extension system by training the major stakeholders to enable them to adapt to the new agricultural extension policy, establish agricultural resource centres and assess extension needs. Even though limited in number and scope, the final IDAF evaluation attested positive results in introducing a more demand-driven

delivery systems and the establishment of new DAESS structures.

All of the EC programmes with field implementation components (e.g. FIDP, IGPWP, Sugar, and NGO Food Security Projects) directly supply extension services to farmers and therefore contribute to increasing farmers' access to these services in the project implementation area. In an effort to develop and disseminate meaningful extension messages these programmes also contribute to improving extension quality, particularly where they involve GoM extension staff and build their capacities. However, after project phase-out it has to be doubted that government structures are able to keep up support levels.

With regards to the limitations GoM is facing with extension staff, alternatives for governmental extension services, such as outsourcing extension for certain districts to NGOs or the private sector are being considered.

**Data and sources:**

Supporting Evidence:

*„The FIDP programme, covering 11 districts, is designed to increase smallholder farmers and rural communities' incomes by teaching them to grow, market and trade a range of produce. One of the principal expected results is the development of a demand driven extension service using extension workers of the MoAFS, NGOs, farmers' organisations and private companies. (JAR 2005, Annex XI, Project fiches, FIDP)”*

*“In 2007 the programme targeted approx. 1800 villages in 34 Agricultural Extension Planning Area. The activities focussed on agricultural extension training and agribusiness initiatives in livestock (poultry, piggery, goats, dairy, beekeeping and aquaculture) and diversified crop and horticultural production, storage and processing. (JAR 2007, p. 12)*

*% of HHs that use agricultural extension services: 87%*

*EC/Cardno 2010, Final Evaluation of the Sustainable Nutrition Rehabilitation Programme, SNRP ANNEX G1, Care Project*

*“Result 3 (District services are responsive to the demands of various farmers and are well coordinated in planning, management and provision). Good results were obtained in continuing the support to the establishment of new DAESS structures, as a way of introducing a more demand-driven delivery system. Although this achievement was limited in number and scope, it even showed signs of sustainability, as some Area Stakeholders Panels are still meeting without any incentive and/or support.” (Final Evaluation IDAF, First Draft, 2011, p. 11)*

Detracting Evidence:

*“The results show that 18% of the households attended various extension services during the 2006/07 agricultural season, 12% attended village meetings, while 4% either attended extension course or were visited on the farm... About 38% of the households who had not attended extension services had not done so because no extension worker was available, while almost half the households said the service was available, but they had not been visited. About one in ten households reported that the service was available but they did not participate in any activities.” (NACAL 2007, p. 8)*

*„A recent national survey revealed that only 13% of agricultural households got advice from an agricultural adviser on crop and input management. The inadequate extension services have implications on the extent to which research and technology developed can be disseminated, adopted and efficiently be used by smallholder farmers.” (ASWAp, 2010, p. 28)*

*“Contrary to other programs the implementation of IDAF has been characterised by a series of problems and progress made has been very slow raising fundamental questions on the absorptive capacity of this program. Following the negative assessment of the annual monitoring mission the need for a turnaround became very clear and attracted the attention of the Ministry of Agriculture... the project has reduced its scope, prioritising 3 of the original 6 key result areas in order to be better focused and concentrate on delivering a number of tangible outputs. The prioritised key result areas are; secondly the development of a demand driven agricultural extension system.” (JAR 2007, p. 14).*

### **Judgement criterion n°2.3: EC support contributed to increased productivity of smallholder sector**

There has been a distinct productivity increase in Malawi's smallholder sector since 2005. This increase is mainly attributed to the GoM's Farm Input Subsidy Programme. This programme has been intensely debated by stakeholders, with strong opposition by some donors such as USAID and WB and supported by others such as DFID. EC support policy has been subject to an evolution of food security strategy towards a more holistic approach. Therefore EC during the period under evaluation has been supporting the programme cautiously with some co-financing of seed subsidies under the food security budget line (€4.2m). From 2009 support was increased providing general budget support through the food facility meant to balance increased expenditures because of sharply rising fertiliser prices (€15.9m). There is an extensive discussion in Malawi and internationally on whether agricultural input subsidies are an appropriate strategy for food security. However, GoM is strongly defending the approach it regards as responsible for Malawi's self-sufficiency in maize and has plans to continue the subsidy programme at least for the next 5-6 years.

Due to the Input Subsidy Programme and good rainfalls, Malawi has been maize self-sufficient for the last five years and in some years has been able to export parts of national production, even though other data sets indicate that Malawi continues to be a net importer of maize. EC support did contribute to this positive productivity development. However, GoM and EC are well aware that apart from input subsidies, other approaches to food security are needed to develop viable long-term food security strategies. As the subsidy is mostly a recurrent expenditure growth will quickly decrease should the subsidy scheme reduced in size or be discontinued. The strong emphasis on maize and subsidies is reducing capital investment for long term growth such as expenditures for research and technology dissemination. Therefore diversification concentrating on drought resistant and less nutrient demanding crops, cash crop production to raise household's incomes and the promotion of off-farm income have to be part of GoM's agricultural development programme. These approaches provided the basis for EC intervention design and implementation under EDF9 and EDF10. EC supported programmes contributed to an increase in maize yields through different interventions aiming at sustainable long-term impacts (Indicator 3.1).

EC has strongly promoted the diversification into other crops, food security and cash crops. At national level, an increased food crop production (apart from maize) and increased cash crop production for a variety of different cash crops has been reported. EC has contributed to that development mainly through FIDP and NGO Food Security and Nutrition Projects under the Sustainable Nutrition Programme, the Food Security Budget Line and the Food Facility (Indicator 2.3 of EQ 3 and indicator 5.3 of EQ 2).

With declining soil fertility due to unsustainable natural resource utilisation, productivity cannot be increased long-term without addressing the issue of environmentally friendly cultivation techniques. EC supported FIDP and NGO Food Security Projects strongly emphasised this aspect with the result that a considerable area is being cultivated utilising more sustainable natural resource management practices. As these techniques are generally labour intensive and hardly render short-term visible results, they are usually not favoured by farmers. However, long term EC support under FIDP indicates changes in agricultural practices towards a more sustainable land utilisation. (Indicator 3.2).

Irrigation is regarded as a key issue for increasing the productivity of the smallholder sector and has been a major component of many EC interventions (FIDP, IGPWP, NGO FS interventions and Sugar). EC has supported the development of more than 1,600 ha of land under irrigation totalling about 2% of the current irrigated area. Under EDF10, support shall be extended to a degree that EC contribution would lead to an extension of more than 13% of the currently irrigated area. In addition support to the Ministry of Irrigation and Water Development shall prepare the ground for Malawi's Green Belt Initiative through capacity building and feasibility studies for medium to large scale irrigation schemes. EC support to irrigation has occasionally been criticised for being of poor technical quality, not focusing enough on the profitability of schemes and neglecting natural resource and environmental aspects. There are also some indicators social impact has received less attention with regards to sugar out grower development.

Efforts to improve farmers' productivity cannot focus on production aspects only. Improvements in marketing opportunities and market access are equally important in order to motivate farmers to increase production. Therefore EC support aimed at increasing the number and performance of farmer associations. Results are mixed with some positive examples where associations are developing into better service providers, attracting more farmers to join (e.g. Smallholder Coffee Development Trust) and negative examples where associations fail to develop visions and skills sufficient to function independently from donor support (e.g. PAMA).

### Indicator n°2.3.1: Increase in crop yields / area for the main staple food (maize)

#### ***Findings at indicator level:***

From 2005 onwards Malawi has seen positive agricultural growth, mainly due to increases in maize yields. While in 2000/2001 the national average yield was 1.18 t/ha, in 2006/2007 it reached 2.04 t/ha. Given the variations due to rainfall from one year to another, a long term perspective highlights the trend. Between 1985 and 2008 Malawi was able to increase its total maize production by 77.5% and since 2005 the country has experienced five consecutive years of national food self-sufficiency as maize production continued to be above maize requirements, turning Malawi from a maize importing nation into an exporter. However, other data sets indicate that Malawi has been a net importer of maize in three of the past four years, suggesting that official production and/or consumption figures have been inaccurate.

It is undisputed though that there has been an impressive increase in maize yields / area and that this is mainly attributed to the GoM Agricultural Input Subsidy Programme that supplies a high number of poor farm households with vouchers for subsidised improved seeds and fertiliser and to good rainfall. Input subsidy programmes have a long-standing history in Malawi and have been strongly opposed by some development partners (e.g. USAID and WB) and supported by others (e.g. DFID). EC's position with regards to input subsidies reflects an evolution of views on appropriate food security strategies. The EC Food Security Programme 1997-2001 supported maize production as a road to food security. However, the second MAFSP from 2004-2007 saw a fundamental shift in EC position towards a more holistic food security strategy. Input subsidy programmes came to be regarded as inhibitors of rural livelihood diversification away from maize production. As the subsidy is mostly a recurrent expenditure growth will quickly decrease should the subsidy scheme reduced in size or be discontinued. The strong emphasis on maize and subsidies is reducing capital investment for long term growth such as expenditures for research and technology dissemination.

However, the EC did support the subsidy scheme via seed subsidies financed under the food security budget line and the food facility to a limited extent. A formulation mission of Agriculture and Food Security Interventions to be supported under EDF10 proposed to increase support to the seed subsidy programme to €16m as the economic return of the seed subsidy component was assessed as very high. This support will be part of the ASWAp-SP.

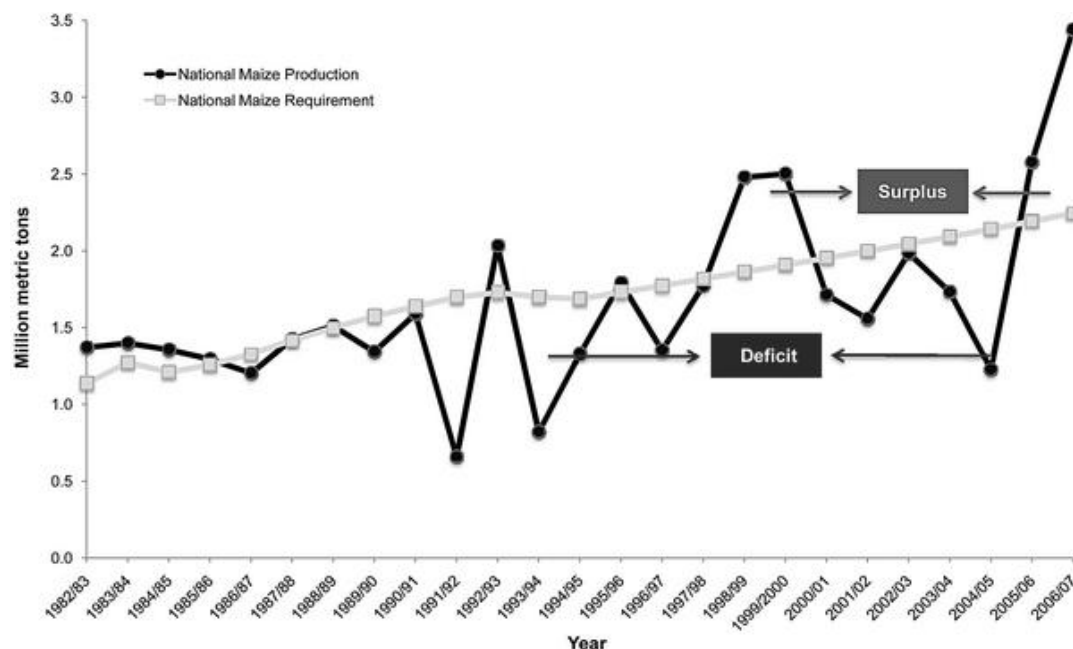
Apart from this, EC supported FS programmes have contributed to an increase in maize yields through different interventions aiming at sustainable long-term impacts. Particularly irrigation structures and conservation agriculture techniques contributed to increased maize yields.



**Data and sources:**

Supporting Evidence:

**Figure 1: Total national maize production and maize requirements in million metric tons 1982-2007**



Source: Denning 2009, journal.pbio

**Table 1: National maize production and food requirements 2000-2007**

Indicator	Season						
	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
National average yield (t/ha) [9]	1.18	1.05	1.28	1.05	0.76	1.59	2.04
National production (million t) [9]	1.71	1.56	1.98	1.61	1.23	2.58	3.44
Food requirement met (%) [9,49]	88	78	97	83	57	118	153
MMPI (deviation from 100%) [50]	5	7	7	-2	-19	8	12

MMPI, Malawi Maize Production Index.  
 doi:10.1371/journal.pbio.1000023.t001

Source: Denning 2009, journal.pbio

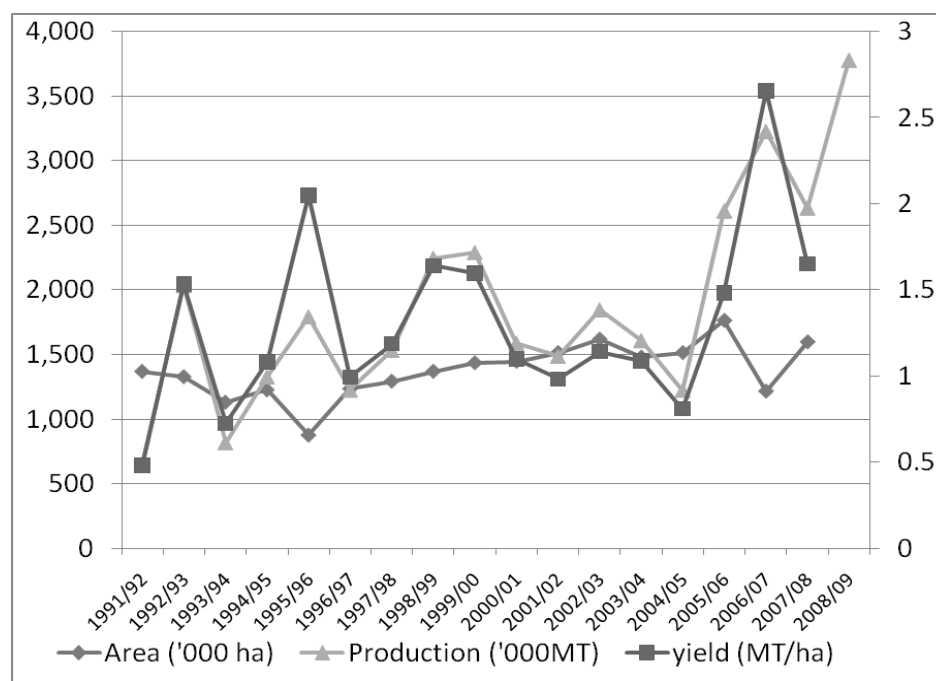
**Table 2: Time Frame and Yield effects related to rains or to inputs**

Time Frame and Yield Effect	Yield (t/ha)	Yield Increase (t/ha)	% Increase Due to Rains or to Inputs
2004-2005 drought year	0.80	Not applicable	Not applicable
2005-2006 effect due to good rains (low input)	2.21	1.41	32
2005-2006 effect due to inputs (hybrid seed, fertilizer, Sasakawa plant spacing)	Not applicable	2.97	68
2005-2006 combined effect	5.18	4.38	100
2006-2007 effect due to good rains (low input)	1.50	0.70	25
2006-2007 effect due to inputs (hybrid seed, fertilizer, Sasakawa plant spacing)	Not applicable	2.11	75
2006-2007 combined effect	3.61	2.81	100

doi:10.1371/journal.pbio.1000023.t002

Source: Denning, 2009, journal.pbio

**Table 3. Maize crop estimates**



Source: Evaluation of the 2008/9 Malawi Farm Input Subsidy Programme

“Through the FISP, maize harvest for the 2005/2006 growing season recorded a surplus of 500,000 metric tonnes. The total harvest for the 2006/2007 season amounted to 3.4 million metric tonnes, representing a surplus of 1.3 million metric tonnes. From a 40% national food deficit in 2005, Malawi achieved a 53% surplus in 2007, some of which was exported to neighbouring countries. Due to poor rainfall during the 2007/2008 season, total maize production dropped and amounted to 2.8 million tonnes, representing a surplus of around 500,000 metric tonnes. Come 2008/2009, total maize harvest increased to 3.7 million metric tonnes, representing a surplus of 1.5 million metric tonnes. One of the successes of the FISP is that national maize productivity during one of the years increased from 800 kg per hectare to 2250 kg per hectare. The record agricultural harvests during the period led to economic growth of 9.8% in 2008 and 7.6% in 2009. In addition, inflation remained moderate”. (Sustainability of FISP, 2010, p. 1)

“Impact is difficult to measure but APIP has been credited with import savings of €7m per annum in maize costs through a substantial increase in maize production.” (APIP MR 2005)

“Despite considerable efforts attempting to reconcile different results from different methods, it has not been possible to come up with a single set of consistent unbiased estimates of national maize yields, areas, and production, or of precise impacts of the programme on these.

As noted earlier, we estimate total incremental maize production from the programme as lying between 0.74 and 1.22 million MT, around 50% of total production expected without the programme.

Donors have contributed to the subsidy directly and through budget support. The direct support constituted 14.1% of the estimated total costs in 2008/9 and covered costs of seeds.” (Dorward, Andrew and Ephraim Chirwa, 2010: Maize Production and Market Impacts)

“These estimates demonstrate that with good management the programme can yield very favourable economic returns. The evaluation of the 2006/07 subsidy programme concluded that it resulted in an additional 600,000-700,000 MT of maize being produced after allowing for better than average rainfall. The value of this additional production varies between €55m or €100m depending on the assumptions being made on the price of maize (e.g. whether the export parity or the import parity price is used). These estimates imply a minimum return of 35% on the €56m cost of the programme over a period of less than 12 months. The return to the seed subsidy component is much higher. The 2006/07 subsidy is estimated to have led to an additional 200,000 MT of maize, valued at between €17m and €28m, which provided a minimum return of 400% to the €3.3m investment.” (EC/Cardno Agrisystems, 2010, p 36)

“Analysis of the agricultural performance from the late 1990s is complicated by difficulties in separating out the effects of poor rainfall and of the different policy changes responding to the

perceptions of an impending food crisis. Maize production, overall food production, and per capita food production growth all appear to have increased through the 1990s and into the 2000s, despite some years of low production and severe food shortages in the 2000s. Official Ministry of Agriculture estimates indicate that maize production rose at an annual rate of 2.1% per annum between 1990 and 2005. Major contributors to the reported growth in maize production between 1990 and 2000 are two years of very poor rainfall in 1991/92 and 1992/93 and two years of good rainfall with universal distribution of small free fertiliser packs in 1998/9 and 1999/2000. According to FAO statistics, overall food production grew at a rate of 3.4% per year, while per capita production grew at 1.9% per year.” (Evaluation of AiSP, 2008, p. 6)

“Unlike in the 2007/08 the sector exceeded its targets in average maize yield per hectare and per capita cereal availability. This is attributed to cumulative benefits from the subsidy program and favourable weather conditions.” (MGDS Annual Review 2009, page 7)

The smallholder agricultural sector had the worst growth rates, with a decline of 1.8 per cent per annum between 2000 and 2005 – these were the years when financial support for farm inputs was withdrawn. From 2006 – 2009, Malawi has experienced positive agricultural growth (9.23%) largely due to the successful implementation of the Farm Input Subsidy Program and favourable weather patterns in the period. (ASWAp 2010, p. 11)

“Indeed, the situation was made worse by a lack of agreement between government, donors and NGOs. The government continued to favour national maize self-sufficiency using subsidised inputs to increase both output and productivity. Many donors, on the other hand, advocated market liberalisation and small holder income diversification via the promotion of high value exportable cash crops, especially tobacco. Some donors, such as the World Bank and USAID, pushed for rapid liberalisation and seemed implicitly to assume that diversion of land from food crops to exportable cash crops could be compensated for by maize imports, whilst other donors such as DFID and the EC advocated a slower phased liberalisation with a focus on food security implications and the need for social safety nets. NGOs and the UN agencies placed much greater emphasis on household food security via safety nets based on free inputs and food aid. However, the impact was limited due to the fact that food aid was only able to treat the symptoms not the cause of food insecurity whilst small-scale input programmes had a limited impact.” (Harrigan, 2007, p. 242)

“06. Farmers can now take one rain fed crop and in addition two irrigated crops of maize and 2-3 irrigated crops of vegetables like unions, tomatoes and various greens

C3. Improved agricultural practices have greatly enhanced productivity, production, home consumption and income from sales of produce.

07. Production and income increases by a factor 3 to 4, and the income is well spend on investments such as house improvements, bicycles and children’s education and on improved nutrition. Now all families in the clubs get three meals per day.” (Evaluation IGPWP, 2010, p. 5)

„The PE-1 annual report indicates that the average maize yield attained under irrigation was 6 tonnes/ha/season over three seasons (compared with the respective PWP manual that asserted 11.7 tonnes/ha/season to be feasible) on some 90% of the 207 of land brought under irrigation. This assumption is reasonable. The report states that some 10% of the land was planted to vegetables and their value was estimated.” (MTR IGPWP) 2007, p. 56)

“The EC has supported with other development partners (DFID, Norway, UN) the GoM input subsidy scheme (fertilisers and seeds) which has contributed, couples with good rains, to the largest surplus ever in terms of maize production. The EC contribution came via its budget support and the targeted support in terms of seeds subsidy financed via the food security budget line.” (JAR 2007, p. 10/11)

#### Detracting Evidence:

“After subtracting the national quantity of maize purchased from the quantity of maize supplied from domestic production, we arrive at the estimated national maize surplus (deficit) as shown in the last row of Table 7. In a good production year, and given official production estimates, it is estimated that Malawi would have a marketed surplus of over 300,000 tons in a good season, a surplus of 50,000 to 70,000 tons in an average season, and a deficit of over 300,000 tons in a poor production season. However, data presented in the next section indicate that Malawi has been a net importer of maize in three of the past four years since the implementation of the Agricultural Inputs Support Programme, giving some rationale for reconsideration of the production and/or consumption figures.” (Jayne, et al, 2010, Malawi’s Maize Marketing System, p. 15)

It should also be noted that since the subsidy is mostly recurrent expenditure rather than capital

investment, growth will quickly return to the baseline trajectory (i.e. fall to only 3.1%) should the subsidy scheme be discontinued or fail. (NEPAD, 2010, p. 3)

Improving maize production and productivity, mostly through input subsidies, attracts the bulk (37%) of the agricultural expenditures targeting specific crops. The remaining resources cover several cross-cutting areas. If the remaining expenditures are distributed across all commodities, then maize could account for nearly 70% of the total agricultural expenditures. The remarkable performance associated with the FISP along with good rains seems to justify this lopsided budget allocation. This needs to be examined carefully, however, since the bulk of the budget is for recurrent and other expenditures items that have very little long-term productivity enhancing impact, unlike spending on activities such as research and development and infrastructure. Unfortunately, the technology generation and dissemination component of the support services accounts for only 6.2% of the total agricultural resources or 1.7% of the total national budget. (NEPAC, 2010, p. 3)

### **Indicator n° 2.3.2: Cropping area brought under environmentally friendly cultivation techniques**

#### **Findings at indicator level:**

The indicator is an EC standard indicator (no. 605) on sustainable management of natural resources and has been included into the logical framework of FIDP II. Environmentally friendly cultivation techniques approaches have been addressed mainly under FIDP I and II and NGO food security projects and under the MAFSP Better Land Husbandry Bridging Project that was supposed to bridge the financing gap between EDF8 PROSCARP and EDF9 FIDP. They include the adoption of soil fertility improvement initiatives and an increased adoption of agro-forestry technologies. FIDP I included also livestock production as an integrated part of smallholder farming systems into this programme component. With regards to techniques, contour ridge alignment, vetiver hedgerows, agro-forestry initiatives and the use of compost/manure are part of the FIDP extension package.

The FIDP I MTR 2009 stated 6,587 ha applied with compost / manure, 11,151 ha incorporated with crop residues, 1,038 ha pegged with marker ridges, 3,366 ha aligned with contour ridges, 400 ha protected with vetiver hedge rows, 1,925 ha planted with agro forestry trees and 1,053 ha under conservation farming.

#### **Data and sources:**

##### Supporting Evidence:

“Two projects were completed in 2003, namely the Soil Conservation and Agricultural Production Project (PROSCARP), and the Social Forestry Training and Extension Project (SFTEP). Capacity building in the district-level extension services, the strong involvement of traditional leaders in both projects, and good monitoring and evaluation of project results, led for both projects to a high degree of project effectiveness and sustainability. Their first phases having been successful. In the 1,274 villages covered by PROSCARP, ridge realignment was carried out over 42,480 hectares, 15,266 ha of vetiver hedgerows and 3.4 million seedlings were planted, 1,421 water points were improved and 8,451 sanplats were installed. Much of 2003 was spent to develop successor projects for financing under the EDF9. These are the Agriculture Sustainable Livelihoods Programme and the Forest Management for Sustainable Livelihoods Programme. The drafting of financing proposals were finalised during the second half of 2003 and submitted to Brussels. A bridging project (as a follow-up of PROSCARP) was designed and financed with Food Security Budget Line funds.” (JAR 2003, p. 12)

##### **“Result 2: Management of Soil Conservation & Soil Fertility**

- 245.533 heaps of compost manure piled or made
- 6.587 ha applied with compost manure
- 11.151 ha incorporated with crop residues
- 1.038 ha pegged with marker ridges
- 3.366 ha aligned with contour ridges
- 400 ha protected with vetiver hedge rows
- 2 ha of vetiver nurseries established

- 13.810 farmers adopting agro forestry initiatives
- 1.641.364 trees grown in community woodlots
- 1.925 ha planted with agro forestry trees
- 252 community woodlots established
- 1.053 ha under conservation farming
- 385 agro forestry nurseries established
- 1.120.657 agro forestry seedlings raised
- 54.269 agro forestry trees out-planted.”

(MTR 2009 FIDP, p. 62)

**Table 4: Sustainable Management of Soil Conservation and Soil Fertility**

Type of indicator	PE1 Activity/indicator	Quantity		Unit Costs	
		Target	Actual	K	€
	<i>1 Adoption of soil and water conservation initiatives by communities and individual farmers</i>				
<i>Impact level</i>	<i>Proportion of families adopting counter ridge alignment</i>	75%	58%	69,858	322
<i>Impact level</i>	<i>Proportion of farmers adopting vetiver hedgerows</i>	75%	36%	1,127	5
<i>Impact level</i>	<i>Proportion of households with at least 1 soil conservation measure on 50% of their land</i>	50%	15%	270,119	1,244
<i>Impact level</i>	<i>Area (ha) aligned with contour ridges</i>	6,043	2,503	17,823	82
	<i>2 Adoption of soil fertility improvement, agro-forestry and livestock integration by communities and farmers</i>				
<i>Impact level</i>	<i>Proportion of farmers adopting the use of compost/manure</i>	75%	96%	3,011	14
<i>Impact level</i>	<i>Proportion of villages adopting agro-forestry</i>	75%	4%	7,220,313	33,258
<i>Impact level</i>	<i>Proportion of families owning livestock</i>	80%	79%	3,659	17

(EC/Cye: MTR 2009 FIDP, p. 66)

### Indicator n° 2.3.3: Crop surface area under new/rehabilitated irrigation systems

#### **Findings at indicator level:**

GoM and donors regard the high dependence on rain-fed agriculture as one of the key constraints in the agricultural sector and as a threat to food security. To address the issue GoM is developing the Green Belt Initiative (GBI) that aims at expanding the area under irrigation from 78,000<sup>8</sup> ha to 1,000,000 ha. The ASWAp aims at increasing the area under irrigation from 72,000 ha in 2009/2010 to 300,000 ha in 2014/2015.

EC interventions planned under EDF10 are supporting these ambitious objectives. Both FIDP II and RIDP have small scale irrigation components. While RIDP plans to continue with approximately the same extent of activities as implemented under IGPWP I (RIDP plans for 630 ha to be put under irrigation). In addition RIDP will render support to the Ministry of Irrigation and Water Development in view of GBI preparation. This support will include feasibility studies for medium to large scale irrigation schemes of about 6,500 ha. FIDP II will substantially increase its support to irrigation in comparison to FIDP I. FIDP II is aiming at increasing the area under irrigation by 8,000 ha. The evaluation team has some doubts if this is a realistic target as this means to increase implementation performance in the irrigation sector by more than ten times for some projects. All these planned interventions, if implemented successfully, could increase current irrigation area by 8,630 ha, which corresponds to an almost 12% increase in area currently under irrigation. Added to the 6,500 ha of the planned feasibility studies EC support would cover a total of more than 15,000 ha, a more than 20% increase in area under irrigation. This would mean a massive contribution to Malawi's irrigation goals.

Past contribution has been more moderate, however, substantial. Under FIDP I, IGPWP and several NGO food security projects, small scale irrigation has been supported. FIDP I achieved an additional 792 ha under irrigation and IGPWP 670. The contribution of the different NGO food security projects can only be roughly estimated. The Accompanying Measures for Sugar and the STABEX sugar support contributed with 700 ha (compared to 1200 originally planned) to increasing the area under irrigation. EC support so far has contributed about 2.300 ha (about 3.2% of the current irrigated area) to increasing land under irrigation in Malawi.

Some doubts have been raised on the quality of interventions. The FIDP MTR in 2007 found that irrigation schemes were poorly planned received little support and were hardly monitored. The 2007 IGPWP MTR stated that many irrigation sites ran dry, because water supply and recharge forecasts were over-optimistic. The same mission criticised that not enough attention was paid to economic factors as many farmers grow subsistence crops on the irrigated plots instead of higher value crops. This is considered to be an ineffective use of irrigation resources as cash will be needed for inputs and maintenance.

A major problem was seen in the fact that natural resource management principles were not applied throughout the irrigation component. Even though the design foresaw water harvesting in the irrigation component, this activity was neglected. Several sites had no buffer strips between the plots and the river banks, risking accelerated soil erosion, loss of river bank areas, increased sediment loads, possible flooding and pollution from agrochemicals. As groundwater recharge is an important issue, contour ridges, check dams and other water retentive structures should have been integrated into the component. This issue had already been raised in the final evaluation of the previous programme PWP. Planning documents for EDF10 irrigation interventions seem to indicate that this neglect is being continued.

Governance and social impact issues for larger scale irrigation projects, as already supported for sugar, seem to have received less attention so far.

#### **Data and sources:**

##### Supporting Evidence:

*“III.2 Sustainable agricultural water management and irrigation development*

*Area under sustainable irrigation (ha) increased from 72,000 to 300,000ha” (ASWAP Intervention Logic, p. 65)*

<sup>8</sup> Data on current area under irrigation is not consistent through all sources. While the TAP for RIDP cites the GBI with 78,000 ha, the ASWAP and some EC sources declare 72,000 ha as currently under irrigation. The evaluation team will follow the ASWAP figures for analysing progress.

*“RIDP Log frame*

*Result 2: Small scale irrigation infrastructure is developed*

*OVI: 630 ha under irrigation” (TAP RIDP, p. 18)*

*“RIDP Logframe*

*Result 4: Capacity of the Ministry of Irrigation and Water Development enhanced OVI: Feasibility studies conducted for approx. 15 medium scale irrigation schemes (50-120 ha and approx. 5 large scale irrigation schemes (above 1,000 ha). (TAP RIDP, p 18)*

*“FIDP II – Logframe*

*Results*

*Smallholder agriculture productivity is increased and diversified*

*OVI: Irrigated agricultural land increased from 72,000 ha to 80,000 ha” (FA 2009, FIDP II)*

*“Logical framework*

*Specific objective: To increase the hectarage of irrigated sugar cane grown by out growers*

*Result:*

*More hectares of irrigated sugar cane are farmed by out growers*

*OVI: addition 1,000 ha of irrigated sugar cane grown by out growers” (FA 2008, Annual Action Programme for the 2008 Accompanying Measures)*

**Table 5: Performance of IGPWP irrigation sector 2005-2010**

<b>Irrigation</b>	<b>Phase I: 2005-2008</b>		<b>Phase 2 Overall</b>	<b>Phase 2 PE1 2008/2009</b>	
	<b>Target per FA</b>	<b>Achieved</b>	<b>Targets per FA</b>	<b>Target</b>	<b>Achieved</b>
<b>Treadle Pumps Installed</b>	2,900	3,646	1,800	655	658
<b>Area under Irrigation</b>	600 ha	670 ha	400 ha	200 ha	201 ha

*EC/AESA 2010, p. 3*

*“Greater assessment of energy and maintenance requirements for water lifting devices may be needed as they may have major impact on viability of investments and their long term sustainability. Land tenure and social issues related to both large and small scale irrigation investments may also require analysis.”*

*(NEPAD, 2010, p. 4)*

*Detracting Evidence:*

*“Treadle pump distribution and stream diversion schemes have not been systematically planned on the basis of hydrological studies and in many cases IGPWP has supported, rather than questioned, the over-optimistic forecasts of water supply and recharge made by beneficiaries. This has resulted in many “systems” running dry... (MTR IGPWP, 2007, p. 47)*

*“Sustainability is a major concern in both types of irrigation promoted by IGPWP because of the lack of emphasis on income generation, and the absence of natural resource management. Irrigated agriculture cannot be sustainable if produce is not marketed. Cash is needed for agricultural inputs, and to cover maintenance costs. Many of the irrigation clubs visited by the mission are growing subsistence crops.*

*The widespread introduction of Treadle pumps has led to an increase in the area cultivated adjacent to watercourses. The mission visited several sites where there is effectively no buffer strip between the cultivated area and the bank edge. IGPWP may have tried to discourage this by supplying 50m*

*delivery hoses. Unfortunately this has had little effect other than to increase the irrigable area.*

*Not only does this risk accelerated soil erosion, loss of river bank areas, increased sediment loads and possible flooding, the intensified cultivation close to water courses increases the risk of pollution from agrichemicals. Many of the water courses visited are currently over-exploited. The fact that Malawi is experiencing a drought cycle does not excuse the need for water resource management, in fact it should emphasise the need. Although the FA envisaged water harvesting (1040 are targeted) in this component, this has so far received no attention, and irrigation has emphasised treadle pumps and stream diversions. The Final Evaluation of the PWP was also critical of this neglect. (MTR IGPWP 2007, p. 68)*

*“In the visited FIDP’s irrigation schemes the EM noticed an empirical approach towards the design, e.g. water yield, conveyance of water, irrigation application rate, length of borders and furrows, and water losses. The irrigation schemes are poorly planned little supported and hardly monitored.” (FIDP MTR 2009, p. 15)*

*In none of the 9 irrigation project summary’s (implemented by development partners) or project logical framework make any mention of a social impact assessment. It may be that a social impact assessment was conducted during the project preparation stage. However, there is no evidence of mitigation strategies to minimise the adverse impact on the original residents, where the irrigation scheme or command area is located or the impact of the scheme on downstream users’ riparian rights. Irrigation schemes may displace dwellings or result in farmers’ fields being inundated or radically reduced in size. The consequent reduction of income may have a significant social impact. (DCAFS/Bagnall-Oakeley, 2010, p. 14)*

*The analysis of existing investment in irrigation development highlighted the following issues:*

- 1. The need for investment in irrigation development to focus more on the governance of the irrigation schemes and the establishment of water users associations.*
- 2. The need for credible environmental impact assessments in order to assess the risk of Stalinization and the impact on downstream water users (riparian rights).*
- 3. The need for social impact analysis to ensure that land issues are addressed adequately and to ensure that people who cultivated the land under customary tenure are adequately compensated for the loss of the land (if they do not benefit from the irrigation scheme).*

*(DCAFS/Conroy, 2011, p. 24)*

#### **Indicator n° 2.3.4: Increase in number and strengthening of existing marketing associations in EC-supported intervention areas**

##### ***Findings at indicator level:***

Efforts to improve farmers’ productivity should not focus on production aspects only. Improvements in marketing opportunities and market access are equally important in order to motivate farmers to increase production. Therefore EC support aims at increasing the number of marketing associations, the percentage of households that are members in marketing organisations and strengthening associations in order to be able to fulfil their roles.

The establishment and particularly the support of existing marketing associations is an integral part of many EC supported interventions, e.g. of FIDP, IGPWP and IDAF under EDF9, NGO Food Security Projects under MAFSP 2004-2007, the support to Maize Productivity Task Force Association of Smallholder Seed Multiplication Action Group (ASSMAG) also under MAFSP and the Paprika Development Project and support to smallholder tea expansion under the utilisation of the remaining STABEX funds.

EC support to establishing and strengthening associations showed mixed results. On one hand there are positive examples of farmer groups under FIDP and IGPWP. However, many agribusiness groups do not have the skills and financial capacity to maintain or develop their activities. Support to existing farmer associations in most cases did not render satisfactory results. While ASSMAG has been successful in setting up a network of farmers capable of producing improved seeds, it continued dependent of outside support without a feasible development perspective. Associations like PAMA, supported under the Paprika Development Project have failed to have a positive impact on paprika



producers and therefore lost many of its members. The Smallholder Tea Authority (STA) was unable to manage the Smallholder Tea Expansion Project with the result that the project came to a premature halt and STA was later dissolved and privatised. A positive example is the Smallholder Coffee Development Trust that was well able to implement the support project.

One aspect involved in supporting associations is the donor dependency related to the support that would need to be gradually reduced through sound exit strategies. Another aspect is that support to organisational development needs a medium term perspective without funding gaps, so one year short term funding seems to be unsuitable for this type of intervention.

IDAF, supposed to support farmer organisations, cooperatives and associations, failed to fulfil its tasks as the programme key result areas (KRA) were too ambitious. Refocusing in 2008 shelved the KRA related to farmer organisations support.

#### **Data and sources:**

##### Supporting Evidence:

*“In spite of a formal development approach, the project is in fact funded and planned for one year only, which prevents both the necessary mid-term strategy and a predictable framework to obtain the confidence and commitment from the farmers...Funding in the past has been discontinuous, and in this scenarios the project carries on while hesitating between an emergency logic and a development one with insufficient resources and time...After the first funding period, negotiation and processing of a second proposal resulted in a funding gap of almost a year...”*

*It can be stated that ASSMAG is more capable today to manage the interests of the farmers than it was two years ago. Membership has increased from 1,500 members in 2001 to 2,450 today and most farmers would mention the possibility to access markets that would otherwise be beyond their scope as the main reason to join ASSMAG...The organisation has shown significant improvements in the past and with the appropriate support it could perfectly be a sustainable instrument. The fact that after one year without funding the organisation has not collapsed is also a positive indicator.” (MR Maize Productivity Task Force, 2005)*

FIDP has trained farmers, district and ministries staff in various agricultural techniques, including post-harvest techniques and agribusiness and has improved the *knowledge, attitude and organization* of rural communities. (Court of auditors, 2011, page 98)

*Good progress has been achieved towards the objective of increasing smallholder coffee output by introducing efficient international, regional and local marketing strategies by the **Smallholder Coffee Farmers Trust Development Project**. A well organized and managed organization has contributed significantly to the successful implementation of the project.” (EC/ABD, 2007, page 7)*

##### Detracting Evidence

*The establishment of groups is a lengthy process, taking in excess of 5 years, to have reasonable confidence that the group is sustainable. Only one project had group governance as an output statement. Functional groups are difficult to achieve, as the MoAFS, list of registered groups shows, many of the groups formed under the guidance of MoAFS have been listed as non-performing. In many cases groups are used to initiate business development and credit programmes. (DCAFS/Bagnall-Oakeley, 2010, page 27)*

*“However, membership of the association has declined from more than 10,000 in 2000 to 4,900 in 2007 and the production of paprika has declined from 1,800 tons in year 2000 down to 540 tons in 2005.” (EC/Cye 2009, p. 13, paprika report)*

*““At present PAMA has a minimal impact on smallholder paprika producers and this has to be changed. This would lead to a requirement to transform PAMA into a truly representative organisation for the paprika industry as a whole ensuring a code of conduct between smallholders, estates and processors.*

*According to the mid-term review of the project the association doesn't seem interested in improving performance or detaching from donor dependence regarding sustainability and there is little understanding among the current members of the Board of Trustees as to their role and responsibilities, and there is an urgent need to have Board members properly trained in this. At the time of the review PAMA was oriented to become a marketing company. But serious reservations were expressed by the evaluation team who doubted that PAMA:*

1. had the vision, skills, knowledge and capacity for this;

2. as a producer representative organization and buyer of paprika would likely be facing serious conflicts of interest.” (EC/Cye 2009, p. 24, paprika report)

“As a summary statement ASSMAG can both be regarded as a success and a failure. A success because a network of some 2500 smallholder farmers are capable of producing a significant tonnage of seed of improved varieties, which has contributed to the total seed supply benefiting smallholder farmers. However a failure since over ten years, and more particularly since 2000, sustainability is not a reality and ASSMAG is once again on the verge of financial collapse. ASSMAG has never received the required strategic planning along with the necessary direct operational development support and working capital financing. The strategic problems of ASSMAG can be summarised as: - never a project in its own right, only received technical support not business support; - no strategic analysis and development plan after formation, no access to finance...” (EC/Agrisystems: 2006, page 5 and 7)

“The original project (ASSMAG) was relevant as a gap in the seed supply of improved public varieties existed therefore an alternative seed supply system was required but the programme was formulated without regard for the future development of an organisation, which would be capable of marketing seed. In farmer based systems production is not the constraint to development but organised marketing and sales. The failure to redefine the future role of ASSMAG, and that of the affiliate associations, taking into account the changing market situation was a fundamental error. There was also an expectation and reliance on the EU as the “banker” and ASSMAG never developed financial independence or a level of sales capable of supporting the central organisation. The EU funding only served to delay the next crisis rather than strengthening operations.” (EC/Agrisystems: 2006, page 8)

“Finally the main lesson learnt is that the establishment of sustainable farmer based seed programmes require full time project support and the key to sustainability is marketing and sales.” (EC/Agrisystems, 2006, page 9.)

Due to weaknesses in the selection process under FIDP I (see paragraph 18) and insufficient technical support, many agribusiness groups do not have the skills and financial capacity to maintain or develop their activities. While some activities (paprika, rice seeds multiplication, irrigated and rain fed tomato) provide a comfortable gross margin, other have not yet even allowed to cover the costs (poultry, dairy products, goats, fish farming, honey, piggery, macadamia...). The more selective approach under FIDP II should in principle address this problem. The absence of a rural credit system is however a main obstacle for the development of agri-business. (Court of Auditors, 2011, p. 97)

*Result 4 (Farmer organizations, cooperatives and associations are supported and developed to optimize production systems, marketing orientation and access to markets)*

*Some capacity-building was granted to a few FBO*

*Final Evaluation, 1. Draft Working Document, 2011, p. 11 (IDAF)*

“The **Smallholder Tea Expansion Project** sought to provide existing and new smallholder growers with the necessary means including training, plants and inputs to establish an additional 600ha of tea area. Smallholder tea comprises 16% of the total tea area and 8% of the total tea production. The project was implemented by the Smallholder Tea Authority (STA). Technology in nurseries and extension workers was provided by the Tea Research Foundation through a contract with STA. The project apparently started slowly and eventually **272 ha** were planted out. The STA, however, was unable to adhere to its reporting and management role and all further disbursements to this project were withheld. The STA was later dissolved and privatized and the team had difficulty in collecting any additional information or carry out verification of the impacts. However if the 272 ha were actually planted and survived then this will account for 8% of the total estimated smallholder area. The current situation is that smallholder growers have formed partnerships with the estates (instead of the STA) to whom they sell their leaf. This appears to be a productive arrangement with huge increases in production.” (EC/ABD, 2007, p. 7)

*The KRAs that were shelved were as follows:*

*1.4 Farmer organisations, cooperatives and associations are supported and developed to optimise production systems, market orientation and access to markets (Final Report PE No. 2, IDAF, 2008, p. 3)*

### **Judgement criterion n°2.4: EC interventions contributed to improved sustainable land resources management practices**

Monitoring data suggests that FIDP I has been quite successful in making farmers adopt soil and water conservation techniques and that farmer continue to utilize measures and extend techniques after the end of programme interventions. .

While forestry interventions have resulted in a high number of trees being planted under different programmes, the establishment of community based forest management concepts in IFMSL has been hampered by the slow progress of operationalization of existing forestry policies, questioning GoM's commitment concerning the co-management policy. Even though communities responded enthusiastically to the co-management options, a lot of momentum got lost due to delays and the imbalance of hypothetic benefits in relation to the need to already contribute to management and operation. Therefore a visible contribution to improved sustainable forest management practices has not yet materialised.

The majority of EC sector interventions do potentially contribute to mitigating climate change related risks, particularly interventions targeting conservation practices, crop diversification, extension of irrigation and support of early warning systems and interventions in the case of crisis. EC could therefore probably be regarded as among the major donors in addressing sustainable land resources management practices to mitigate climate change on the ground. Other donors supported Malawi in setting up a climate change programme. As EC is highly committed to climate change mitigation and has a long standing implementation experience, it is envisaged to support Malawi also at the level of investigating potential climate change impacts and appropriate adaptation strategies.

#### **Indicator n°2.4.1: Increasing use of soil and water conservation measures by small farmers on farm-land**

##### **Findings at indicator level:**

Soil and water conservation measures for small farmers have mainly been addressed through FIDP I and II, the MAFSP Better Land Husbandry Bridging Project and several NGO projects under the MAFSP.

FIDP I was assessed as an exceptionally well-functioning programme during EC monitoring missions and an MTR in 2009.<sup>9</sup> Data on adoption of soil conservation measures in FIDP I is showing relatively high adoption rates with 96% of farmers adopting the use of compost / manure and 58% of farmers adopting contour ridge alignment. However, adoption rates of agro-forestry practices was with 4% way below targets and the figure of 15% of farmers with at least one soil conservation measure on 50% of their land seems to indicate that the additional labour required for soil and water conservation measures may refrain farmers from adopting measures on larger parts of their farms.

Many NGO food security projects have also integrated soil and water conservation components into their projects, e.g. the Dedza Food Security Project implemented by Concern Universal, the DAPP Green Pumps project, etc.

No data was available on the continuation of soil and water conservation measures after project phase-out.

##### **Data and sources:**

See data and sources for indicator 2.3.2

<sup>9</sup> By DAC criteria: ROM report 2007: Relevance: A, Efficiency: B, Effectiveness: B, Impact: B; Sustainability: B  
MTR 2009: Relevance: A, Efficiency: B, Effectiveness: A, Impact: B; Sustainability: B

## Indicator n°2.4.2: Number, quality and implementation status of local forest management and land use plans

### **Findings at indicator level:**

IFMSL I was a successor of the Social Forestry Training and Extension Programme and was meant to support GoM in the implementation of community based natural resource management through co-management concepts provided for in the National Forest Policy and Forest Act. By the time the programme started most other donors had become disillusioned with the slow progress in the forestry sector and had withdrawn their support, thus leaving the EC as the only major donor in the sector. A mid-term evaluation in 2008 pointed out that some of the problems the programme faced in implementation were due to GoM's failure to operationalize existing policies concerning the co-management of forests. Apparently the ASWAp mentions afforestation without any reference to community involvement in planning and use of forest resources, raising again the question about the seriousness of government commitment. Special conditions related to co-management and share of benefits and a reactivation of the Forest Development Fund delayed the kick-off of IFMSL II

Up to the end of IFMSL in August 2009, 14 (out of 14 planned) draft Strategy Forest Area Plans were produced, 36 Forest Co-management Plans were drafted (13 of them approved and signed) and 298 village forest areas plans and agreements for the management of forests on customary land had been signed with 102 having full PFMPs and 196 having simple licensing plans. Up to now very few plans are actually under implementation...

The mid-term evaluation had some critical comments on the quality of the management plans: Overall they were regarded as too general, defining DoF's duties and support only generally, not specifying the management and harvesting routines for the coupes and not providing clear information on the distribution aspects, e.g. on who would be eligible for harvesting certain quantities. On the other hand important key information was included, stating major objectives and projected use, defining the management practices for each product, allowable quantities per area to be harvested, fees and royalties.

Overall assessment of IFMSL I during the mid-term review was quite critical<sup>10</sup>, due to wrong assumptions during the design phase that resulted in a log frame not well adapted to the real situation, a complicated and bureaucratic framework and slow progress in fulfilling the special conditions. Still relevance and potential impact were rated as high, if corrective action would be taken.

Recent reports indicate some progress in management plan agreements between communities and GoM and the introduction of licences for the sale of forest produce.

The ex-post ROM preliminary results in May 2011 confirmed the shortcomings stated in the MTR and stressed the need for an improved monitoring and reporting system.

### **Data and sources:**

#### Supporting Evidence:

*During Phase I the following important achievements with regards to the frame work were reached:*

- *The drafting of 14 Strategic Forest Area Plans;*
- *The drafting of 36 Forest Reserve Block Co-management Plans and Agreements between the GoM and local communities for the management of forest reserves;*
- *Thirteen (13) Block MPs (13,414 ha) have been approved and signed by all parties; Twenty Three (23) Block MPs (23,670 ha) are awaiting to be approved and signed;*
- *298 Village forest areas (VFA) plans and agreements for the management of forests on customary land have been signed between forest based communities and GoM, represented by local District Assemblies; 102 have full PFMPs and 196 have simple licensing plans;*
- *The GoM, through the program has introduced licenses and permits for the harvesting, transport, sale and export of forest produce, including charcoal, fuel wood and timber. The permits and licences have been granted to village natural resource management committees (VNRMCs) and forest reserve block management committees with an approved and signed management plan;*
- *This has resulted in the first legal harvesting of firewood from customary land and a*

<sup>10</sup> According to DAC criteria: Relevance B, Efficiency C, Effectiveness B, Impact C, Sustainability C

*planned harvesting in nine Forest Reserve Blocks in October/November 2009*

*Detracting Evidence:*

*“An imbalance between duties/responsibilities and benefits/entitlements for communities is observed while the perspective of real benefits from commercial activities is largely hypothetical as no management plans have been approved yet. The implications are that the most important financial benefits are still being held back while communities are being required to carry out “patrols” and conduct operational and managerial responsibilities. The DoF’s duties and support to the local institutions are only generally defined in the Management Agreements’*

*Incomplete Management Plans - the MPs are quite general and do not specify the management and harvesting routines for the coupes or provide clear information on the distribution aspects.” (EC/Particip, MTR draft 2008, p. 3)*

*Commitment by the GoM to continue IFMSLP can only be assessed through practical actions as the policy framework is in place. Although some mind shifting towards PFM & Co-Management can be observed, other signs are less encouraging:*

- *Slow progress with respect to the action taken on special conditions.*
- *A very cautious approach towards co-management, which seems to indicate little confidence in the communities’ capacity to co-manage the FRs in partnership with the DoF; most importantly, agreements have not been signed yet.*
- *Comments by DoF management on the need for “proper” management of FRs indicate that only few FRs are actually considered for co-management.*

*In the short term, the most crucial indicator will be the approval of the special conditions, especially special condition 4, related to revenue-sharing.*

*Sustainability is rated as C” (EC/Particip, MTR draft 2008, p. 7)*

**Indicator n°2.4.3: EC programme planning documents include analysis of risks related to climate change / variation in weather patterns**

***Findings at indicator level:***

The importance of considering and addressing the implications of climate change and variations in weather patterns for Malawi, whose economy depends very much on its natural resource base is acknowledged by GoM and donors. In 2006 GoM developed a National Adaption Programme of Action that proposed areas of intervention that have been incorporated in the 2010 ASWAp. EC appraisal of the degree of GoM commitment to prioritize climate change mitigation measures is not consistent. While on one hand it is emphasised that the President of Malawi shows a strong political will to tackle climate change on several occasions, on the other hand EC analysis implies that the issue in Malawi in general is perceived rather as a donor driven topic with little pro-active commitment of GoM. The main elements of the proposed GoM mitigation strategy include agricultural conservation practices, an increase in irrigation potential to reduce dependency on rain-fed agriculture and an increased preparedness for extreme weather variations.

Up to now, the main donors in climate change mitigation have been Norway, the World Bank, FAO and UNDP which are supporting Malawi in setting up a climate change programme to build the countries’ capacity to cope with the changes. There is still a need for investigating the potential impacts more deeply, as different models predict different changes, and for identifying how Malawi could best mitigate these changes with regards to food security and agricultural production. As the EC is strongly committed to support climate change mitigation, EC and GoM intend to launch studies on this topic.

Most of the current and planned EC support programmes in the agricultural and food security sector can already be regarded as potentially mitigating climate change related risks and reflect well many of the ASWAp and NAPA proposed interventions, particularly conservation practices, crop diversification, extension of irrigation and support of early warning systems and interventions in the case of crisis.

However, there is very little detailed analysis of the risks related to climate change and variations in weather patterns. EC support to studies could establish a sounder information base in order to further improve the targeting of measures.

**Data and sources:**Supporting Evidence:

*“The programme components include activities to promote water harvesting, crop diversification, soil and water conservation, catchment protection, tree planting and aquaculture, apart from rehabilitation of bridges and community roads using labour intensive technologies. Hence they are no perceived climate related risk. On the contrary, the programme can assist in mitigating climate change related risks at household level (component 1) and prepare for mitigating measures in the longer term through the completion of feasibility studies of larger scale irrigation schemes (component 2). Large schemes are not only necessary for economic growth but also to reduce the risk of famine due to droughts.” (RIDP Environment Sheet)*

*“On national and international maize markets, supply and price risks are increasingly resolved through a Risk Management Strategy based on hedging – i.e. contractual agreements to buy (call option) or sell (put option) maize in the future at a particular price, thus reducing supply and price uncertainty. Two complementary strategies could also help Malawi to better cope with the risk of maize shortfalls associated with droughts or floods: (i) weather insurance as a means to provide additional financing for the government to purchase maize, in the event of severe and catastrophic drought; (ii) warehouse receipt-based financing may also help Malawi expand private maize storage and trading activities.*

*The coordinated application of these three risk management strategies - price hedging, weather insurance and warehouse receipts - has the potential to reduce the variability of Malawi's maize supply and prices while increasing the capacity and willingness of the private sector to expand activity in the market. These strategies would also strengthen Malawi's ability to participate in regional maize trade, an environment that is expected to become increasingly competitive in the future.*

*Market-based risk management tools are explicitly acknowledged in the ASWAp as a possible, viable framework which may “contribute to achieving sustainable staple food self-sufficiency and increase food stability”. ASWAp does therefore pledge support to “market based mechanisms for risk management for increased stability of maize availability and prices at national level, especially when weather shocks arise”. (Formulation draft report, COBASSIP/ICBP, 2010 p. 7)*

*“The proposed interventions include:*

- (a) Improving community resilience to climate change through the development of sustainable rural livelihoods (e.g. : Improving water management to withstand erratic rains through water harvesting, water conservation, and small-scale irrigation, Improving community storage systems for seed and food reserves, Diversifying crops and livestock to improve nutrition and food security)*
- (b) Restoring forests in the Upper, Middle and Lower Shire Valleys catchments to reduce siltation and the associated water flow problems (e.g.: Restoring forests in the Upper, Middle and Lower Shire Valleys catchments to reduce siltation and the associated water flow problems, Creating buffers along the Shire River, and other rivers, such as the Ruo, to reduce siltation and the transfer of chemicals and other pollutants in water ways)*
- (c) Improving agricultural production under erratic rains and changing climatic conditions (e.g.: Improving the choice of crop varieties to accommodate the increasing incidence of droughts and aridity, Developing improved crop varieties and providing adequate seed, Improving early warning and climate observational systems to improve extension delivery systems to the farming communities)*
- (d) Improving Malawi's preparedness to cope with droughts and floods (e.g.: Conducting rapid assessment of drought and flood risk by producing zoning maps, Designing and testing appropriate strategies, policies and laws to facilitate urgent efforts in dealing with climate disasters, Preparing drought and flood preparedness plans)”*

*(NAPA 2006, p. 12)*

*„Adapted conservation agriculture practices will increase the soil water and nutrient buffer capacity to ensure higher productivity of rain-fed crops and mitigate the effects of weather variability and climate change. This approach will also reduce loss of agricultural land, especially in more fragile areas, and protect vulnerable areas.” (ASWAp 2010, p. 43)*

*„It is important that policies for both agriculture and food security activities take into account and mitigate against both annual climatic variations, as well as longer term climatic shifts due to climate change. In doing so Malawi will be able to sustain its agriculture productivity and ensure food security in the medium term.*

*Malawi is currently facing five main environmental threats: land degradation, deforestation,*

*diminishing water resources, declining biodiversity and climate change. Unless these are adequately addressed, yields will continue to decline. Therefore, the **sustainable management of natural resources** will not only help increase agricultural productivity, through improving soil fertility and reducing soil loss, but will also help to increase non-farm incomes through the sustainable use of natural resources such as forests.” (EC: CSP 2008, p. 22)*

*„Of particular interest to Malawi is the strong commitment of the European Union, fully reflected in the ambitious EU Council decisions taken in December 2008, to mitigate the potential impact of **climate change**. GoM and EC intend to launch studies on how Malawi can best mitigate the potential impact of climate change in short and medium term in food security, agriculture and natural resource management. The studies will highlight, or reconfirm, activities that can be taken in order to mitigate the consequences of climatic extremes (droughts; flooding). These will have ideally to be integrated into the agricultural development programme. The President of Malawi showed a strong political commitment to tackle climate change on several occasions.” (JAR 2008, p. 23)*

*“The first is climate change, which is one of the highest priorities of the international community. Proper forest management will help to mitigate the impacts of climate change in Malawi as well as to contribute to the storage of carbon. A second and related issue is that of irrigation, currently one of the highest political priorities in Malawi with the President’s soon to be announced ‘Green Belt Initiative’.” (TAP Draft 2, p. 6, IFMSL 2)*

*Detracting Evidence:*

*„A climate change programme is currently being proposed by Norway, the World Bank and FAO and UNDP. The programme seeks to build Malawi’s capacity to cope with increasing climatic variability. In 2006 the GoM developed the National Adaptation Plan of Action (NAPA) which identifies thirty one possible actions in eight sectors but as yet little action has been taken. Little is known about the potential impacts of climate change on Malawi, its production systems and biodiversity. Some models predict that Malawi will experience a temperature rise of between 1-3° C, Regarding rainfall patterns some models suggest that rainfall may increase by up to 20%, while others predict that rainfall may decrease by 16%. It is clear that more research with regards to the potential impacts of climate change is needed, particularly in relation to agricultural production and the suitability of existing crops in Malawi/. It is expected that some crops may become more productive with increased temperatures while other, notably wheat, may no longer be able to be grown in Malawi. Unless the scale of the potential impacts of climate change are better understood, defined and publicised it is unlikely that the GoM and Malawians as a whole will be genuinely convinced of the importance of the issue, given the number of other issues that such as food security, malnutrition and HIV/AIDS facing Malawi. In general, climate change is currently perceived as being a donor driven agenda with GoM taking a more passive role of acceding to donor requests but with little follow up or genuine action.” (JAR 2008, p. 13)*

### **Judgement criterion n°2.5: EC interventions contributed to improved market competitiveness of agricultural products**

This judgement criterion reflects Malawi's determination to develop from a predominantly importing economy to a manufacturing and exporting economy and the overall objective stated in the CSP for EDF10 to increase agriculture-led economic growth.

Under EDF8 the remaining STABEX funds were committed to support the development of coffee, tea and paprika to reduce the dependency on tobacco as the dominating export crop and stimulate production of crops where Malawi is expected to have a comparative advantage. Additional support was targeted at the sugar sector under the DCI-Sugar BL and utilizing remaining STABEX funds. The Institutional Development Across the Agri-food Sector has been looking at value chains for export crops and identified development needs for some crops.

EC support to the sugar sector is expected to have a significant future impact, but due to the delay in AMSP implementation the impact is yet to be visible.

While support to the paprika sector has not been successful as the project set-up relied on introducing the programme through an association that proved to be too weak in terms of vision and capacity to sustain development and render positive results in terms of increased paprika production and export, EC support to coffee and tea production resulted in higher yields and higher prices.

In general EC support to export commodities faces serious challenges as it relies on the establishment and/or development of farmers' associations that often turn out to be unable to perform the tasks they are allocated to within programmes.

EC support to sugar highlights some of the requirements to be taken into account in the support of export diversification: the need for a land tenure framework, the need to pay due attention to social aspects and participatory processes and the importance of good stakeholder collaboration.

So far EC support to institutional capacity building in trade policy and improved compliance with international produce quality standards did not render visible results.

### **Indicator n° 2.5.1: Expansion of sugar cane out grower schemes under the EC supported National Adaption Strategy**

#### ***Findings at indicator level:***

This indicator reflects the operations under the DCI-Sugar budget line (Expansion of sugarcane out growers' irrigation Kasinthula III, sugar Capacity Building Programme and Dwangwa Feeder Roads). In addition a STABEX FMO from 2008 allocated €3m to the expansion of out-grower schemes in Dwangwa.

Malawi is regarded as being a low cost producer of sugar by international standards and the EC sugar reform is perceived as opening new market opportunities to Malawi in the medium to long term. The EC committed itself to support sugar exporting countries in the adaptation process to the changes implied by the reform. For Malawi EC support aims at increasing production and exports through the development of out-grower schemes benefiting smallholders. A study carried out in 2009 attested EC support a high potential for contributing to sustainable economic growth by supporting a sector which accounts for 5% to 6% of the GDP and more than 10% of foreign exchange earnings.

However, the same study came to the conclusion that in terms of sugar production no results could yet be attributed to the EC support as AMSP implementation faced delays. The study did not have doubts on potential impact, but questioned the delivery modalities, as subsidising of out grower schemes might be an inappropriate response to a situation where sugar production is regarded as a profitable business.

The recent review of all sugar interventions confirmed the high potential impact of EC support, but could also not yet report on results and impacts as both out grower schemes have not yet developed to the harvesting stage, generating income for farmers. However, EC support contributed to expanding sugar out grower schemes. The Kasinthula III expansion currently has installed 5 of the 6 pivot systems, has prepared 295 ha of land (out of 400 ha planned), has planted 190 ha with sugarcane to be harvested by the end of the year and is irrigating already. By the end of the implementation period the expansion should be completed. The Dwangwa expansion scheme supported with STABEX funds faces more difficulties in achieving its expansion objectives. From the



640 ha planned only 300 ha were prepared and the irrigation system has yet to become operational with almost 5 km of electric main connection missing and pumps yet to be installed. As project implementation is already finished with about €600,000 reduction of the original sum of €3m, because of severe delays in implementation and increasing costs of a total of €4m in comparison to the €3.5m originally planned for, the Cane growers Trust is facing a funding gap of €1.6m, which it will have to bridge with commercial loans if the scheme is to become functional. Out of the originally planned 1,190 ha (550 ha in Kasinthula, 640 ha in Dwangwa) only 400 ha will be realised until the end of the implementation periods. The 300 ha in Dwangwa will depend on the ability of the trust to tap other funding opportunities.

The review identified three major deficiencies in project design and implementation: The insufficient timeframe for interventions, a lack of attention regarding the social aspects of the expansion (particularly land issues) and the difficulties implementing agencies faced in adhering to the EC regulations linked to the contractual agreements.

As good implementation practice the stakeholder collaboration between Kasinthula and the Ilovo Sugar Company is mentioned. Previous experiences with Fair Trade in Kasinthula I and II indicate that this Fair Trade an attractive option to bring additional benefits to the communities and benefit also households not included in the out grower schemes. The development of fair trade options is included in the Capacity Building Project.

#### **Data and sources:**

##### Supporting Evidence:

*“Necessity capital for investment: In Malawi, the EC-MAS foresees the constitution of an Out growers Capital Replacement Fund to finance the acquisition of equipment (buildings, pumps, machinery ...) by farmers, however out grower schemes financed from bank credit are facing difficulties to reimburse their debt. The EC provides for the expansion of out-grower schemes subsidies representing from 70% to 90% of their development costs...*

*For an economist there is an obvious contradiction between the statement that an industry is profitable and the evidence that a key activity constitutive of this industry cannot afford to finance its investments at market conditions. This issue would deserve further investigations, notably to assess whether the insufficient profitability of sugarcane growing reflects a problem at the overall level of the sugar production chain, if it is linked to an inequitable distribution of the proceeds of sugar sales between the sugarcane growers and the mills, or if it reflects an inadequacy of the financing mechanism of out grower development schemes by commercial banks. The fact is that sugar companies, when they have the possibility to expand their estates, finance this investment at market conditions.” (EC/ADE, 2009, p. 7)*

*„Returns from sugarcane growing are substantially higher than other crops. However the income of Kasinthula out growers is severely impaired by the service of debts incurred for earlier developments phases of the scheme.” (EC/ADE, 2009, p. 9)*

*At the macroeconomic level, EC support to a sector which accounts for 5% to 6% to GDP and more than 10% of foreign exchange earnings will contribute to sustainable economic growth and to integration of Malawi in the world economy as well as to diversification away from tobacco, which is currently the country's primary crop. (EC/ADE, 2009, p. 11)*

##### Detracting Evidence:

*“To date no results in terms of sugar production can yet be attributed to the EC support*

*The Delegation contracted consultants to design a monitoring and evaluation system of the NAS. But because of the delayed implementation of the AMSP programme, no results of the EC support can be reported to date. Sugar production is nevertheless on a growing trend thanks to developments initiated by the sugar factories. (EC/ADE, 2009, p. 16)*

*“In Group 1 countries (Malawi, Mozambique, Swaziland, Zambia, Zimbabwe) the AMSP programme finances from 70% to 90% of the development costs of the out grower schemes on which relies the increase of sugarcane production. Actually governments and stakeholders of the sugar sector claim that the development of these schemes on the basis of commercial loans would throw the out growers in serious indebtedness problems. This is paradoxical for out grower schemes are, besides the company estates and mills, a component of sugar production chains that are highly competitive and profitable. We recommend that the EC undertakes an analysis of the factors that explain this paradoxical situation. Depending on the results of this study, the focus of the AMSP support would be*

*maintained on the financing of out grower schemes or reoriented towards other activities such as, for instance, the financing of infrastructure (primary irrigation networks, feeder roads, etc.) or the capital endowment of revolving funds devoted to finance the investments (initial development costs and replanting) of out growers.” (EC/ADE, 2010, p. 29)*

*“Regarding the quality of design, a number of deficiencies were noted in the design of the various projects being implemented under the support programme. These relate to three main aspects of the project design. The first concerns the time frame given to implement the two out-growers expansion projects (Kasinthula Phase III and Kasitu North). In both projects reviewed, the time frame given to implement the expansions was insufficient. Future expansion projects need to take into account the social and technical complexity of implementing such projects, and reasonable time frames need to be allowed for such projects.*

*The second deficiency noted relate to the fact that the out-grower expansion projects were designed to address the technical and infrastructural components of the project, but very little attention was paid to the social aspects of the expansion. This resulted in delays in both projects. It is recommended that for future expansion projects any implementing agent must show capacity to address the social aspects of the project. The project design must also include a comprehensive social mobilization and community participation and planning process, which are to be integrated into the overall project design.*

*The third deficiency noted relates to the overall capacity of the implementing agencies to adhere to the specific EU regulations linked to the contractual agreements of the expansion programs. It is recommended that in future this issue is addressed by providing a close working relationship between the EU and the implementing agent by way of the sugar coordinator.”(EC/HTSPE, 2011, p. 5)*

*There appears to be a strong correlation between stakeholder collaboration and the extent to which a project is implemented in an efficient manner (EC/HTSPE, 2011, p. 6)*

*One of the biggest problems identified in the project design of the expansion projects was the unrealistic timeframe given to complete the projects. This has resulted in both expansion projects running behind schedule. The STABEX funding of the project being started by the Dwangwa Cane Growers Trust (DCGT) at Kasitu North in 2009, ended in December 2010. At that point it is estimated that the project is only about 40% complete. None of the bulk infrastructure, being the pump station and the electricity supply, has been completed thereby rendering its pivot irrigation system non-operational.*

*It is too early to assess whether the projects would attain the expected results and achieve their objectives as they still need to be completed. Based on the stakeholder interviews held during the review, there is however a high level of stakeholder satisfaction with the projects being implemented. There is also a high level of optimism and expectation that the projects will deliver the expected benefits to the target beneficiaries. (EC/HTSPE, 2011, p. 7)*

*The Sugar Capacity Building project will increase the overall understanding that growers have of their farming enterprises and should make the out-grower companies more efficient. Specifically the Sugar Capacity Building project can make impacts in the following areas: (i) the formation of an out-grower Apex body with an out-grower base that is enlightened and knows and understands grower responsibilities in a strengthened Malawi sugar industry; (ii) the implementation of an appropriate Management Information System (MIS) to make the operators within the sector more efficient and to provide relevant information to out-growers in a timely manner; and (iii) to get Fair Trade certification for cane out-growers in Dwangwa (EC/HTSPE, 2011, p. 8)*

*Partial results achieved at the end of the project have been: 1) 300 ha prepared and 265 ha under sugar cane (instead of 640 ha); 2) additional sugar production (harvest 2<sup>nd</sup> half of 2011) at about 33,000 MT (instead of 78.200 MT); 3) 100 farmers have joined the scheme – 3 ha per farmer- but have not yet been allocated a plot (instead of 175 farmers). The result of increased incomes of the farmers (€3,100 per year) is not yet know. Hence, the specific objective of expanding the Dwanga Sugar Cane Growers Scheme (DSCGS) by increasing the amount of out-grower cane under irrigation has only partially been achieved (300 ha instead of 640 ha), with the (pivot) irrigation system yet to be made operational (due to the absence of a 4.7 km electric main connection and that the pumps have yet to be installed).*

*Therefore, to date the impact of the project on increased income and poverty reduction (overall project objective) cannot be measured. However, the potential and prospects of the project to*

*increase farmers' incomes and reduce poverty are clearly there when the project is brought into full operation with the operationalization of the pivot irrigation system, albeit at a much smaller scale than anticipated. The long term effects of the project to increase farmers' incomes and to reduce poverty with a much larger coverage of beneficiaries, are considered as positive and hence a good development investment for this particular purpose (EC/HTSPE, 2011, p. 20)*

*To date, 295 ha of the 400 ha has been prepared and 5 of the 6 pivot systems installed, 190 ha has been planted with sugar cane and are irrigated by 3 pivot irrigation systems. Of the 160 sugar cane farmers planned, 200 farmers have been selected for the scheme as it was decided to allocate 2 ha per beneficiary instead of 2.5 ha. The outstanding debt of Kasinthula project (incurred during phase 1 and 2) has been restructured over a five year. The debt is programmed to be repaid by the end of 2015. But the production of food crops (55 MT per year) has been delayed due to the lack of funds to install (fixed) sprinkler systems (not foreseen in the budget). (EC/HTSPE, 2011, p. 41)*

## **Indicator n° 2.5.2: Improved compliance with international produce quality standards**

### **Findings at indicator level:**

The ASWAp sees the improved compliance with international produce quality standards as an important precondition to increase the export of agricultural commodities. In this context the EDF9 regional SADC SQAM project provided some support to Malawi. However, in order to better address the national requirements, a SQAM component was incorporated into the “Capacity Building towards Trade and Private Sector Development Programme” under EDF10. This component is to lay the foundation for the development of a robust SQAM infrastructure at MBS.

IDAF was supposed to carry out a needs assessment on quality assurance for the development of the agri-food sector, train stakeholders and set up a quality assurance network. IDAF has been unable to address these issues as after a critical ROM mission the programme had to refocus its interventions and shelved quality assurance to focus on other programme key issues. Another EC funded project, Enhancing Food Security through Trade (EFSTT), that was to absorb some of the activities removed from IDAF, never came to be implemented. Therefore support to improved standard compliance has been limited to the regional programme in the past and is only under EDF10 being brought down to national level. It was not possible to attribute any visible results in this area to EC support.

### **Data and sources:**

#### Supporting Evidence:

**“Outcome 2: Increased unit value of agricultural exports by commodity.**

#### **Actions:**

- *Provide improved technologies to enhance output quality and cost-effectiveness in particular quality seed for tobacco and cotton, clonal tea bushes for smallholders, improved macadamia planting material and quality fruit tree seedlings.*
- *Improve compliance with market standards (grading, packaging, labelling) by providing training to value-chain stakeholders.*
- *Promote quality through compliance with sanitary and phytosanitary standards and improving the capacity of national laboratories to conduct tests on export samples.*
- *Increase provision of quality certification and regulatory services to enhance output quality.*
- *Procure laboratory equipment for analysis of soil, pesticides efficacy, cotton fibre, lint quality, and pesticide residues in food crops”*

(ASWAP, page 59)

*“Moreover, while aware of the importance for the EU to protect Consumers' Health, GoM intends to focus on the respect of SPS standards. This may come in the framework of a regional programme or within the framework of the investment and trade bilateral programme to be developed under the 10<sup>th</sup> EDF.” (JAR 2007, p. 24)*

*“Result 6: Systems, facilities and competent personnel are in place to international standards, quality assurance and marketing accreditation for agri-food exports.*

*A feasibility study on national need for quality assurance including strategic requirements for the development of the agri-food sector will be conducted. Existing capabilities, systems and facilities in*

*the food industry will be assessed in line with national needs. Capacities and capabilities of industry and agencies in quality assurance will be enhanced through training. The programme will support the setting up of quality assurance networks/associations.” (FA IDAF, 2005)*

*Detracting Evidence:*

*“The KRAs that were shelved were as follows:*

*Systems facilities and competent personnel are in place to international standards, quality assurance and market accreditation for agri-food exports.” (MoAFS 2008, IDAF final report PE2, p. 3)*

*A closely related EU funded project in the Ministry of Trade, namely Enhancing Food Security through Trade (EFSTT), is recognised by all parties to be an essential link for IDAF within the Ministry of Trade and Industry. It is expected that this programme will absorb some of the activities removed from IDAF, in particular quality assurance (KRA 5). However, EFSTT is not yet operational, and IDAF and EFSTT will need to work together to ensure uninterrupted continuity of work already underway, for example, Malawi Bureau of Standards. (MoAFS 2008, IDAF final report PE2, p. 4)*

*A survey conducted by the SADC SQAM Project in 2008 observed that the Malawi Bureau of Standards (MBS) was in need of laboratory equipment to perform its functions well. However, support for such laboratory equipment could not be provided under the EDF9 regional SADC SQAM project as it proved to be over-idealistic, and it was hence recommended that a national programme would be better suited for such activities. In particular, that the MBS required upgrading its laboratory infrastructure before such equipment could be provided. It is with this background that this new Programme was designed to lay the foundation for the development of a robust standardization, quality assurance, accreditation, and metrology (“SQAM”) infrastructure at MBS.” (Capacity Building towards Trade and Private Sector Development, TAP, p. 4)*

### **Indicator n°2.5.3: Total value increase of agricultural exports (non-tobacco agricultural commodities)**

***Findings at indicator level:***

Overall value of agricultural exports (excluding tobacco as the major export crop from the analysis as the objective was to reduce dependency on tobacco) has increased between 1998 and 2008 for tea and sugar due to increases in production as well as in prices. Coffee production has declined dramatically even though world market prices for coffee have been increasing since 2002. Paprika production has declined slightly in the long-term, with extreme ups and downs following business policies of the (up to 2005) sole buyer of paprika and price volatility of burley tobacco, that is influencing farmers decision whether to plant paprika or tobacco.

Under EDF8 tea, coffee and paprika support the EC aimed at reducing Malawi's dependency on tobacco as the dominating export crop and stimulating production of other export crops where Malawi is expected to have a comparative advantage.

With regards to tea and coffee the final evaluation of the STABEX intervention shows satisfactory results for tea and coffee in contributing to income generation and export earnings. The support to tea estates for replanting tea with Superior Cultivar has led to the replanting of 2,278 ha equating to 12.25% of the total production area. The impact of this replanting has been estimated at US\$4.6m US\$ additional annual income after 5 years and US\$10.25m after 8 years through higher yields and better prices for the replanted varieties. Even though the smallholder tea expansion project has not been successful in strengthening the farmers organisation (see indicator 2.3.4) and did not achieve the planned scale, the 272 ha that were replanted account for 8% of the total estimated smallholder tea area that will also benefit from higher yields and better prices.

Tobacco substitution was most evident in coffee production, where the average number of coffee trees per farmer was increased from 350 to 1,050 and the production of coffee cherries increased from 546,729 kg in 1999/2000 to 1,351,000 kg in 2005/2006 with exports of green beans more than doubling.

The paprika project failed to achieve its results. Anyway paprika production in Malawi is not very stable and well established with major ups and downs and conflicts between sector stakeholders. Farmers grow paprika as an alternative to burley tobacco and abandon its cultivation whenever burley tobacco prices increase. Up to 2005 there was only one major buyer and its decision to concentrate its business in the central region of the country after 2002 dramatically reduced paprika cultivation as

farmers depended on the buyers' inputs, technical knowledge and particularly his willingness to purchase the crop. The introduction of new buyers in 2005 did not result in a more competitive market, but in a competition between those buyers investing in farm inputs for farmers and those who did not, but profited from other stakeholders' investments by side-buying. The trend line shows that there has been even a slight decrease in paprika production since 1998. The EC supported paprika project was to increase the contribution of paprika to agricultural exports and increase farmers' incomes from paprika. This was to be achieved through support to the Paprika Association of Malawi that was to contribute to the establishment of a viable and business oriented smallholder paprika sub-sector. Lack of vision, knowledge and capacities within the association could not be sufficiently overcome by project support, so that objectives were not achieved and membership figures as well as paprika production declined. EC support can therefore not be regarded as successful in increasing paprika production and paprika export in Malawi.

Institutional Capacity Building in Trade Policy under FSP was not successful as assistance to the Ministry of Trade was suspended in 2007 due to some fraud issues affecting previous EC funded interventions.

**Data and sources:**

Supporting Evidence:

**Table 6: Value and Quantities of Exports of Tea, Coffee and Sugar 1998-2005**

Year	Tea		Coffee		Sugar	
	Tons '000	Value MKW 'mn	Tons '000	Value MKW 'mn	Tons '000	Value MKW 'mn
1998	40.8	1,249.0	4.3	379.3	62.6	1,178.7
1999	42.8	1,734.6	4.4	392.2	29.6	860.1
2000	42.4	2,252.3	4.0	361.4	82.3	2,338.3
2001	36.1	2,461.1	6.7	451.7	122.3	3,975.7
2002	42.6	2,827.9	7.1	200.7	80.3	2,684.2
2003	39.0	3,481.4	2.8	245.1	268.6	10,571.4
2004	46.2	5,132.4	1.8	217.5	212.4	7,881.4
2005	44.6	5,914.3	1.3	321.3	103.8	5,408.6

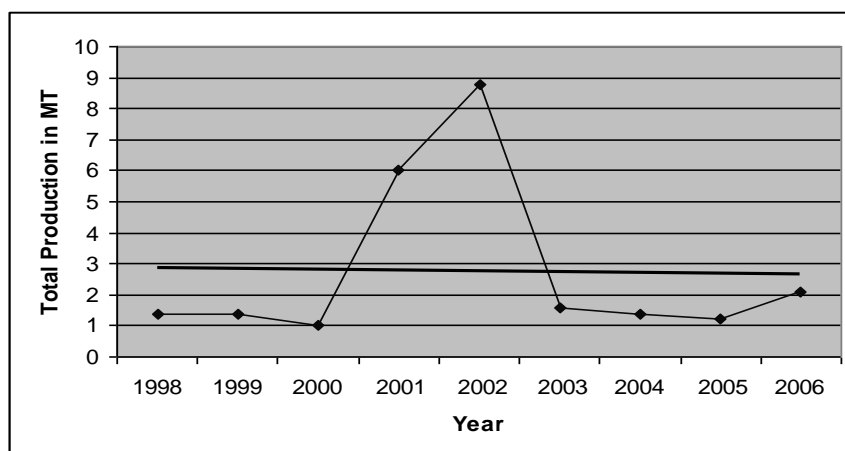
National Statistics Office, Time series trade statistics (Export), 2010

**Table 7: Quantities of production of Tea, Coffee, Sugar and Paprika 1998-2008**

Year	Tea	Coffee	Sugarcane	Paprika
	Tons '000	Tons '000	Tons '000	Tons '000
1998	40.4	3.8	1,900	1.4
1999	38.5	3.5	2,000	1.4
2000	42.4	3.8	2,100	1.0
2001	36.8	4.3	2,200	6.0
2002	39.2	3.0	2,600	8.8
2003	41.7	2.6	2,100	1.6
2004	50.1	1.6	2,110	
2005	38.0	1.2	2,400	1.2
2006	45.0	2.1	2,450	2.1
2007	48.1	1.4	2,500	
2008	48.1	1.1	2,500	
2009		1.0		

FAOSTAT 2010, [www.faostat.fao.org/](http://www.faostat.fao.org/), MoAFS National Crop Estimates 2009/2010 and EC/Cye 2009

**Figure 2: Total Paprika Production in MT (1998-2006)**



(EC/Cye 2009)

“The overall impact of the STABEX programme has been satisfactory with the tea and coffee sectors now increasingly contributing to income generation and export earnings. The project has been successful in achieving its objectives of replanting more than 2,278 ha (of tea) equating to 12.25% of the total production area” (EC/ABD, 2007, p. 7)

“By being able to replant substantial areas of seedling tea with SCs (Superior Cultivar) all estates have seen an improvement in yield (approximately 3000kg/ha), in quality and in price (36% improvement). The estimated impact of the tea replanting is an additional potential annual income for the tea sector of US\$4.6m after 5 years and US\$10.25m after 8 years. On a national scale, the total tea exports from Malawi have increased by 31.9% over the period 1995 to 2005.

All estates agree that the SC replacement programme has provided better opportunities for the place that the Malawi tea has in the world market. Malawi teas are commanding generally higher prices have attracted more buyers and are beginning to compete with superior teas from the region.

Other impacts have been that most estates have been able to build their replanting capacity i.e. skills and knowledge, nursery capacities, choice of SCs, husbandry practices to maximize recovery.”

(EC/ABD, 2007, p. 14)

*“The **Smallholder Tea Expansion Project** sought to provide existing and new smallholder growers with the necessary means including training, plants and inputs to establish an additional 600ha of tea area. Smallholder tea comprises 16% of the total tea area and 8% of the total tea production. ...However if the 272 ha were actually planted and survived then this will account for 8% of the total estimated smallholder area. The current situation is that smallholder growers have formed partnerships with the estates (instead of the STA) to whom they sell their leaf. This appears to be a productive arrangement with huge increases in production.”* (EC/ABD, 2007, p. 7)

*“Good progress has been achieved towards the objective of increasing smallholder coffee output by introducing efficient international, regional and local marketing strategies by the **Smallholder Coffee Farmers Trust Development Project**. A well organized and managed organization has contributed significantly to the successful implementation of the project. Income derived from coffee by smallholder coffee growers has increased from year to year as quantities of coffee produced and sold have gone up. That coffee is perceived as a good economic prospect by smallholder farmers is evidenced by the expansion of coffee into areas where it was not previously grown, largely in substitution of tobacco. In addition to the gains in coffee production the push for establishment and increasing membership of the Savings and Credit Unions in the five associations further evidences the positive impact of the project. With effect from 1 April 2007 the Smallholder Coffee Farmers Trust will become the Mzuzu Coffee Planters Cooperative Union. The initial target of production of 450 MT of coffee parchment is likely to be achieved in the 2007/2008 season only, but indications are that smallholder production of coffee parchment will increase further to 1,350 MT by 2012/2013.”* (EC/ABD, 2007, p. 8)

*“The principal results achieved by the Smallholder Coffee Farmers Trust Development Project are:*

- An increase in the average number of coffee trees per farmer from 350 at the start of the project to approximately 1,050 in 2005/2006, mostly of the newer higher yielding varieties. (1,606,857 immature and 1,901,785 mature trees in 2005/2006 as compared to 1,600,000 trees in total at the start of the project including abandoned or neglected trees).*
- An increase in the production of coffee cherries from 546,729 kg in 1999/2000 to 1,351,000 kg in 2005/2006, and of parchment from 110,354 kg to 271,358 kg, with exports of green beans increasing from 97.6 MT to 198.0 MT, while roasted and ground coffees sales increased from 14.2 MT to 22.4 MT, marketed domestically, regionally and internationally.*
- Price for coffee parchment paid to farmers increased from MWK 45 in 1999 to MWK 135 in 2005; and further to 160 MWK in 2006.*

(EC/ABD, 2007, p. 21)

#### Detracting Evidence:

*“However Government has maintained some protectionist measures on especially agricultural commodities, as demonstrated – for example – by an increase in the duty from 10% to 25% for products such as fresh and powdered milk, coffee, tea, nuts and spices as well as by periodic export bans of maize and tobacco to the regional markets. The GoM decided to set seasonal or periodic minimum prices for agricultural products, a controversial policy that has created mistrust between GoM and the private sector, which pointed out that planning was impossible under such circumstances. The crisis reached a peak in early September 2009 when the GoM decided to deport – with short notice – four CEOs of main tobacco buying companies on the premise that they were buying under the GoM-set minimum price. Similarly, the GoM-set minimum prices for cotton were – in 2009 – so far from the market prices that cotton farmers have not been able to find buyers for their produce. This has led to some private investors (e.g. Cargill) to pull out of the market and close some of their operations in Malawi. These domestic policy decisions can only be described as having a strong negative impact on the investment climate in Malawi.”* (MTR Main Conclusions of the EDF10, 200, page XXIV)

*“Little impact related to the overall objective has been achieved in the area of paprika production and from the support to export, import substitution and processing from provision of term lending and equity through INDEFUND.”* (EC/ABD, 2007, p. 7)

*“The Final Evaluation Report is mainly concerned with the EU funded Smallholder Paprika Project... The overall objective of the project was to increase the contribution of paprika due to agricultural exports and to increase the individual farmers' income through improved production, processing and marketing of paprika. This was to be achieved by carrying out project implementation through the Paprika Association of Malawi (PAMA) through the creation of a viable and business oriented*

*smallholder paprika sub-sector for paprika growers... There seems to have been project management problems resulting in a communication breakdown between all of the stakeholders within the industry. In the considered opinion of the final evaluation report, PAMA appeared to focus on undermining the private sector, rather than working together to pursue objectives that would benefit the farmers and the economy. In 2005, a meeting established higher prices for growers and introduced new buyers with the aim of increasing competition. Instead, what resulted was an uneven playing field between those buyers who had invested in production inputs for farmers and those who had not...Membership of the associations has declined from more than 10,000 in 2000 to 4,900 in 2007 and the production of paprika has declined from 1,800 tons in year 2000 down to 540 tons in 2005. By 2006, production had recovered to an estimated 1,100 tons". (EC/Cye 2009 p. 24, paprika report)*

*"The component (Institutional Capacity in Trade Policy under FSP) has not delivered as expected. The only activity undertaken was a short term technical assistance in 2007 to design a programme estimate to be implemented in the Ministry of Trade. The Delegation suspended the assistance to the Ministry in 2007 following the detection of fraud affecting previous EU funded interventions."*

*(Court of auditors, 2011, p. 43)*

### **Judgement criterion n°2.6: EC has contributed to improving mainstreaming of crosscutting issues (gender, HIV/AIDS, environment) in the agricultural sector**

EC has overall clearly contributed to improving mainstreaming of cross cutting issues in the agricultural sector.

However, women are still not benefiting to the same degree as men from programme interventions, but there is progress regarding their inclusion, even though the degree of incorporation of gender issues and the results with regards to gender equity vary widely across programmes. While some programmes such as the IGPWP, have managed to increase the inclusion of females into the programme to 46% of total beneficiaries and made strong efforts to design activities in a way to make them accessible and viable for both sexes, other programmes have hardly addressed gender issues at all. The same wide range can be found regarding gender mainstreaming. While some projects have fully mainstreamed gender into planning and operations, other projects still focus on specific stand-alone interventions targeted at women, a rather outdated approach for broader livelihood and food security projects.

EC's fair success in gender mainstreaming seems to be related to its obliging implementers to include gender issues into their project proposals, encouraging gender specific indicators in the logical frameworks and addressing gender issues more thoroughly in the intervention logic as a result of its own, and through clear ToRs for reviews and evaluations requiring the inclusion of cross-cutting issues into the analysis, findings and recommendations (Indicator 6.2).

In order to be able to assess the impact of interventions on men and women and design and develop projects with a view of further improving gender equity in operations, a good data base and gender disaggregated M&E are important prerequisites. It seems that this has been very much left to the respective programmes, instead of taking the chance to establish an exemplary M&E system at FNSJTF/TS level that could have been adopted by the projects under the supervision of the TS (Indicator 6.1). A very good example for gender disaggregated data collection is the National Census of Agriculture and Livestock 2007 that was conducted by GoM with the support of Norway. The census disaggregated gender for each data set and can be regarded as best practice with regards to gender. Gender disaggregated data in all projects is limited to distinguishing male and female beneficiaries without distinguishing the most vulnerable groups such as female headed households and child headed households. As national data suggests that these more vulnerable groups have less access to some services, data disaggregation is insufficient to assess EC support impact on the most vulnerable groups.

HIV/AIDS awareness creation measures for sector beneficiaries are being extended throughout the sector programme, due to EC requirements. It also reflects the increasing importance GoM ascribes to the issue, declaring it as one of the six key priorities of the MGDS, as prevalence rates are with 11.9%<sup>11</sup> the 9th highest worldwide. A good practice example is again the IGPWP that trained more than 150,000 programme beneficiaries, collaborating closely with NGOs and government. The EC-MAS example seems to indicate that once strategies more related to economic growth and the

<sup>11</sup> 2007 estimate



private sector come in, interest in cross-cutting issues generally decreases. Neither EC-MAS nor the NAS addressed HIV/AIDS, even though HIV/AIDS is regarded as a serious risk in sugarcane cultivation development due to the high deployment of migrant labour. Again it is the obligation through the conditions drawn up in the Calls for Proposal that the EC is able to incorporate the issue into programme implementation. So far no data on the quality of awareness creation and the impact on sexual behaviour could be identified (Indicator 6.3).

Environmental Impact Assessments are being carried out for sector interventions, particularly where negative environmental impacts might be caused by interventions (e.g. sugarcane cultivation) and where environmental impacts could put interventions at risk (e.g. irrigation). Many sector interventions focus on specific aspects of environmental protection and natural resources management such as forestry and soil and water conservation as medium to long-term food security depends on preserving an environment that is able to sustain current and future generations. However, the environmental approach of the EC needed a more holistic approach with stronger links to be established among EC funded projects.

### **Indicator n° 2.6.1: Increased number of M&E systems that produce gender disaggregated data**

#### ***Findings at indicator level:***

To a certain degree most of the M&E systems in place produce some gender disaggregated data and are usually able to determine how many of their respective beneficiaries are male or female and how many women are included in decision making bodies. As increasingly gender specific indicators with objectively verifiable figures are part of the log frame, there is the need to collect more gender specific data to assess achievement. However, the gender disaggregated data seems to go hardly beyond a distinction between male and female beneficiaries. There is no disaggregated data in relation to specific vulnerable groups such as female headed households and child headed households available in any of the EC supported projects even though national data

The most detailed monitoring data regarding gender disaggregation was IGPWP data, which is also monitoring the benefits that derive to men and women from project implementation. TS has failed to incorporate gender disaggregated data analysis into its M&E of the implementation of the Food Security and Nutrition Policy. The performance indicators which are regularly reported on do not include any gender dimension at all except for differences in male and female access to agricultural credits., which cannot be regarded as the major key issue with regards to gender equity. A good chance to consolidate and harmonize gender analysis has been given away, because the TS with its supervision of a large number of different projects can set M&E standards that should be adopted widely.

A best practice example for gender disaggregated data collection is the National Census of Agriculture and Livestock 2007 that was conducted by GoM with the support of Norway. The census disaggregated gender for each data set.

#### **Data and sources:**

##### *Supporting Evidence:*

*“2 trainings on gender data collection, analysis and mainstreaming were conducted for members of staff. Gender analysis was conducted and 80% of the gender concerns/issues identified are those that affect negatively on women and girls. Briefing meetings on survey findings were conducted in all the 16 VDCs and action plans developed by VDCs to address these issues.” (JAR 2004, annex 8a, CU NYFSP)*

*“Different projects have been gender sensitive but FNSJTF/TS as such have not conspicuously planned its project activities on the basis of a gender differentiated beneficiaries' analysis. Most of the 200 plus projects being supervised by TS have mainstreamed gender into their project activities.” (BCS Mise en oeuvre 2009)*

*Further data sources see indicator 2.6.2*

## Indicator n° 2.6.2: Women benefit equally from sector interventions

### **Findings at indicator level:**

Women do not yet benefit equally from sector interventions. However, while the JAR 2003 still stated that gender was generally a poorly integrated subject, there is some evidence that increasing attention is being paid to the inclusion of women and to the mainstreaming of gender issues into sector interventions.

Efforts to include women and to mainstream gender issues seem to vary widely across programmes and render mixed results. A particular strong inclusion of gender issues was achieved by IGPWP in its second phase. IGPWP had addressed cross-cutting issues, including gender, as a result of its own in the intervention logic, in the second phase allocating a budget specifically to the result area. The programme was thus able to increase the number of female beneficiaries from 42% in the first phase to 46%. Specific staff for cross-cutting issues ensured that gender issues were incorporated into planning and implementation and a mid-term review challenged the programme to increase the indicator performance data on inclusion of women (from 30% for women and youth to 30% for women only), emphasising that 50% female participation would be desirable for gender equity and giving a number of precise recommendations for improving the inclusion of women.

Other programmes do not prioritise addressing gender issues. For example, the SLRP supported a consultancy to explore gender issues with regards to land sector activities, but did not follow-up its recommendations or carry on with other gender relevant activities. Guidelines for incorporating gender issues into land sector were not produced as intended, the programme evaluation limited itself to referring to the cross-cutting issues study and did not come up with any recommendations for the inclusion of gender issues even though that was required in the TORs. This lack of commitment to gender issues is particularly regrettable as women's right to land is an extremely relevant issue given the importance of access to land for rural livelihoods and the need to widen the information base regarding the impact of the New Land Policy and the proposed Land Act on women as concerns have been raised that the titularization of land could be gender biased, depriving women of their access to land instead of supporting them to secure their land rights. Likewise the EC-MAS hardly addressed gender issues and as a result few female headed households were selected to participate in the out growers schemes even though they were to be targeted as the beneficiaries of the action. IFMSL did also fail to sufficiently address gender differentiated needs and opportunities. While women's representation in the VNRCs was around 50% because of programme requirements for women's inclusion, a gender strategy drafted by an STTA was apparently not operationalized and there was no consideration to the question of equity with regards to distribution of forest benefits according to men's and women's different interests in forest utilisation. Experiences from the Sugar interventions show that private sector stakeholders are less interested in mainstreaming cross-cutting issues such as gender into their intervention strategy, but that this can be compensated by a NGO capacity building component.

As Calls for Proposals consider the integration of cross-cutting issues in the evaluation of proposals, applicants address gender issues within their plans and frequently either include one or two gender specific indicators into their logical framework and/or disaggregate particular indicators by gender. While some projects seem to address women more through stand-alone interventions, developing activities targeted at women, other projects try to integrate women fully into all project activities.

Several aspects seem to strengthen the integration of gender issues into the programmes: Donor requirements that oblige implementers to include gender issues into their planning and operations, addressing cross-cutting issues at results level in the intervention logic, clear and ambitious indicators regarding women's participation and a mainstreaming instead of a stand-alone approach.

### **Data and sources:**

#### Supporting Evidence:

*“The programme continued promoting the involvement of women and youth in household income generation in all the interventions and the response has been good with the highest participation in forestry. The level of participation has on average been maintained at 46% (43% in roads component; 42% in irrigation component and 52% in forestry component).” (IGPWP completion report 2010, p. 26)*

*„Gender issues have been addressed as a self-standing set of activities in several EU funded projects. This includes making credit lines available through the Micro-Projects Programme to women entrepreneurs and farmers. Gender issues have also been a thematic priority of the NICE*

programme. In addition, the Public Works Programme appointed Gender and Environment Officers to ensure that gender issues are incorporated into planning and operations.” (JAR 2004, p. 9)

“A particular emphasis shall be given to change management and gender mainstreaming through partnership with the national NGO Gender Coordinating Network that will deliver appropriate training to extension workers, and develop specialised tools for implementation and evaluation.” (FIDP I 2004, FA)

„IGPWP has achieved remarkable results in female participation in all component sectors exceeding 30% in every case except treadle pump activities in which women have scored 24% (see Impact). Communication of the programme’s orientation to female employment has surely been efficient.” (MTR IGPWP, p. 42)

“O4: Employment in construction is not fully gender synthesized. However, the target of 30 per cent female employment women has been achieved. According to PMU the average for all interventions is 42 per cent.

C4: Gender Equity by definition means a 50-50 % sharing of opportunities. It is actively being pursued by PMU but has not as yet been achieved. At the design stage the FA set a 30 % target women participation due to heavy work load and cultural values.” (EC/AESA 2010, p. 4)

„The project has one result area directed specifically to women. Yet, although women are fully involved on all committees and are in the majority in many groups, the project needs to ensure women are well integrated fully into all project activities. Integrate more effectively both HIV/AIDS and gender issues into a range of activities and result areas. These are not stand-alone issues that can be addressed by a single output but are integral to the overall success of the project.” (MR World Vision Malawi FS project PVD, 2004)

#### Detracting Evidence:

“Allegedly there are no gender issues raised by the development of the sugar sector.

The EC-MAS also frequently include components dealing with the environment, social and gender issues, and in a few cases diversification outside the sugar sector. Up to now few activities have been implemented in these areas, possibly because there is no demand from the private sector stakeholders.” (EC/ADE, 2009, p. 5)

“Crosscutting issues, whether gender issues or environment, are not directly addressed in the NAS [7], but the Ministry of Agriculture indicated that they insist on women being appointed in the Boards of the out grower trusts [4]. Kasinthula Board in particular has a specific women’s’ representative.” (EC/ADE, 2009, p. 9)

“The current and future out growers (Kasinthula and Dwangwa). The selection process for the current farmers was not always clear and often individuals who have little farming experience or capacity were selected. 10% of out growers at Dwangwa and 27% at Kasinthula are female headed households. They are one of the targeted beneficiaries of the action.” (Sugar Identification fiche 2007, p. 4)

“The main streaming of cross-cutting issues has not been addressed adequately in the expansion programs by the Trusts. This has however been compensated by the presence of the Concern Universal training staff on these projects, who have successfully managed to mainstream these crosscutting issues within the projects”. (EC/HTSPE, 2011, page 7)

“The MLRPIS recognised the importance of integrating cross-cutting issues, such as gender, HIV/AIDS, environment etc. in the land sector activities. The SLRP supported a consultancy to explore these issues and make recommendations...Appropriate guidelines were not produced as intended, and training was limited to a short course on environmental impact assessment (EIA) at Chancellor College to help mainstream the environment in the land reform programme.” (EC/NIRAS, 2009, p. 9)

„New Land Policy and proposed Land Act are for the first time going to enable the titularization of land tenure, using institutions and procedures that are potentially gender biased in the context of the evolution of customs and perceptions on gender and property rights from matrifocused /communal norms, to supporting western androcentric/individualistic norms. This is being done under the rubric of privatization and liberalization, driven by the needs of the fanged forces of globalization. This land reform process may lead to the legitimization of the expropriation of land away from women.” (Institute for Policy Research and Analysis for Dialogue, 2002, p. 1)

“... interventions have taken up crosscutting issues like environment and gender, as well as institutional development and capacity building, as components. Gender remains a poorly integrated subject, but has received attention in such ongoing projects as the Public Works Programme where for example in some areas women's participation reaches up to 55% in its forestry activities.” (JAR 2003, p. 13)

“In the village visited the ET saw the old version of the treadle pump in operation. Some women find this version of the treadle pump heavy and difficult to operate. Female club members are too few in the visited village. An alternative - the money-maker pump- was introduced and made available to farmers who wanted it since PE2 of phase 1. C2. A more user friendly version of the treadle pump will promote Gender Equity.” (EC/AESA 2010, p. 5)

### **Indicator nº 2.6.3: Increased coverage (in %) of sector beneficiaries with HIV/AIDS awareness creation measures**

#### ***Findings at indicator level:***

HIV/AIDS awareness creation measures for sector beneficiaries are being extended throughout the sector programme. A prominent example is the IGPWP with its own staff and budget line for cross cutting issues that trained more than 150,000 programme beneficiaries in HIV/AIDS topics, seeking synergies and closely cooperating with government personnel and NGOs. An example where HIV/AIDS was not addressed during the planning stage is EC-MAS, even though HIV/AIDS is regarded as a serious risk linked to the development of sugarcane cultivation because of an increase in migrant labour force. However, the issue was later on taken up in the identification of the Annual Action Plans and in the Grant Agreements, where HIV/AIDS is a cross cutting issue to be addressed through training measures for sugarcane out growers and out grower managers. As 'Calls for Proposals' require the inclusion of cross cutting issues, grant applicants plan for HIV/AIDS awareness measures as a mainstreaming activity.

#### ***Data and Sources:***

##### *Supporting Evidence:*

“Cross cutting issues are directly addressed as of the four specific actions proposed, two will be subject to an environmental impact study, while the other two are training activities for both out growers and out growers managers that include environment, HIV/ AIDS and gender issues.” (IF Sugar Annual Action Plan 2007, p. 2)

„More work is planned on HIV/AIDS awareness within the agriculture/natural resources sector programmes. The Public Works Programme included an HIV/AIDS awareness component in its field activities for 2003.” (JAR 2003, p. 13)

“9 VDC level resource centres have been established and supplied with information on human rights, HIV/AIDS, leaflets and extension materials. Monthly VDC and ADC meetings were conducted to monitor progress and draw up new action plans, and issues of human rights, community policing, HIV/AIDS,...” (JAR 2004, annex 8a, CU DFSIP)

“56 Staff and partners were trained on HIV/AIDS mainstreaming and positive living. 21 local leaders were trained on recognising risky cultural practices. A joint meeting for all HIV/AIDS community based groups and partners was conducted to encourage networking and lessons sharing. One leaflet and a booklet on HIV/AIDS basic information have been developed. 6000 leaflets have been distributed to communities.” (JAR 2004, annex 8a, CU NYSIP)

“IGPWP Objectively verifiable indicators – Cross cutting issues:

No. of beneficiaries sensitised on HIV and AIDS: 120,000

Total Achieved (August 05 – December 09): 151,570

% Progress against Global Programme Targets: 126%”

(IGPWP Completion Report 2010, p. 42)

#### **“HIV/AIDS awareness creation**

The current scheme, costing just K254 or €1.50 per person reached, provides enormous value. Applying an overall rate of HIV/AIDS incidence of 14% among the population of reproductive age

*there is a reasonable probability that the awareness raising strategy will result in sufficient behavioural caution or behavioural change to enable the rate in engaged communities to slip back below 14%. However it is recognized that IGPWP is but one actor in a campaign that is shared among and often duplicated by many actors. The institutionalization of this approach within IGPWP moreover can contribute to IGPWP employees and their associates making lifestyle choices that reduce their risk of contracting this fatal infection and so contribute to reducing the vulnerability of programme operations to its effects.” (MTR IGPWP, 2007, p. 65)*

*“Gender, HIV/AIDS and vulnerable group issues including Women and Youth are mainstreamed as a modular package throughout the programme at all levels and progress is being achieved in dissemination of messages on all these issues by the Social Development Officer with NGO partners and CBOs. Among these NICE and MHRRC, with each of which MOUs have been exchanged for the current PE, have been highly active and working in partnership with District HIV/AIDS personnel. This combined activity is consistent with the intent and Indicators of the FA and with the extensive recital in MGDS on these key areas of concern. Its achievement is remarkable – see Effectiveness – given the assignment of just one IGPWP officer to this task and the need to charge its implementation proportionally to the budget lines of the technical components. Programme design failed to address this need but can be rectified in Phase II by creating a separate budget line.” (MTR 2007, IGPWP, p. 32)*

Detracting Evidence:

*“Mainstreaming of HIV/AIDS is however not mentioned in any of the NAS and EC-MAS for the five Countries...*

*HIV/AIDS spread might be a serious risk linked to the development of sugarcane cultivation, notably in the South Eastern Africa region. This issue is not mentioned in any EC-MAS. It is nevertheless addressed in the 2007 AAP for Tanzania and Zambia, but not in the other SP countries.” (EC/ADE, 2009, p. 5-6)*

#### **Indicator n° 2.6.4: Environmental impact assessments carried out for sector interventions**

***Findings at indicator level:***

Environmental Impact Assessments are being carried out for sector interventions, particularly where negative environmental impacts might be caused by interventions and where environmental impacts could put interventions at risk. The former is the case for the sugar cane out grower expansion schemes under the DCI-Sugar BL, as sugar cane cultivation may damage the environment due to its intensive use of water for irrigation and its usually heavy use of agricultural chemicals. For these reasons EIAs have been part of sugar interventions, especially at project level. As the NAS did not address environmental issues, a Strategic Environmental Assessment was to be carried out to provide a broader information base on environmental sustainability. However, this assessment had not yet been realised when an assessment of the Accompanying Measures for Sugar Protocol Countries looked at sugar interventions in 2009. In addition to EIAs, environmental training for out growers and out grower managers was foreseen. The AMSPC study further suggested that EC could consider to either condition the import of sugar to the application of environmentally friendly processes or pay a bonus on the price paid for sugar exported by countries/companies which comply with environment-related norms.

An example for regular environmental impact monitoring are the Public Works Programme and its successor, the IGPWP, which elaborated environmental management plans and established environmental guidelines. PWP employed an environmentalist for continuous monitoring. These programmes also included environmental management trainings for staff and programme participants; IGPWP budgeted specifically for addressing environmental issues. However, even though environmental impact monitoring in PWP and IGPWP seems to have been well established, reviews criticised repeatedly that natural resource management and environmental issues were not sufficiently taken into account in the implementation of the irrigation component (see indicator 3.3).

The forestry components in the programmes can be considered as specifically targeting environmental protection. For irrigation measures, e.g. under RIDP, EIAs are an integral component of feasibility studies.

Results regarding addressing environmental issues in the support to Malawi's land reform programme

were limited and resulted only in a short course on EIA, while appropriate guidelines were not produced as had been intended.

While EC sector interventions focus on specific aspects of environmental protection and natural resources management such as forestry and soil and water conservation, the JAR 2004 called for a more holistic approach to environmental issues and links to be established among EC funded projects.

If the EC is to support a SWAp a SEA of the sector programme will have to be conducted and the SEA process will have to be integrated into EDF10.

#### **Data and sources:**

##### Supporting Evidence:

*“Each proposal will have to budget for an Environment Impact Assessment (as was done for the Kasinthula expansion). In addition, environment issues must be integrated in all proposals. A Strategic Environmental Assessment of the sector is to be funded from the 2006 funds is planned to take place in first semester 2008. This will give added information on environmental sustainability as well as other factors regarding environment.” (IF Sugar Annual Action Plan 2008, annex 1)*

*“The Public Works Programme employs a full-time environmentalist who monitors the environmental impact of all activities.” (JAR 2004 p. 16)*

*“On Environmental Management the training manual for field staff on the revised Environmental Management Plan was finalised and staff oriented on the revised environmental guidelines. Field staffs are using the guidelines in the implementation of interventions under the supervision of zone officers who had been previously oriented by the consultant.” (IGPWP Completion Report 2010, p. 26)*

*“For Component 2, EIA will be an integral component for the planned feasibility studies. The main aspects of the assessment will include sources of impacts. This will be particularly important if irrigation plans concern conversion of significantly large areas of land, construction of supply reservoirs, and significant extraction of surface or ground water supplies. The assessments will also look at receptors of impacts as well as mitigation measures.” (Environmental screening RIDP, p. 1)*

*„This suggests that an efficient manner to induce sugar companies to take greater care of the environment could be for the EU to subordinate the import of sugar to the application by the sugar producers of environment friendly processes. Alternatively, in order to avoid the accusation of erecting non-tariff barriers against sugar exports by developing countries, the EU might pay a bonus on the price paid for sugar exported by countries/companies which comply with environment-related norms in the same manner as some sugar importers pay a bonus to sugar exporters that have obtained a Fair Trade certification.” (EC/ADE, 2009, p. 7/8)*

*“Cross cutting issues are directly addressed as of the four specific actions proposed, two will be subject to an environmental impact study, while the other two are training activities for both out growers and out growers managers that include environment, HIV/ AIDS and gender issues.” (IF Sugar Annual Action Plan 2007, p. 2)*

##### Detracting Evidence:

*„The NAS does not address either environmental issues. The MIP indicated that a Strategic Environmental Assessment of the NAS would be conducted using the 2006 funds. This assessment has not yet been carried out. The Sugar Steering Committee gives priority to environmental assessment at project level. In addition each grant has a specific budget for environmental actions. Furthermore the capacity building grant of 2.4 million for both Kasinthula and Dwangwa includes training and awareness rising of environmental issues and how they can be addressed.” (EC/ADE, 2009, p. 14-15)*

*“The MLRPIS recognised the importance of integrating cross-cutting issues, such as gender, HIV/AIDS, environment etc. in the land sector activities. The SLRP supported a consultancy to explore these issues and make recommendations. Appropriate guidelines were not produced as intended, and training was limited to a short course on environmental impact assessment (EIA) at Chancellor College to help mainstream the environment in the land reform programme.” (EC/NIRAS, 2009, p. 9)*

*For EU to support a SWAp it is a requirement that a SEA of the sector programme is conducted. The EUD has been offering to finance the undertaking of a SEA, although GoM has been rather hesitant*

*to agree. This hesitance seems to stem from them being unfamiliar with the process of a SEA, as they are concerned that it might result in substantial changes being required in the ASWAp. However, a SEA is more of a planning and monitoring tool, which provides an assessment of the environmental issues related to the programme, but also contains a process of consultation and information to make stakeholders aware of environmental aspects, and allows monitoring of the environmental impact of strategic decisions. It is expected that GoM will support the idea of SEA once they are better informed about the process and expected outcomes. Since SEA is process rather than a method, GoM would be more comfortable knowing that it can steer the process as an active stakeholder (EC/Cardno Agrisystems, 2010, p. 43)*

*„A number of EU supported programmes focus on specific aspects of the environmental policy and natural resources management, such as forestry, soil and water conservation, However, a holistic approach to environmental issues is lacking. For example, many bridges, which have been washed-away due largely as a consequence of deforestation in river valleys, are being replaced under the EU funded Lakeshore Road Infrastructure Programme. This project does not address afforestation in the river valleys in order to diminish the risk of further flooding, and links with other EU funded projects could be developed (Both the Public Works Programme and Micro projects 4 programme have forestry components).” (JAR 2004, p. 9)*

## 1.3 Food Security

**Evaluation Question n°3: To what extent has EC support contributed to improved food security, at national and household levels (with special regard to children under five and, HIV/AIDS sufferers)?**

**Judgement criterion n°3.1: EC support has contributed to improved management of the food security policy by the respective government institutions.**

EC support to improve management of the food security policy by the respective government institutions at national level included mainly support to the Technical Secretariat of the Food Security Joint Task Force (TS/FNSJTF) (indicator 1.1) and support to National Food Reserve Agency (NFRA) (Indicators 1.2 and 1.3). The EDF10 CSP also mentions the possibility of supporting innovative approaches to national food availability such as weather insurance and South African Future Exchange Markets. FSTP supported Malawi with €3.3m for innovative approaches to food security in 2010.

TS/FCJTF developed into a relevant and effective coordination mechanism for food security stakeholders, successfully coordinating six committees of the FNSJTF for coordination and information sharing of all sector stakeholders and setting up a database for policy and project implementation monitoring. However, even though GoM appreciates TS services, it is not yet clarified how TS will be integrated into GoM structures after phase out of EC funding.

The long standing support to NFRA is hampered by the strong political interests of GoM in NFRA and different opinions on the appropriate size of the SGR and the type of support needed.

The role and performance of the NFRA continue to be problematic. Development partners would want NFRA to concentrate on its core function, which is the management of the SGR. NFRA continues to play several roles, including price stabilization and commercial imports and sales. Furthermore it was accused several times of mismanagement and fraud. In addition GoM repeatedly sold maize from SGR against agreements with donors, including the EC, thus worsening food crisis instead of reducing them. These shortcomings have impeded better results of EC support to SGR.

The recently published ASWAp foresees risk management for food stability through innovative approaches such as weather insurances, hedging strategies, etc. to complement the “classical” national risk management tools. The main donor in this area is the World Bank that supported four pilots from 2005 and identified severe stakeholder constraints to deal with these complex instruments with mixed results. Furthermore GoM's restrictive price policy is not favourable to the utilisation of market-based instruments. Up to now EC support has been limited to dialoguing with GoM with the possibility of financing studies related to the subject under EDF10 and support for innovative approaches to food security under FSTP 2007-2010.

**Indicator n°3.1.1: EC-supported FS Technical Secretariat provides up to date information on the implementation status of the food security and nutrition security policy**

**Findings at indicator level:**

During the 2002 food crisis, a Food Crisis Task Force including GoM, donors, civil society and national institutions involved in FS was set up to coordinate FS interventions. The Task Force was supported by an EC funded Technical Secretariat that was to organise and manage Task Force meetings and collect and disseminate information. The good coordination through the Task Force during the emergency led to the long term establishment of the Task Force (renamed to Food Security Joint Task Force) and the TS as a coordination forum to address short-term, as well as medium and long-term food security issues. The TS is also to provide up to date information on the implementation status of the food security and nutrition policy. In 2005 Task Force members agreed on a set of indicators to monitor FNSP implementation and the TS started to establish the baseline data. Policy indicators were later complemented by project level indicators to monitor the impact of the FNSP. An increasing number of government, donor and NGO projects committed themselves to supply the TS with data for its data base. However, only few projects are actually aligning their indicators to the indicators developed by TS and not all projects are feeding their M&E data into the



TS data base. Even EC projects do not systematically use and report back on these indicators.

Three EC monitoring missions have assessed the effectiveness of the Task Force and the TS as high and its activities as relevant. The coordination of food security interventions of FS stakeholders and the efforts to harmonize more than 45 national and sectoral policies related to agriculture into one agriculture policy framework are perceived to be of high quality. TS has managed to facilitate a productive collaboration between FS stakeholders. However, the sustainability of the Task Force and the TS is doubtful, as government has not yet incorporated the TS into its own structure. Overall government commitment to TS has been very low, with few GoM staff seconded to the TS even though its services are highly appreciated. Currently EC and GoM are negotiating TS integration into GoM structures and exit strategies are being developed.

Currently TS is without funds as PE8 has not yet been approved because PE5 and PE6 documentation is still to be accepted by EC. This is negatively affecting implementation

**Data and sources:**

Supporting Evidence:

*“The indicators to measure the FNSP have been finalised and agreed by all members of the Joint Task Force and baseline data is being established. These policy indicators have been complemented by a set of project level indicators that have been developed by the Technical Secretariat in conjunction with NGOs and approved by the MoA and MoH. Methodologies have been harmonised in order to allow for comparison at national level and 60 agricultural, nutritional and health projects from government, donors and NGOs have been identified for the testing phase.” (JAR 2005, p. 22)*

*“A thorough scrutiny of the different quarterly progress reports, complemented by consultations, revealed that the Technical Secretariat has achieved most of planned results in a timely manner. The existing committees of the Food and Nutrition Security Joint Task Force are functional and effective. The FNSJTF/TS has made significant in-roads regarding the implementation of the Food Security Policy, the National Nutrition Policy and its monitoring and evaluation system, supporting capacity building for the MOAFS/OPC and other relevant ministries, strengthening capacity of NGOs, farmers’ organisations, private sector and other collaborating partners.” (Mise en oeuvre MR 2009, p. 2)*

*“The first component (management of implementation of the FNSP) is very well managed by the TechSec which serves as the coordinating secretariat of the Food Security Joint Task Force (FSJTF) under the guidance of a large Steering Committee incorporating government, the private sector and civil society and chaired by the Principal Secretary of MoAIFS. The FSJTF has 5 sub-committees to which the TechSec serves as coordinator. In particular, the scope and quality of Monitoring and Evaluation (M&E) provided through the TechSec is of a high quality and problems of standardisation of the various data bases used are being solved. The TechSec has organised capacity building activities for staff of line Ministries and NGOs involved in FS and has consolidated an effective Early Warning System. The separation of FS and Nutrition and the current relative lack of political interest in FS – because of recent good harvests - make progress slow and difficult.” (MR1 2007, MAFSP 2004-2007)*

*“The internal monitoring system is well established at project level, while input utilization and performance indicators are monitored at both policy and project level. Good achievements have been made such as those outlined below. The National Food Security and Nutrition (FSN) Policy was revised and approved by cabinet, 57 indicators were jointly developed and harmonized and methodologies for monitoring each of the indicators developed. At project level, some NGOs have already incorporated the performance indicators into their Monitoring and Evaluation (M&E) systems. In addition three sets of databases are functional while a baseline indicator for measuring sustainability of farmer organizations has been established and guidelines / best practices on rural finance for non-state actors has been developed. Additionally, the Technical Secretariat has effectively facilitated meetings of all of the five sub-committees of the Joint Task Force (Humanitarian Response, Information Systems,*

*Strategic Grain Reserves & Commercial Maize, Food & Nutrition Security Policy, and Imports & Logistics). The bringing and working together of state and non-state actors, donors, and UN agencies has been applauded and encouraged. A good working relationship between the EC Delegation and the GoM exists.” (MR2 2006, MAFSP 2004-2007)*

Detracting Evidence:

*„The TS itself might not be able to sustain itself financially, as the GoM is not yet fully committed to supporting the activities of the project, with all funding currently coming from EC plus other*

*international donors. The future of the TS is made even more insecure as there are several policy modifications planned in the MoAFS as well as in EC funding procedures. TS is not yet sure whether or not the EDF10 will include support to its activities. It is said that the next PE will not be under the budget line of food security. The Government has not yet absorbed the TS into its system, a move that would contribute to the sustainability of the project. There are very few staff from the Government on secondment to TS, and there have been reports from the TS the seconded staff are delivering substandard output.” (Mise en oeuvre, MR 2009, p. 3)*

*“From consultations and synthesis of different documents it is clear that the level of policy support provided and the degree of interaction between project and policy level is not all that good. Relevant national, sectoral and budgetary policies have not provided the needed support towards the FNSJTF/TS. There is very little commitment from the government side.*

*It is at this area where significant failure on the part of the GoM has been registered for a number of reasons. The government has not yet absorbed the TS into its system, a move that would guarantee sustainability of the project. There are very few staff from the government on secondment to TS hence any curtail of support or complete withdraw would mean TS not surviving. There have also been reports from the TS that most of the people on secondment to TS are substandard in the sense that they fail to deliver.” (Mise en oeuvre, BCS 2009, sustainability)*

*Given the central role of the ASWAp in the EDF10 support programme and the intention to streamline the capacity building component with the ADP-SP, it is important to receive the revised ASWAp document, which should include an updated and prioritised results framework and budget and which should clarify the role of food security institutions, such as FNSJTF/TS and the FISP Logistic Unit, which do not appear in the March 2009 version.*

*Formulation Mission of Agriculture and Food Security Interventions to be Supported under the EDF10, Cardno, 2010, p. 41*

*“The food security and nutrition monitoring and evaluation systems at project and policy levels have been effectively delivered by the project. However, they are far from being used by the targeted groups (i.e. national and local authorities responsible for the implementation of the FSNP, NGOs and donors) to their full potential. For example, it is not enforced that food security projects select their performance indicators among the 24 impact and output indicators developed by the TS. According to the TS, in June 2010, only 40% of the 193 food security projects inventoried in the monitoring system used these indicators. Furthermore, a review of the logical frameworks of the projects financed under the FSP indicate that not even the EU projects use systematically these indicators.” (Court of Auditors, 2011, p. 48)*

*“However, the Commission has still to ensure that the monitoring and evaluation systems delivered by the TS are widely and correctly used by the stakeholders.” (Court of Auditors, 2011, p. 50)*

*“The TS is currently fully funded by development partners. Its phase out is planned for March 2011, or possibly November 2011 if the EDF10 takes it over and funds an additional programme estimate. In the meantime, the Delegation and the technical assistance team have started discussions with the MoAFS to design an exit strategy to ensure that the structure of the TS will remain operational. As it stands now, the TS is clearly not sustainable. From the total ten posts of the TS, only three are covered by staff from the MoAFS and the remaining seven posts are covered by external staff contracted by the project. Moreover, due to the current staff shortages faced by the ministry, the secondment of additional staff to the TS is unlikely.” (Court of Auditors, 2011, p. 51)*

*“The FSP has clearly improved the coordination and management of food security policies through the TS project. The TS is embedded in the Ministry of Agriculture, but is mostly resourced by contractual staff paid by the project. Given that the GoM has not yet agreed to resource the TS with its own means after the external support ends, there is a high risk that the institutional and management capacity delivered by the project does not remain in the ministry.” (Court of Auditors, 2011, p. 53)*

### Indicator n°3.1.2: Strategic grain reserve replenished and maintained

#### **Findings at indicator level:**

A well-managed strategic grain reserve is regarded as an important pillar with regards to national food availability. The National Food Reserve Agency, created in 1999, is the responsible body for managing the SGR. However, in the past it played several roles, including price stabilization and commercial imports and sales, being fully controlled by government without a clear policy and mandate. Repeatedly NFRA got into the headlines because of mismanagement and suspected fraud. At times this contributed to worsening food crises instead of reducing them. On the other hand NFRA is perceived to fulfil a useful role in securing national food availability.

EC technical and financial support under MAFSP 2001-2004 and MAFSP 2004-2007 aimed at strengthening SGR management. Donors committed themselves to support SGR at 100,000 MT under agreed conditions. A monitoring mission in 2007 concluded that NFRA operated reasonably, but relatively good performance was overshadowed several times when GoM ignored agreed procedures and sold maize without consulting the NFRA Technical Committee in which donors are members (in 2002 and 2004).

Disagreement between development partners and GoM on the appropriate size of the SGR continues with development partners suggesting a lean SGR of approximately 60,000t and GoM aiming at 200,000t. Other issues are the role of NFRA, as it continues to be responsible also for price stabilisation and exports and the market policy and the problems to periodically rotate stocks in order to maintain the quality for human consumption. For these reasons support to the SGR has been limited to the replenishment of the SGR. From 2007 onwards no further support has been rendered.

#### **Data and sources:**

##### Supporting Evidence:

*“Improve management of the SGR to ensure adequate stocks at national level” (ASWAP, 2010, p. 58)*

*“The Strategic Grain Reserve (SGR) and the National Food Reserve Agency (NFRA) element are managed directly by the NAO and have operated reasonably up to the present.”(MR1, 2007, MAFSP 2004-2007)*

*The SGR is primarily a bridging stock of sufficient size, located in an appropriate place that is able to meet unexpected sudden increases in demand for food grain over a period that will allow additional grain to be procured. The National Food Reserve Agency (NFRA), created in 1999, has in the past played several roles, including price stabilisation, commercial imports and sales as well the manager of the SGR. Nonetheless, there has been a common agreement among all players that NFRA should concentrate on its core function, which is management of the SGR. The objective is to maintain 60 000MT of grain in stock and 30 000 MT equivalent in a financial reserve. External support will ensure NFRA its role in the SGR management, i.e. maintaining the SGR in good condition, and ensuring that releases and replenishments of grains are done according to regulations.” (MAFSP 2004-2007 proposal, p. 5)*

*“In September 2003, an evaluation of the EC Regulations on the modalities of release of the products to be delivered on the Council Regulation on the Food Aid also concluded that capacities in the National Food Reserve Agency for managing the Strategic Grain Reserve had been strengthened in 2003 The local and regional purchase programme of maize – launched in 2002 – was completed in 2003. The 47,000 metric tonnes of maize purchased was delivered in time to co-operating partners, including the World Food Programme for free distribution to vulnerable people. The 47,000 metric tonnes of maize contributed to the feeding of 3.1 million people during the lean season of 2003. Other EC/GoM nutritional programmes helped to feed some 58,000 malnourished children and 46,000 pregnant and lactating women. As a result, acute malnutrition remained low in 2003.” (JAR 2003, p. 12)*

*“During the same period, the EC and USAID helped replenish the Strategic Grain Reserve by providing 73,700 metric tonnes of maize, of which the EU made 47 000 metric tonnes available for free distribution to vulnerable people. The EU also provided €8m in the form of a financial reserve. This reserve can be used for the replenishment of the SGR against release of grains following strict rules and regulations that are being currently defined. The position of the National Food Reserve Agency as the managing body of the Strategic Grain Reserve was consolidated in 2003 and incorporated in several donor/Government agreements. There are currently two technical assistants at the NFRA supporting the financial and operational management of the SGR including the silos.” (JAR 2003, p. 11)*

Detracting Evidence:

*“The component (management of SGR) has not delivered as expected. The bulk of funds committed under this component relate to the stock replenishment costs of the SGR, which took place in 2007. Since then, no activities have been implemented under this component.” (Court of Auditors, 2011, p. 42)*

*“The food crisis was basically caused by structural factors, but the mismanagement of the Strategic Grain Reserve and the almost non-existence of farmers organisations were contributing factors.” (JAR 2002, p. 14)*

*“Finally, under the same programme the Strategic Grain Reserve (SGR) was replenished to avoid a reoccurrence of the 2002 food crisis. This positive performance was overshadowed in March 2004 when the then Government, without respecting the agreed procedures (consultation with the NFRA Technical Committee, in which donors are members), decided unilaterally to put onto the market 30.000T of grain, not targeting the most vulnerable people and almost emptying the SGR. The old and new Governments have publicly promised to replenish the reserve valued at around US\$9.41m thereby increasing the budget deficit to US\$57m.” (JAR 2004, annex MTR conclusions, p. 7)*

*“For example, recently, the Government has publicized the findings of an inquiry into the alleged mismanagement of the Strategic Grain Reserve (SGR). The law enforcement agencies are currently considering the matter with a view to taking appropriate action against those who may be implicated in by the findings.” (JAR 2004, government response to MTR, p.3)*

*“NFRA can store strategic buffer stocks for release onto markets when price levels get too high. Adopting a “rules-based” approach to stockholding policy would require that the terms under which NFRA would acquire and release these stocks be transparent, known by all marketing actors, and that these rules would be closely adhered to.” Jayne, T.S., et al: Malawi's Maize Marketing System, 2010*

*“Pre-requisite for greater reliance on imports however, is a well-functioning and highly efficient strategic grain reserve to ensure national food security in years of regional production shortfalls and possibly a financial interest earning reserve to enable purchases on world food markets. At present, there is still debate about the size of Malawi's strategic grain reserve and the manner in which it should be operated by the newly formed commercial National Food Reserve Agency. (Harrigan, 2007, p. 247)*

*„Public strategic grain reserves should be small. Holding public grain reserves is costly, both in terms of storage cost, risk and discouraging private storage activity. Public strategic grain reserves need very clear rules as to when and how reserves should be released and how and when reserves should be restocked.” (Oygard, 2003, maze of maize, p. VIII)*

*“One uncertain factor when it comes to the development of this year's maize price is the large holdings of maize by NFRA. Since there is no clear policy about how much, and when this maize will be marketed, this maize creates uncertainty for private traders. Agreement has been reached with the EU for financing of a Strategic Grain Reserve of 100,000 MT for the next year, but the remainder of the stock is likely to exert a downward pressure on maize prices in the time to come.” (Oygard, 2003, maze of maize, p. 48)*

*First instalment of €8.05m. This will be disbursed upon: ...*

*Compliance with the following:*

- *The main recommendations of the NFRA audit be implemented especially the revision of the Trust Deed (FA MAFSP 2004-2007, annex II, 3/8)*

### Indicator n°3.1.3: National Food Reserve Agency developed to standard level ISO 9000

#### **Findings at indicator level:**

This indicator is to reflect the progress in strengthening management capacities of NFRA through the EC provision of technical assistance and financial resources to NFRA under MAFSP 2004-2007 and MAFSP 2001-2004, as ISO 9000 deals with the fundamentals of quality management systems. It corresponds to indicator 2.1 of the MAFSP logical framework.

As baseline data, the findings of the EC 2003 Country Strategy Evaluation give a picture of the NFRA situation in 2003: NFRA did not have a clear mandate, no clear operational policy guidelines, no business plan and no audited accounts.

While NFRA has not developed to standard level ISO 9000, its performance has clearly improved. From 2007 there have been regular yearly audits and in 2010 procedures for the management of non-emergency maize reserves in the SGR were stipulated. Grain storage losses have come down from 41.65% in 2003/2003 to 0.15% in 2009/2010, well below the 2% which are internationally regarded as acceptable. Likewise storage costs have decreased from more than US\$50/ton to US\$17.18 in 2009/2010 indicating that SGR management has considerably improved.

Disagreement on the type of support demanded by NFRA has led to an unused balance in the capacity building component of the FSP. NFRA does not regard TA as appropriate as it regards staff capacity as satisfactory and would prefer “hardware” support for silo rehabilitation.

#### **Data and sources:**

*“As regards the sub-component on capacity-building, the significant unused balance is due to the low interest shown by the NFRA in the activities foreseen.” (Court of Auditors, 2011, p. 42)*

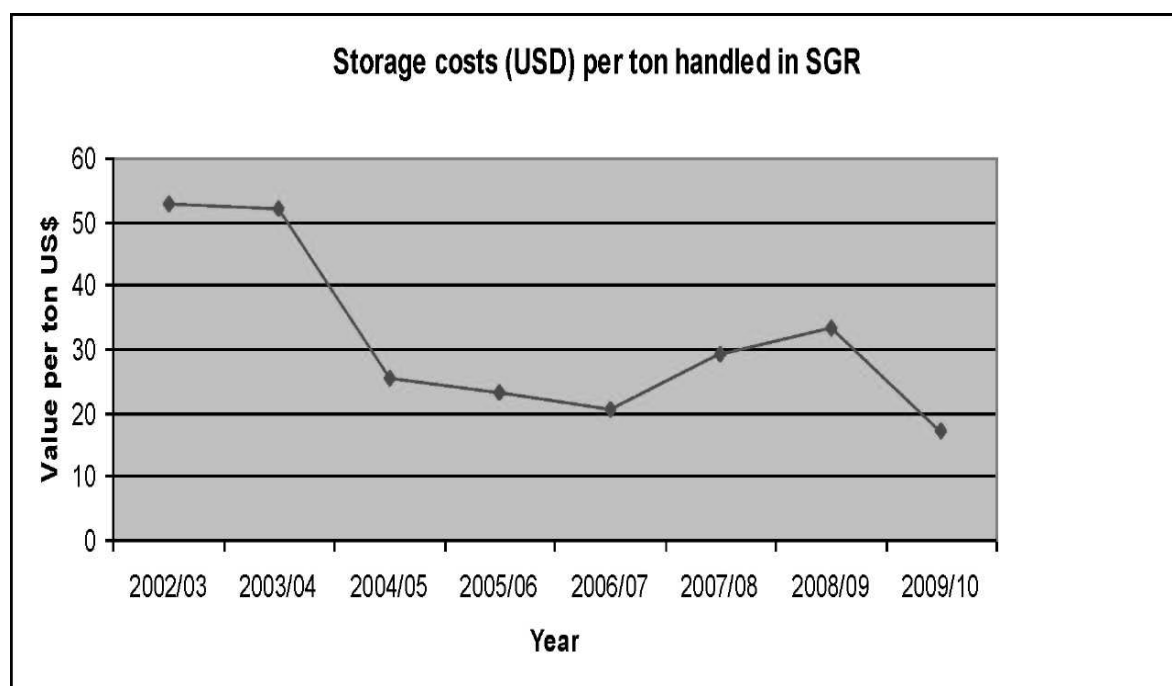
*“NFRA’s mandate does not appear clear, the organisation does not possess a business plan, has no audited accounts and is short of staff capacity...The NFRA is fully controlled by the government and requested to carry out ad hoc grain market operations for the government... It is clearly not independent...EC interventions do not appear to have had major impact yet on the management of food reserves. The reserves have been affected by poor crop forecasting, lacking SGR management policies, as well as in-transparent buy/sell decisions in a highly politicised environment...The impact of the comprehensive set of actions now scheduled will very much depend on the government’s interest in and commitment to an independently operating NFRA with clear mandate and operational policy guidelines...NFRA has operated since 1999 under direct instructions from government, with in-transparent decision making. No audited accounts have been produced but indications are that heavy losses have been incurred and eventually absorbed by the government budget. Without a clear mandate (including a hands-off commitment from the government), clear operational policy guidelines and appropriate NFRA management, financial support to the NFRA will be a high risk intervention.”(EC/MWH: CSE, 2003, p. 46-47)*

**Table 8: Percentage of Strategic Grain Reserve Lost (SGR) (2005-2010)**

Year	2002/ 03	2003/ 04	2004/ 05	2005/ 06	2006/ 07	2007/08	2008/ 09	2009/ 10
Loss in stock storage as % of stock value	41.65%	23.78%	15.15%	0.0%	0.09%	0.10%	0.36%	0.15%

Source Monitoring and Evaluation System for Food Security and nutrition Policies of Malawi, 10<sup>th</sup> Report, 2010, p. 9

**Figure 3: Storage costs per tonne (US\$) in Strategic Grain Reserve (SGR)**



Source Monitoring and Evaluation System for Food Security and nutrition Policies of Malawi, 10<sup>th</sup> Report, 2010, p. 10

**Indicator n°3.1.4: EC and/or EC supported stakeholders are assessing and documenting the potential for innovative approaches to food availability, e.g. weather insurance and South African Future Exchange Markets**

**Findings at indicator level:**

The latest GoM policy paper on agriculture ASWAp foresees risk management for food stability through innovative approaches such as weather insurances, hedging strategies, etc. to complement the “classical” national risk management tools. However, the four pilot projects GoM and development partners have implemented from 2005 rendered mixed results and revealed serious capacity constraints at government, development partner and private sector levels to deal with these complex instruments. A pilot project on weather index-based crop insurance for groundnut farmers was not encouraging for up scaling the instrument. There are also considerable risks involved: the price control exercised by GoM is a risk for the application of market-based instruments. Furthermore a costly coverage going hand in hand with inadequate formulation of coverage might fail to work to Malawi’s advantage. As World Bank is the main supporter in developing these instruments, the role of the EC currently is limited to dialoguing and possibly financing studies on the subject under EDF10. However, Malawi received €3.3m in 2010 under the FSTP 2007-2010 for innovative approaches to food security. These funds will be used to support innovative approaches to improve the efficiency and effectiveness of unconditional cash transfers to the most vulnerable groups. A current call for proposal will determine the type of intervention.

**Data and sources:**

Supporting Evidence:

“The EC has supported the WB and other development partners in engaging the GoM in a dialogue aimed at looking to create financial reserves and using innovative market based instruments for food security, like options and weather insurance. This dialogue is aimed at balancing and complementing strategies aimed at increasing the physical stock of food reserves.”(EC: JAR 2007, p. 11)

“Other innovative solutions, such as the market-based instruments, which Malawi has already successfully applied, should be developed.” (EC: JAR 2008, p. 17)

Support to the institutionalisation of market based instruments was suggested in the PIF as one of

*the main activities of the EDF10 capacity building component. Market-based risk management tools are explicitly acknowledged in the ASWAp and MoAFS is keen to have it included in the programme. However, various innovative market-based risk management schemes are being implemented on a pilot basis, funded by WB and DfID, which so far have achieved on mixed results. There is doubt about the appropriateness of some of the mechanisms, given the fact that GoM is controlling market prices. There are also serious capacity constraints to understand how these mechanisms work, given their intrinsic technical complexity. There are no obvious successes among the piloted schemes that call for immediate up scaling, and therefore it is proposed to limit support to market based instruments to two studies that were identified as being helpful to GoM to implement its food security strategy. (EC/Cardno Agrisystems, 2010, p. 39)*

*“Over the past years, other strategies have been tested for coping with the risks of drought, food supply shortfalls and price variability. These pilot interventions involved weather insurance, price hedging, warehouse receipts, increasing storage capacity and agricultural credit. The application of these risk management approaches has the potential to reduce the variability of Malawi’s maize supply and prices. These approaches would also strengthen Malawi’s ability to participate in regional grain trade.*

*Supporting market-based mechanisms for risk management for increased stability of maize availability and prices at national level, especially when weather shocks arise.” (GoM: ASWAP, 2010, p. 40-41)*

*“The MoAFS has committed itself to establish a Commodity Risk Management Unit to build capability to understand and potentially use strategies like price hedging, weather derivatives, warehouse receipts and weather insurance. ADP-SP provides a basic configuration of resources for the development of an understanding of these commodity risk management tools. Market-based risk management tools are explicitly acknowledged in the ASWAp as a possible, viable framework which may “contribute to achieving sustainable staple food self-sufficiency and increase food stability”. ASWAp does therefore pledge support to “market-based mechanisms for risk management for increased stability of maize availability and prices at national level, especially when weather shocks arise.*

*As from 2005, GoM, in partnership with development agencies, has made use of innovative market-based risk management schemes, implementing four pilot projects. The pilot projects so far implemented have turned out mixed results. As a matter of fact, there are serious capacity constraints, at various levels for both the government and development partners, to understand how these mechanisms work, given their intrinsic technical complexity.” (Formulation draft report, COBASSIP/ICBP, 2010 p.13)*

### ***Judgement criterion n°3.2: EC interventions contributed to farmers increasing and diversifying their agricultural production for subsistence***

Small holder farmers in Malawi have been increasing and diversifying their agricultural production for subsistence over the last years. However, it seems that the number of deficit months for farmers' self-produced maize has not yet significantly reduced at national level and price volatility continues high depending on the total amount of maize harvested and on food security policy decisions. Diversification into other crops regarded as food security crops is successful and slowly develops as an alternative to maize dependence.

EC project support has generally resulted in the reduction of months of food insecurity in intervention areas. Diversification of agricultural production has also been quite successful within EC programmes and projects.

In general EC developed good complementarities between EDF and budget line interventions and good geographic complementarities. Complementarities between and sometimes even within projects could have been better. MAFSP 2004-2006 suffered from a lack of flexibility in reprogramming with negative consequences for the timely reallocation of funds. Disbursement conditions proved to be a good tool for setting the necessary pre conditions for successful implementation.

EC support interventions launched as rapid responses for food crisis, such as the Food Facility and SPRINT, suffered from lengthy procedures not well adapted to emergency situations and were therefore unable to deliver in time.

The success of FIDP and IGPWP is clearly linked to the longer implementation timeframe. For many other support interventions timeframes were frequently insufficient for achieving sustainable results. In agriculture and food security funding cycles of three to five years are considered as too short to consolidate project results. In addition difficulties the implementing partners faced in complying with EC procedures caused considerable funding gaps and delayed activities. This is a particularly serious challenge for agricultural projects where the seasonality of activities requires timely implementation.

M&E ranges from good practices (FIDP, IGPWP) to rather weak with insufficient data collection capacities and weak information management. Multiple and fragmented approaches across the sector make hamper benchmarking across the sector for comparing intervention efficiency and effectiveness. Measuring and attributing changes becomes impossible when no baseline data is available to document the baseline situation to measure progress against.

### **Indicator n° 3.2.1: EC modalities, procedures and support set-up adequately considered specific sector requirements**

#### ***Findings at indicator level:***

As sector budget support was considered as too risky, the project approach was the best alternative for funding modalities under EDF9. Even though the choice of other modalities, such as the multi-donor trust fund might still be risky, it is appropriate in order to enhance government ownership and harmonisation.

EC developed good complementarities between EDF9 and budget line interventions and good geographic complementarities between FIDP and NGO interventions. Projects and programmes under EDF9 are mostly on track, generally with good performance and without too many delays with adequate measures taken where projects threatened to go off track. Complementarities and synergies between and even within projects has been criticised as not receiving the attention required.

In the case of the FSP the lack of flexibility in reprogramming has hampered implementation as some components stalled due to limited interest of GoM and a reallocation of funds was not achieved in a timely manner.

There are good examples for the use of disbursement conditions, such as the condition to re-establish the Forest Development Fund. These disbursement conditions may delay project start, but can establish the necessary preconditions to minimise risks of failure. Disbursement conditions need to be well designed; a rather odd condition was the compliance with the budget support eligibility conditions under the FSP 2004-2006 at a time when EC did not want to implement FSP through budget support because of the macroeconomic imbalances of the country.

There are some examples where the EC launched support as a rapid response to crisis, such as the



FF budget support to the soaring food prices and the SPRINT project designed as a response to the food crisis of 2005 to be implemented during the hunger months. In both cases the EC's lengthy decision modalities were unable to respond to the need to act immediately. In the case of the FF it took the EC nine months between the allocation decision and the signature of the financing agreement. In the case of SPRINT it was the late approval of the programme estimate and the procurement procedures of EDF9 which were not adapted to emergency situations and did not allow a rapid procurement to start activities, That made the project start with delays and the hungry period had already passed when the project came to the ground.

Delays in implementation are frequently due to difficulties of implementing partners to comply with the EC procedures. Some projects (e.g. IFSML I, TS, Gwangwa out grower scheme) ran out of funds during certain periods delaying activities. This is a particularly serious problem in agriculture where the agricultural calendar requires punctuality in order not to lose a whole cropping season.

The implementation periods, ranging between 18 months and three years are frequently insufficient for rendering sustainable results. In agriculture and food security funding cycles of three to five years are regarded as too short to consolidate project results. The success of FIDP and IGPWP is clearly linked to the fact that a longer time frame is being utilised for result consolidation.

M&E ranges from good practices (FIDP, IGPWP) to rather weak with no to little baseline data available and weak information management and data collection capacities. Multiple and fragmented approaches across the sector hinder the development of a benchmarking system for comparing intervention efficiency and effectiveness as well as attribution of changes.

#### **Data and Sources:**

##### Supporting evidence:

“The project approach was the best alternative chosen because at the time of the design (of IGPWP), budget support remained a “risky adventure” in Malawi where the main sectoral policies were drafted but the implementation of the strategies was still weak or missing.” (Court of auditors, 2011, p. 66)

“The Commission developed good complementarities between the EDF and FSBL interventions. An example is the Food Security Programme, which provided support in priority areas that were not covered by the EDF, such as the support to the National Food Reserve Agency, the Strategic Grain Reserve and the FISP. It was also used to increase the financial allocations of ongoing EDF programmes such as the IGPWP. There are also good geographical complementarities between FIDP and the NGO projects funded by the FSBL. The NGO projects generally carried out the same type of activities as FIDP (i.e. irrigation, livestock and crop production, horticulture, agribusiness, re-forestation etc.), but in different districts.” (Court of auditors, 2011, p. 27)

“With regards to the focal area “rural development/food security”, most of EDF9 projects are in the final stages of implementation...Globally, EDF9 programmes and projects have been on schedule to achieve the intended results and performance is considered good...it is worth pointing out that also the overall performance of projects under the Thematic Budget Line can be considered to be on track... It is found that projects and programmes are mostly on track, i.e. the majority of the project indicators has been globally achieved without too much delays compared to the initial implementation calendar, in most cases adequate measures taken where (threatening to go) off track (MTR Main Conclusions of EDF10, 2009, p. XXXVI)

“A positive aspect of the programme design (FSP 2004-2006) is the use of disbursement conditions<sup>12</sup>. The conditions concerning the TS and the SGR are particularly relevant since they are basic necessary conditions that should be in place before the FSP's activities supporting these bodies start. Another disbursement condition concerns the compliance with the budget support eligibility conditions, which is odd since the Commission deemed inadequate implementing the FSP through budget support precisely because of the macroeconomic imbalances of the country. In fact, this condition delayed the disbursement of the €14,35m from the third financing agreement from November 2009 to March 2010 because of the off track status of Malawi at the end of 2009.” (Court of auditors, 2011, p. 35)

<sup>12</sup> The main conditions are: i) Compliance with the structural adjustment programme, macro-economic reforms and benchmarks according to the Structural Adjustment framework agreed with IMF, ii) GoM shall show commitment to the drafting and adoption of the national Food Security and Nutrition Policy and its action plan, iii) the main recommendations of the audit of the NFRA are implemented, iv) the SGR is managed in line with NFRA's rules and regulations v) Coordination of the Joint Task Force on Food Security in place and the provision of counterpart staff to the TS ensured.

“The Programme Estimates (of FIDP) were set up with SMART objectives and targets to be achieved within the period allocated, the achievement of which can be assessed on the basis of indicators set in the monitoring and evaluation tool “FRAMES”. The objectives and indicators for Phase 2 were designed in consultation with the Food Security Technical Secretariat and are aligned with the government of Malawi’s indicators on Food Security. There are indicators in the FA, and more detailed indicators were developed under FRAMES.” (Court of auditors, 2011, p. 89)

Detracting evidence:

“As regards the FSTP, Malawi has been considered eligible only in 2010. The eligible actions and amounts at country level are decided by the Commission’s headquarters on an annual basis and the Delegation is not involved in the FSTP annual allocation decisions. This reduces aid predictability and might hinder the adequate planning of interventions.” (Court of auditors, 2011, p. 18)

“The European Parliament and the Council established in 2008 the FF with the aim to provide a rapid and direct response to soaring food prices in developing countries. Malawi received €17.9m to be spent by 31/12/2011. The bulk of these funds (€15.9m) were allocated to the Commission’s general budget support programme as an additional fixed tranche. The remaining amount was allocated to a NGO call for proposals that funded 2 projects. ..The budget support option chosen by the Commission is the fastest in terms of aid delivery. However, the FF objective to provide a rapid response to the food crisis is not consistent with the Commission’s lengthy decision modalities. In fact, the Commission took nine months between the allocation decision and the signature of the financing agreement” (Court of auditors, 2011, p. 18)

***“The OXFAM project has an implementation period of three years (April 2008-April 2011). Serious problems during its first year prevented the project to deliver as expected. In particular, the mismanagement of funds by the local partner Evangelical Lutheran Development Service and the inadequate financial reporting from the other local partner, Church of Central Africa Presbyterian Blantyre Synod, resulted in various project activities being significantly delayed or not yet implemented. These delays could have been shortened if the Delegation had reacted earlier to the partner replacement request made by OXFAM in November 2008, which was only approved by the Commission in July 2009. The underperformance of the project was still evident in 2010.”*** (Court of auditors, 2011, p. 42)

“The project (SPRINT) was fully designed and financed under the FSP. It is a safety net intervention in response to the food crisis of 2005 to be implemented during the period December 2005 to June 2006. Its purpose was to provide quick cash transfers to the rural poor during the "hungry period" (December to March) by employing them in the execution of short-term public works. The project has delivered its expected outputs<sup>13</sup>, but not in a timely manner and had to be extended until September 2006, which for an emergency-type intervention is a serious failure. The reason for this is two-fold: on the one hand, the Commission approved the programme estimate late, in December 2005, when it was planned that the project should be delivering cash for work already in that month. On the other hand, the project could not start immediately after the signature of the programme estimate, because the procurement procedures foreseen were those of the EDF9, which are not adapted to emergency situations and did not allow a rapid procurement of the resources and personnel necessary to start its activities. The final project report concludes that "the programme was unable to attain its original goal of creating income-generation opportunities within the hungry gap period". (Court of auditors, 2011, p. 44)

“The implementation pace of the FSP, especially components 2 and 3 which have been dormant since 2007, could have been improved if the Commission had reallocated the unused funds in a timely manner. The Delegation has only addressed a formal proposal for the reallocation of funds in April 2010, but it is still under discussion with the Government. Moreover, the complexity of the FSP requires that, once the reallocation is agreed between the Delegation and the Government, it will have to be formalised through six riders<sup>8</sup>. According to the Delegation, the minimum time needed by the Commission Headquarters to approve these riders is three months, which implies that the reallocation process will most probably not be finalised in 2010.”  
(Court of Auditors, 2011, page 46, recent EUD information states that formal request was submitted to HQ in July 2010 and that HQ did not agree to revise the FA)

“Overall, the FSP is not delivering as expected. Components 2 (SGR management), 3 (Institutional capacity in trade policy) and 5 (Nutrition of vulnerable groups), representing 45% of the programme’s

<sup>13</sup> SPRINT Final Report dated on November 2006.

budget are clearly not producing the expected outputs. No activity has been carried out under these components since 2007, and there are little prospects for implementation given the limited interest of the Government for capacity building and nutrition related activities. Components 1 (Food Security and Nutrition Policy Management) and 4 (Household farm and non-farm incomes) are delivering most of their expected outputs.” (Court of auditors, 2011, p. 46)

“There have been significant delays in the procurement of vehicles, motorcycles, and especially laboratory equipment, in part caused by lengthy EU procedures, as a result of which there have been significant delays in project implementation. Delays in funding from the EU as a result of late or incomplete submission of Work Plans and Cost Estimates disrupted not only service delivery and caused farmers dissatisfaction, but also resulted in trained extension officers resigning from the organization as they could not be paid their salaries.” (EC/ABD, 2007, p. 22)

#### “Replenishment

Non availability of programme funds during certain periods of the programme affected the implementation of the Programme since some activities that are time specific were delayed like tree nursery operations. It also affected community interest in a negative way, causing the programme to lose momentum. In summary the programme had no funds over 12 months of programme implementation.” (IFSML final report, 2009, p. 26)

“The Commission's approach to implement the Food Facility funds through NGOs in Malawi presents a risk concerning the sustainability of projects. In particular, the ambitious specific objectives of the Food Facility<sup>14</sup> are not compatible with the short duration foreseen for the NGO interventions. These are to be implemented in 22 months, which leaves approximately 15 months for actual implementation of the actions after the introductory workshops and time required for procurement procedures. According to the NGOs met by the Court's auditors, this timeframe is unrealistic for achieving the intended results and ensuring sustainable changes in the intervention areas. Furthermore, the Food Facility call for proposals did not take account of the recommendation from the final evaluation<sup>15</sup> of NGO interventions financed under the FSBL in Malawi where the same issue was highlighted: "Funding cycles of three to five years are too short to consolidate most integrated rural development programmes. Ways should be found to ensure that successful institution building projects are given some extended support so that they can avoid an abrupt termination of external support". (Court of Auditors, 2011, p. 19)

“However, according to two NGOs, the sustainability of the capacity building actions might be compromised, despite the existing exit strategies, by the insufficient time span of the projects. In particular, the three years implementation period set by the Commission in the call for proposals does not allow verifying whether the new practices are embedded in the day-to-day life of the communities. The NGOs stated the minimum lifetime for this type of projects should be five years.” (Court of auditors 2011, p. 19-20)

**“...the programme's extremely long implementation period (2004-2014) and the risk of change in the Government priorities during this period: the FSP is designed with a rather detailed allocation of financial resources to specific activities and means. This reduces the flexibility of the programme to adapt to the likely changes in the national priorities given the long implementation period. An example is the capacity building support for the management of the SGR foreseen under component 2. During the Court's mission, representatives from the NFRA stressed that they were no longer in need of capacity building actions, but rather needed to upgrade and maintain the silos of the SGR. However, since the available funds to assist in the management of the SGR were earmarked under capacity building activities, the Delegation could not accommodate the new national priorities into the FSP without the modification of the FSP's financing agreement.”** (Court of auditors, 2011, p. 34)

“The analysis... shows that the objectives of these projects are generally SMART. However, the indicators used to monitor the expected results do not have, for most projects, target values that could be compared against in order to objectively assess their effectiveness.” (Court of auditors, 2011, p. 35)

<sup>14</sup> The specific objectives of the FF include (a) Encourage a positive response from the agricultural sector in target countries and regions; (b) Support activities to respond rapidly and directly to mitigate the negative effects of volatile food prices on local populations; (c) Strengthen the productive capacities and the governance of the agricultural sector to enhance the sustainability of interventions.

<sup>15</sup> WS Atkins International Ltd, the COWI Consortium, October 2008.

All projects, in their management component, emphasise the need to collect and analyse monitoring and evaluation data. It is not clear from the output statements, whether the data will go any further than for project use. Two projects actually discuss the assessment and strengthening of the current M & E systems. The JICA funded expert in irrigation policy has a mandate to assess and recommend changes in the MoWD monitoring and evaluation system. FAO funded project on food prices has an output for the “implementation of an effective monitoring and evaluation frame” to assess the impact of food price increases on vulnerable populations. Irish Aid’s Orange Fleshed Sweet Potato (OFSP) project has an M & E output, but the purpose of their M & E system is to evaluate, which OFSP variety perform and taste best to local producers.

None of the projects assessed appear to feed into the MoAFS monitoring and evaluation structure or into the NSO monitoring and evaluation system or structure, a significant weakness? (DCAFS/Bagnall-Oakeley, 2010, p. 5)

At the same time, there are fragmented approaches by Development Partners to improve parts of the agricultural statistical system. The different approaches need to be coordinated into a single credible national statistical service. (DCFAS/Conroy, 2011, p. 27)

***“Under the EDF9, the Commission has not developed direct complementarities or synergies between the two major food security interventions. The IGPWP and FIDP have not been linked to allow IGPWP beneficiaries who succeeded in increasing their productive capacities and incomes to subsequently join the FIDP scheme (targeting higher income groups) in order to consolidate their incomes and hence graduate from food insecurity. Under the EDF10 the Commission plans to fund fewer but larger interventions with the aim to increase coordination between food security interventions and avoid overlaps”*** (Court of auditors, 2011, p. 26)

“However, as indicated in the mid-term review of phase I carried out in November 2006, “linkage between income generation and production has not received enough attention. The different sectoral components remain poorly integrated with each other and thus the lack of integration observed for PWP in its ex-post evaluation has continued in IGPWP”. (Court of auditors, 2011, p. 66)

### **Indicator n° 3.2.2: Decrease in number of maize deficit months for small holder farmers**

#### ***Findings at indicator level:***

Data on the number of maize deficit months for small holder farmers for the years 2000-2003 that can be regarded as baseline data for the evaluation are not very accurate. In general it is estimated that about 70% of small holder farmers run out of their own maize stocks three to four months before the next harvest with a range from 56.7% to 87% depending on the data source and on the harvest year. Data from the year 2007 – a year with a good harvest – suggests that maize deficit months have not yet significantly reduced, as 66% of households reported to be out of stock in January, about 4 months prior to the next harvest. Female headed household face a greater risk of running out of stocks than male headed households. 73% of FHH did not have self-produced maize on stock any longer in January 2007 compared to 63% of male headed households. As data varies considerably between the different regions and districts of the country, national data can only reflect general trends.

In order to assess if EC support helped to decrease the number of maize deficit months it is necessary to compare project baseline data with progress reports, impact assessments and evaluations. Evidence of some projects where baseline data and end of project evaluations were available to the evaluation team indicates that programmes and projects are successful in reducing the number of food deficit months for small holder farmers by 1-2 months (from an average of 5.7 months). The reduction of hunger months was confirmed by beneficiaries during focus group discussions and by the preliminary debriefing of the ROM mission that was ongoing in parallel to the CLE.

#### ***Data and sources:***

##### ***Supporting Evidence:***

*“It is estimated that 70% of all households in Malawi run out of their own-self-produced food by December, some 3 to 4 months prior to the harvest.”* (EC: JAR 2005, p. 10)

*“As shown in Table 2 in the three months before harvest (April–June) three quarters of households are without their own maize, even in a good year. In addition, between 10% and 20% of the most chronically poor small holders are food deficit for nine months or more. Hence, an extra two to two-*

and-a half month's maize supply can have a major impact on household food security.” (Harrigan, 2007, p. 243)

**Table 9: Months of maize deficit for small holder farmers**

	<b>2000-2001 (% of farmers)</b>	<b>2001-2002 (% of farmers)</b>	<b>2002-2003 (% of farmers)</b>
<b>9 months or more</b>	10	17	22
<b>6 months or more</b>	32	52	50
<b>3 months or more</b>	72	87	82
<b>No deficit</b>	5	3	6

Source: 2001, 2002 and 2003 TIP evaluation surveys. In: Harrigan 2007, p. 2007

“Smallholder farmers in Malawi do not produce enough maize for own consumption. Even in a good harvest year, as in 2000, only about 5 % of the farmers produced enough maize to last from one harvest to the next (see Table 19); the other 95 % had a maize deficit. More than 20 % of the farmers had 6 to 12 months of food deficit. The average household maize deficit was 4.5 months. This picture gets even more serious in a poor harvest year. After the poor harvest in 2001 40% of the farmers ran out of maize from their own farm within six months of the harvest, another 37 % ran out of maize during the following three months. The average household maize deficit was 5.7 months.” (Oygaard, 2003, p. 67)

**Table 10: Proportion of households with staple food on stock**

<b>Proportion of households who still had staple food left from previous season by month, according to background variables, 2006/2007 Agricultural Season</b>				
		<b>January</b>	<b>June</b>	<b>September</b>
<b>Malawi total</b>		34	90	80
<b>Sex of head of household</b>	<b>Male</b>	37	90	82
	<b>Female</b>	27	89	76

GoM, Agricultural Census 2007, p. 82

“End of term results have showed a reduction in the number of months that households usually run out of food. At mid-term survey, critical months were found to be between August and February, but at the end of term most respondents reported that they run out of food from October to February, with more serious months being January and February.” (COOPI, 2010, p. 18)

### **Indicator n°3.2.3: Increased intra-year stability of staple food prices**

#### **Findings at indicator level:**

Stability of maize prices at a level low enough to keep it affordable for the majority of maize net purchasers and high enough to stimulate production remains a key development challenge for Malawi. The country has one of the highest degrees of maize price volatility and price uncertainty compared to other African countries. Maize prices in Malawi are generally higher than in South Africa and the US and at times they climb well above import parity (i.e. world market price plus the cost to import it to the domestic market), showing that markets are not functioning well. Stability is desirable as poorer households cannot purchase sufficient food in times when prices skyrocket. Smallholders sell parts of their produce cheaply after the harvest and have to purchase very expensive maize later in the year.

Managing food prices in Malawi is perceived as particularly difficult for several reasons: the diet heavily depends on maize consumption, meaning that food security is regarded as closely tied to a single crop only. As Malawi is a landlocked country with a poorly developed transport system, imports and exports are faced with high transport costs, creating a wide band between import and export parity prices within which domestic prices can fluctuate. Uni-modal rainfall patterns increase seasonal fluctuations and the low level of farmers' income exerts pressure on their stocks. As only a small percentage of smallholders sells maize at all and most production is for home consumption, volumes traded are low so that relatively small changes in national production can lead to high price variability.

Within this environment price volatility has serious implications for food security.

The degree of intra-year maize price stability varies from year to year and can be as low as 39% (in the cropping season 2006/2007) and as high as 466% (in the cropping season 2001/2002). Apparently good harvests do contribute to price stabilisation as stocks will be sufficient to avoid shortages that lead to price increases. However, at times prices are volatile even though harvests have been good and no national food deficit would be expected, showing that food price policies also affect prices considerably. Some researchers presume that Malawi's unreliable crop production estimates and its highly discretionary trade and marketing policies can have a destabilising effect on prices and market predictability. Import and export bans, alongside floor and ceiling prices for selling and buying discourage private traders from engaging in maize trade, while the government may not be able to react quickly to avoid shortages. A frequently cited example for this case is the food price spike in 2007/2008. On the basis of forecasts of a record maize harvest, the government assumed a national surplus and contracted export commitments of more than 400,000 tons of maize with neighbouring countries. However, the government was only able to source about 300,000 tons and this export made the domestic price in late 2007/early 2008 increase to levels only experienced in severe drought years. As a result some NGOs and WFP saw their school feeding and relief operations hampered, because they were obliged to tender at prices below the ceiling of 42 MWK / kg, a level at both traders and ADMARC did not sell.

There are indications that some aspects of government interventions in food markets have exacerbated rather than reduced price instability for both producers and consumers.

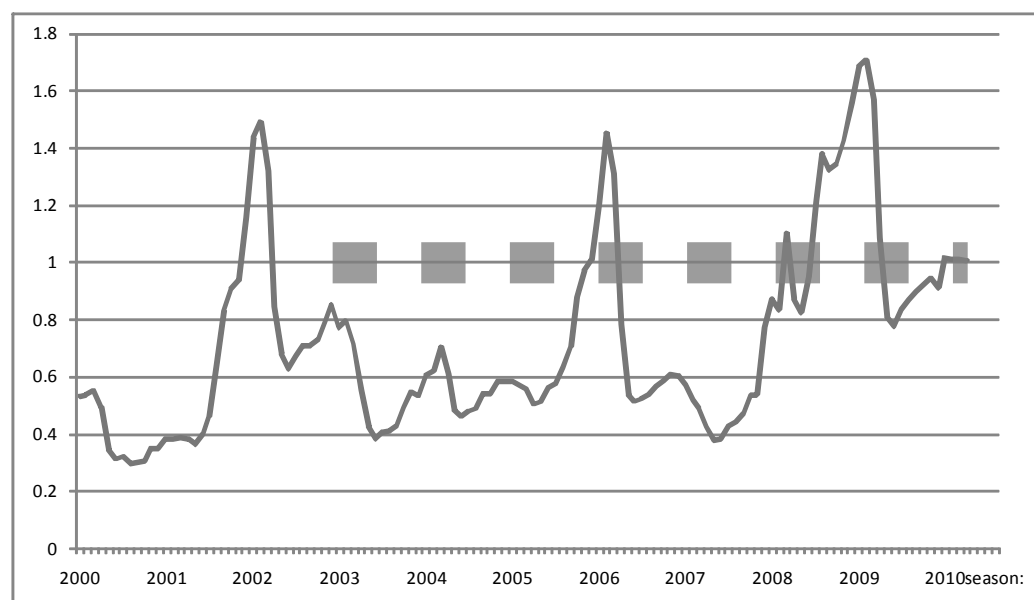
There are many factors influencing price stability. Stability can be positively influenced by a) timely crop production and market information systems, b) increased national production to avoid supply shortages, c) diversification to reduce food security dependency on mainly a single crop d) expand transport capacities to reduce transport bottlenecks and reduce transport costs, e) transitioning from discretionary trade and marketing policies to more systematic rules-based policies.

While EC did not support information systems under EDF9, it did support changes in maize production levels (EQ2, indicator 3.1), crop diversification (EQ3, indicators 2.3 and 2.4) and rural transport infrastructure (EQ4, JC3).

**Data and sources:**

Detracting Evidence:

**Figure 4: Monthly Maize Prices from 2000-2010**



*Dorward and Chirwa, 2010: The evaluation of the 2008/2009 Malawi Agricultural Input Subsidy Programme. In: policy Brief Number 3, May 2010*

*“A major expected benefit from the programme should be low domestic maize prices, but this has not occurred, except in the 2006/7 marketing season, following the first (2005/6) subsidy year. The continuing relatively high price of maize has undermined the achievement of some of the potential wider food security and growth benefits of the programme over the last few years, as discussed later.*

*Figure 2 shows how low and stable prices in 2006/7 (after the 2005/6 subsidy) were followed by high and highly variable prices in subsequent years, with government market interventions not being able to stabilise prices below import parity prices (represented approximately by the shaded band). Increased production would be expected to bring prices down, although prices in 2007/8 were affected by exports of over 300,000MT. Stable prices in 2009/10 are evidence of good supplies following the 2008/9 subsidy season, although the relatively high real prices are difficult to explain.“*

*Dorward and Chirwa, 2010: The evaluation of the 2008/2009 Malawi Agricultural Input Subsidy Programme*

**Table 11: Seasonal Price Features for Real Maize Grain Prices, Lilongwe, Malawi**

Maize Marketing Season (Real Malawi Kwacha, cpi 2007=1)													
Year	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	% difference highest/lowest price
1994/1995	11,885	13,543	15,364	14,350	12,491	12,421	14,996	<b>17,673</b>	17,594	17,482	14,176	<b>10,786</b>	+64%
1995/1996	<b>9,348</b>	10,905	13,046	13,275	13,472	14,628	14,715	18,201	17,052	17,907	<b>22,578</b>	16,869	+142%
1996/1997	11,419	10,121	<b>9,797</b>	11,384	11,457	11,602	12,738	12,806	13,930	16,210	<b>18,922</b>	14,264	+93%
1997/1998	<b>11,564</b>	12,142	13,560	14,053	15,311	17,388	22,743	16,730	32,330	<b>41,464</b>	28,128	18,154	+258%
1998/1999	14,792	<b>14,349</b>	16,025	19,364	20,956	32,773	35,033	34,553	34,721	<b>38,280</b>	23,227	14,533	+167%
1999/2000	14,630	14,526	15,492	16,351	17,524	16,447	<b>19,362</b>	18,960	15,737	19,119	19,321	<b>12,943</b>	+50%
2000/2001	9,704	<b>6,137</b>	9,326	11,767	11,874	10,804	14,860	13,819	14,734	15,575	<b>16,323</b>	13,156	+166%
2001/2002	<b>10,832</b>	12,473	13,978	30,233	35,450	32,911	34,971	41,691	<b>61,301</b>	60,656	51,020	23,838	+466%
2002/2003	21,273	23,440	25,270	20,847	<b>20,545</b>	20,973	23,641	<b>33,300</b>	22,473	29,415	30,278	25,555	+62%
2003/2004	14,809	16,225	15,659	14,992	14,856	15,646	13,221	<b>13,154</b>	14,921	21,432	28,366	<b>28,692</b>	+118%
2004/2005	26,104	24,549	26,999	24,253	<b>37,647</b>	22,833	23,746	24,296	23,245	<b>21,115</b>	22,445	22,189	+78%
2005/2006	<b>22,630</b>	25,751	30,678	25,789	24,713	36,104	39,239	37,638	35,751	36,903	<b>56,325</b>	38,370	+149%
2006/2007	22,237	23,232	23,108	24,051	22,436	22,911	<b>25,887</b>	25,746	24,604	21,376	19,459	<b>18,624</b>	+39%
2007/2008	<b>18,506</b>	18,955	20,951	21,504	21,436	22,806	24,260	28,806	31,952	35,353	<b>51,708</b>	40,508	+179%
2008/2009	<b>32,83</b>	37,91	42,99	55,52	53,38	54,33	57,81	63,35	69,22	<b>70,57</b>	65,27	45,36	+ 115%
2009/2010	34,19	<b>32,98</b>	35,57	37,29	38,74	39,98	41,21	41,74	45,29	<b>46,47</b>	43,75	37,57	+42%
2010/2011	30,58	29,80	29,70	30,60	30,60	<b>29,57</b>	30,13	30,48	30,80	31,17	<b>32,99</b>	No data	+12%

Source: Chapoto 2009, p. 19, completed with data from the TS website



Since the Malawi fertilizer subsidy programme was initiated in the 2005/06 crop year (corresponding to the 2006/07 marketing year), total maize imports to Malawi have been between 50,000 tons in 2007/08 to roughly 100,000 tons in 2008/09, which represents from 8.6% to 41.2% of the total quantity of maize marketed from domestic production as estimated in Table 5.3 The Government of Malawi did contract to export 400,000 tons of maize to Zimbabwe under the assumption that the country had a surplus in 2007/08 of over 1 million tons, but traders could not find enough maize to fulfil the contracts, and in the end roughly 302,000 tons were exported in 2007/08 (Chirwa, 2009). In a good production year when imports are relatively low, we compute the ratio of imports to domestic marketed supply as 50,000 / 580,000 as shown in the last row of Table 4 (good season scenario). In a poor production year when imports are relatively high, we compute this ratio as 100,000 / 241,000 also shown in the last row of Table 4 (poor season scenario).

Exporting of maize in 2007/08 is believed to have led to the significant price escalation observed in the 2007/08 marketing season, in which maize prices exceeded \$450 per ton. The government export of maize to Zimbabwe caused it to be a net maize exporter in 2007/08; but in the other three marketing years of the AISP (2006/07, 2008/09 and 2009/10), the country appears to have been a net maize importer.” (Dorward and Chirwa, 2010: the evaluation of the 2008/2009 Malawi Agricultural Input Subsidy Programme, p. 17)

“Shortages in markets and stock-outs at ADMARC markets, leading to huge price surges, are perhaps the greatest problem with maize markets in Malawi. This has happened at least three times since 2000. The years of large seasonal price hikes are generally due to poor coordination and consultation between the public and private sectors and unreliable crop production information. Regardless of the causes, the fact that maize prices have exceeded \$400 per ton in at least three years since 2000 indicates an urgent need to identify cost-effective strategies to ensure adequate grain supplies in local markets at tolerable prices.” (Jayne, T.S. et al, 2010, p. 52)

Maize prices in Malawi are much more volatile than international prices. In fact, they are more volatile than the maize prices in many other African countries. Chapoto and Jayne (2009) calculate the coefficient of variation for the capital cities of eight countries in eastern and southern Africa and find that Malawi has the largest volatility among them.” (Minot, 2010, p. 6)

“Investments in maize market development are constrained by low traded volumes and thin markets (as large quantities of maize produced in Malawi are consumed within households and villages and do not reach the market) so that relatively small changes in national production may lead to large changes in market supply and, with relatively inelastic demand, this leads to high price variability.

High price variability for this critical commodity leads to government intervention in maize markets (this has involved, for example, setting of minimum and maximum prices, export bans, and bans on private trade) but difficulties that governments face in designing and implementing such interventions mean that they often increase price variability for maize sellers, buyers and traders, inhibit investment and participation in markets, and exacerbate the problems they are designed to address.” (ISP evaluation 2010, p. 2)

“Maize prices in late 2007/early 2008 were \$100 to \$150 per ton higher in Malawian markets than in other regional markets during the same period. These outcomes are difficult to reconcile with the official estimates of a record maize harvest of 3.4 million tons in 2007. As mentioned earlier, the price spike in 2008/09 appears to be due to restrictions on maize importation.” (Jayne, T.S. et al, 2010, p. 19)

“Ensuring national food security is the paramount concern of the Government of Malawi. Malawi is vulnerable to recurrent natural disasters that exacerbate household food security and trigger macroeconomic imbalances. This concern shows prominently in the country’s **Maize Marketing Policy**. This policy is conditioned by three major factors. First, maize dominates the food economy as it accounts for over 90% of national cereals area, provides 85% of grain calories and between 52 and 65% of food calories overall (FAO, 1990, 2002). Second, when a shortfall occurs, maize prices on local markets rise sharply. During the 2005 drought, domestic maize prices doubled in much of the country, and tripled in areas experiencing the worst deficits. As a result, many poorer households could no longer afford to buy maize with 5 million people receiving food aid to survive. Finally, the costs of resolving production shortfalls with maize imports are high. Transport and handling costs alone can easily double the costs of maize imports to Malawi – which is land-locked and has poor infrastructure links - particularly when imports are required within a short window of time.

*Maize production and price volatility have always been and remain key development challenges for Malawi. Risk is pervasive in Malawi's maize markets and much of it can be linked to the possibility of maize shortfalls resulting from drought and floods, both at national and at a localised level. Production losses translate into higher food prices and uncertainty about access to maize when it is most needed. Price fluctuations for maize in Malawi over the last decade have been wider – often also much wider- than the fast rise in global maize prices in 2008.” (Formulation draft report, COBASSIP/ICBP, 2010 p.7.)*

*“Events in 2007 and 2008 are underscoring the crucial importance of timely crop production and market information systems. It is becoming increasingly clear that national crop estimates in some countries are unreliable. Price stability in the region requires accurate crop forecasts so that other plans, such as export volumes, quantities to be purchased by the World Food Programme through local and regional purchase operations, and state marketing board purchases and stock releases, can be made without having unexpected effects on prices. A clear example how inaccurate crop production estimates can exacerbate food insecurity is the case of Malawi in 2007/08. On the basis of the Government's forecast of a record maize harvest in 2007 and a projected maize surplus of 1.2 million tons over national consumption requirements, the government contracted with other states in the region to export over 400,000 tons of maize. However, the government was only able to source some 300,000 tons and this sent the price of maize rocketing to levels seen only in the most severe drought years. In hindsight, it is widely believed that the 2007 Malawi harvest was overestimated by at least 25%. If the government had been able to produce a more accurate estimate of crop production, it might not have arranged to export maize, which in turn might have avoided the huge price surge in late 2007/early 2008 which caused great hardship for maize buying households.” (Jayne, et al., 2009, p. 4)*

*“The likelihood of food deficits in the 2008/09 season was manifesting in the form of rapidly rising food prices in late 2008. NGOs and World Food Programme (WFP) have indicated that they were unable to source maize in Malawi for school feeding and relief operations because they are forced to tender at prices below 52 kwacha per kg, a level at which both large traders and ADMARC were refusing to sell. Relief organizations could not request financial support for relief food purchases without a formal recognition of a food problem, which is politically difficult given that the President of Malawi has received international acclaim for his success in turning Malawi into a surplus food producer. Consequently, social entitlement programs were undermined by the continued price regulations, while relief food operations were at least temporarily impeded.” (Jayne, 2009, p. 132)*

*There are, however, two ways of obtaining low maize prices to consumers in the long term. One way is detrimental to economic growth, the other conducive. The detrimental way is to keep prices low through price controls or subsidised food imports. Subsidised maize imports depress producer prices, and reduce the profitability and incentives to invest in inputs and to produce maize. They also reduce the incentives to switch consumption toward alternative crops such as roots and tubers, thus depressing the producer prices of these too. Smallholder production decisions are, - at least partially, based on output prices. Low maize prices will influence long-run production negatively. Demand for maize will certainly increase due to lower prices. Reduced domestic production, increased demand and high import costs will eventually force maize prices to rise (unless the government or donors are willing to pay the escalating costs of keeping prices low through ever growing imports).*

*The alternative way of obtaining low maize prices is by letting the market determine the price, and investing in increased yields and labour productivity and efficiency in maize production and marketing. This involves the classic means of public investment in infrastructure, research and extension; and facilitating markets for input supply and credit provision. Continuing the campaign for crop diversification will also help to reduce price shocks from variation in maize harvests, as there will be less variability in the total food harvest.” (Oygaard, 2003, maize for maize, p. 67/68)*

### Indicator n°3.2.4: Increase in cultivation of drought resistant crop varieties and crops maturing during the hunger season (e.g. cassava, sweet potatoes, groundnuts, beans)

#### **Findings at indicator level:**

The need for livelihood diversification and food security concerns has increased emphasis on crop diversification since the 1991/1992 and 1994 droughts. Cultivation of cassava, sweet potatoes, groundnuts and beans is promoted as these crops are: more drought tolerant, adapt to a wide range of agro-ecological conditions, are less nutrient demanding and/or have a high nutritional value. In particular cassava which is tolerant of delayed planting and harvesting, as well as sweet potatoes that require less labour proving to be suitable in areas where HIV/AIDS is reducing the available rural labour force.

Even though crop production data is generally regarded as rather unreliable in Malawi, it is uncontested that diversification is rendering positive results and that cultivation of cassava, sweet potatoes, groundnuts and beans has increased considerably since the mid-nineties. This is reflected in the increase in area allocated to the cultivation of these crops, as well as in the higher productivity per hectare, resulting in higher total production. For example the area under cassava cultivation suffered a sharp drop between 2001 and 2002 and has then recovered from 110,000 ha in 2003 to 195,000 ha in 2009 (an increase of 77%). Average yields per hectare increased from 15.7 t/ha in 2003 to 19.1 t/ha in 2009 (an increase of 21.7%), a clear indicator that improved varieties and cultivation techniques have been successfully introduced and adopted. In total the increase in cassava cultivation area and yields per ha contributed to a total production increase of 127% between 2003 and 2009. Groundnuts and sweet potato and potato production also increased in terms of area and yield per hectare, but not as much as in the case of cassava (groundnuts total production increased by 45%, sweet potato/potato production by 37% between 2003 and 2009). Only beans cultivation did not increase substantially neither in area cultivated nor in yields/ha between 2003 and 2009.

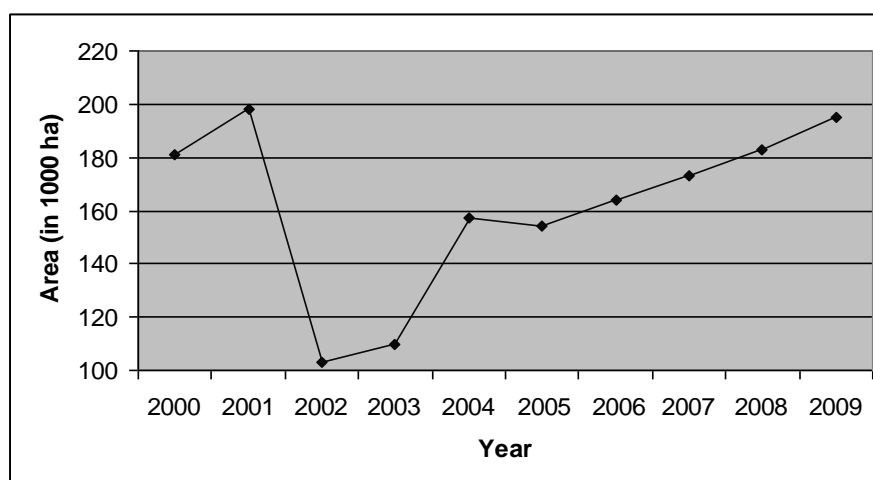
The concern that the massive agricultural input subsidies for maize would encourage farmers to favour maize and crowd out other crops, inhibiting diversification, is not confirmed by current data. It seems rather that farmers increased maize cultivation areas, as well as the area for other crops. It would need further investigation to understand if the total increase of agricultural production area is due to increased farming on unsuitable plots.

The field phase confirmed that EC support is contributing to an increase in cultivation of drought resistant crop varieties and crops maturing during the hunger season through its diversification efforts in almost all FS programmes and through its support to legume seeds in FISP.

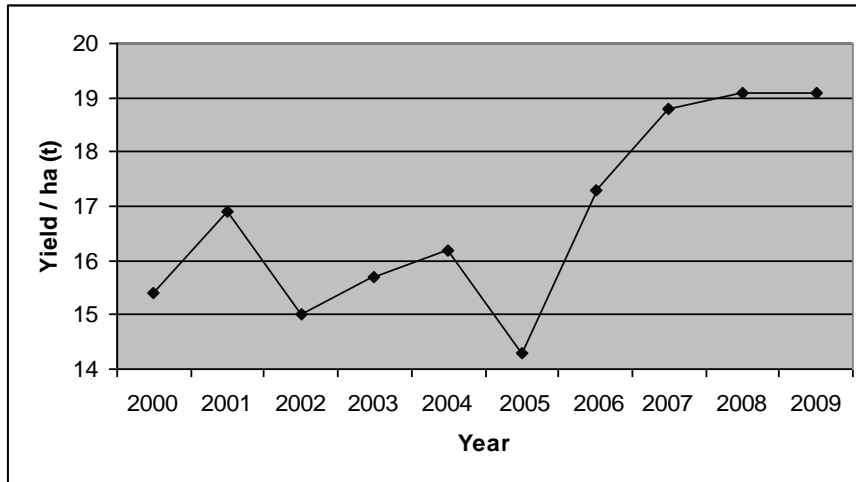
#### **Data and sources:**

##### Supporting Evidence:

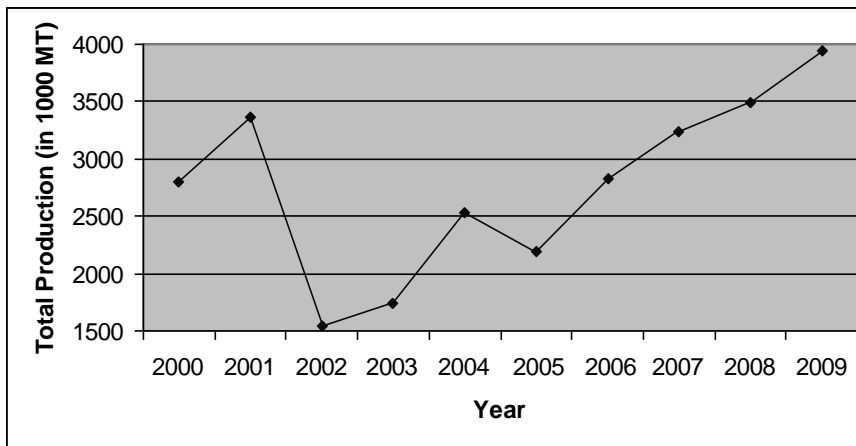
**Figure 5: Cassava production area (in 1,000 ha) from 2000 to 2009 in Malawi**



**Figure 6: Cassava yields (in t/ha) from 2000 to 2009 in Malawi**

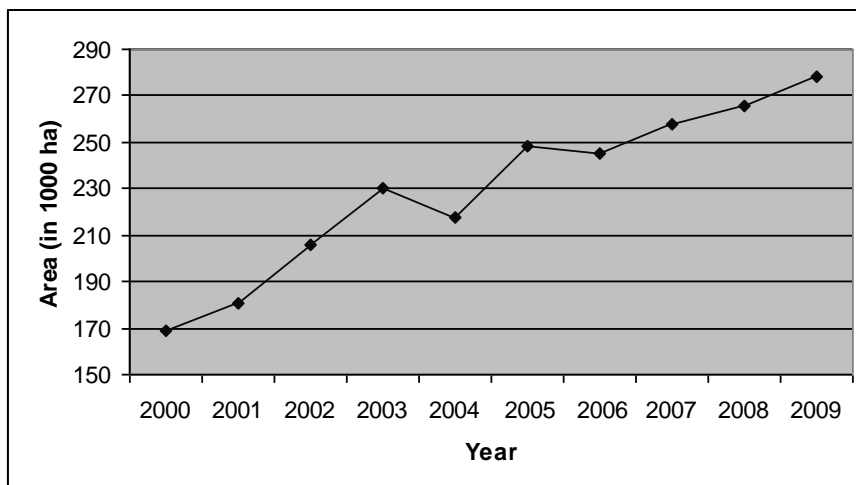


**Figure 7: Cassava total production from 2000 to 2009 in Malawi (in 1,000 MT)**

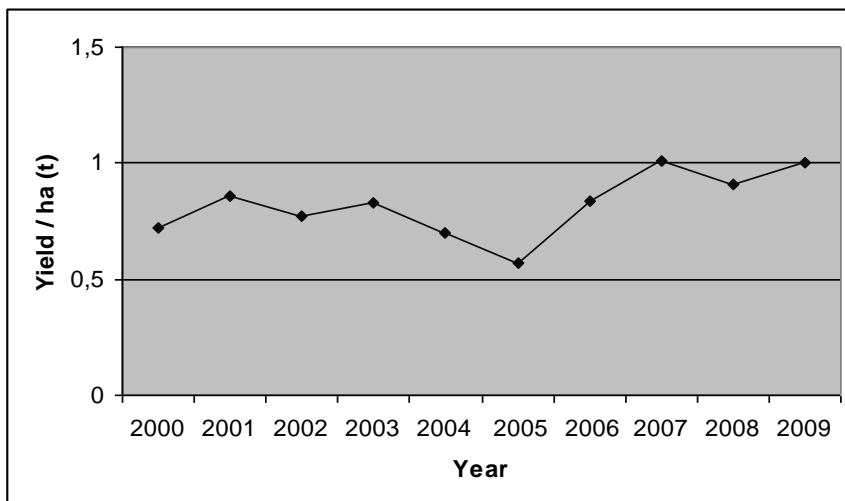


Sources all figures: FAOSTAT 2010, GoM: National Crop Estimates 2009/2010

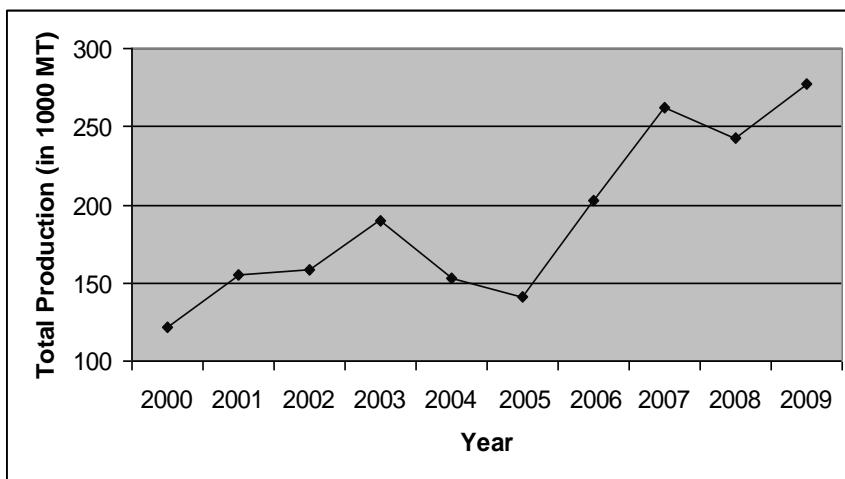
**Figure 8: Groundnuts production area (in 1,000 ha) from 2000 to 2009 in Malawi**



**Figure 9: Groundnuts yields (in t/ha) from 2000 to 2009 in Malawi**

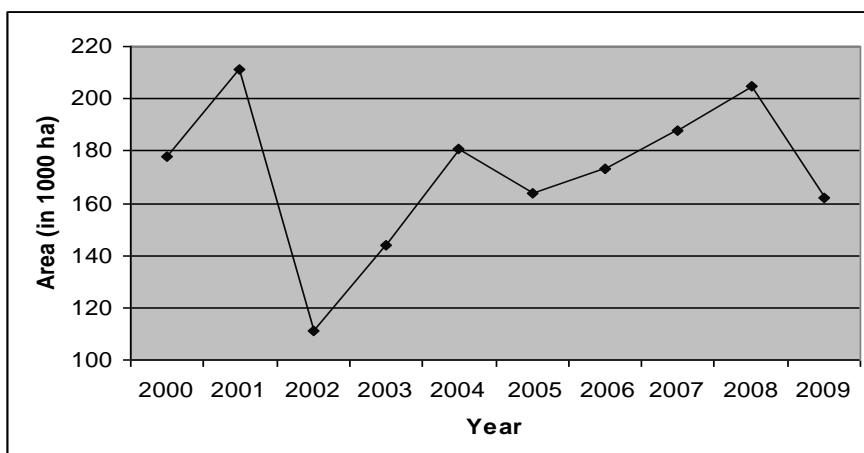


**Figure 10: Groundnuts total production from 2000 to 2009 in Malawi (in 1,000 MT)**

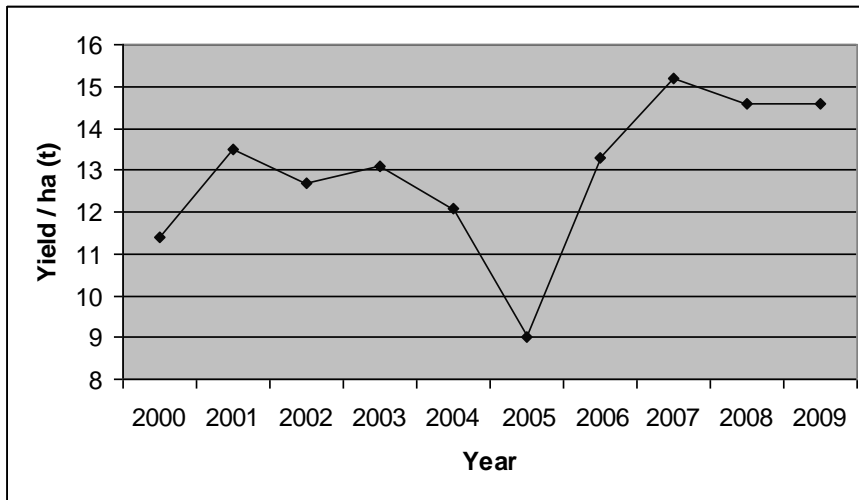


Sources all figures: FAOSTAT 2010, GoM: National Crop Estimates 2009/2010

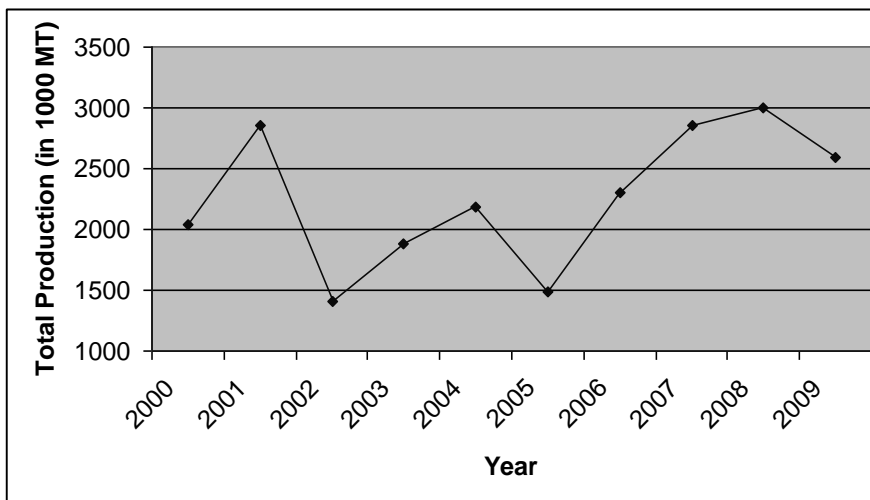
**Figure 11: Sweet potatoes and potatoes production area (in 1,000 ha) from 2000 to 2009 in Malawi**



**Figure 12: Sweet potatoes and potatoes yields (in t/ha) from 2000 to 2009 in Malawi**



**Figure 13: Sweet potatoes and potatoes total production from 2000 to 2009 in Malawi (in 1,000 MT)**



Sources all figures: FAOSTAT 2010, GoM: National Crop Estimates 2009/2010

*Despite acceptance by all parties on the need for rural livelihood diversification, the differences of opinion on the role of support to input supply for maize production in such a process can perhaps be explained by different time horizons and perception of risk. Many donors articulate an essentially long-term vision of food security in Malawi, involving diversified food production, increased small holder cash crop production and increase in off-farm income with well-developed private markets enabling individuals to utilise their increased purchasing power to access food. In such an environment, they see no need for the handout of free inputs except perhaps as a very limited form of safety net for the most vulnerable. Most in government share this vision, but are acutely aware that it is a long-term vision, which will need to be preceded by a very tricky, protracted and risky transition phase. Government officials are extremely concerned about the food security risks during the transition and see support to input supply for maize production as having a role to play as a production enhancing intervention. One aspect of Government risk aversion is the reluctance to see maize imports as a major component of food security. Malawian politicians and government officials have long been wary of a strategy that puts too much emphasis on food imports. A decade and a half of civil war in Mozambique cutting off landlocked Malawi's most direct access to the sea has engendered an almost siege mentality, which still persists despite the ending of hostilities.” (Harrigan, 2007, p. 247)*

*“Erratic rainfall coupled with the high cost of fertilizer and agricultural credit resulted in a 2004 maize harvest of only 1.7 million tonnes. This is 12.6% below the 2003 maize harvest of nearly 2 million*

tonnes. However, a strong increase in the production of cassava, sweet potatoes and Irish potatoes might have helped to ease the food security situation somewhat.” (JAR 2004, p. 7)

“Some positive results have been emerging in terms of diversification of agriculture produces. Comparisons of final figures for 2006 and 2007 show increases in production of 8% for sugar, 21 for pulses, 22% for rice, 28% for sweet potatoes, 33 for maize, 34% for groundnuts, and 129% for wheat.” (JAR 2007, p. 11)

“...the new FMO and all contracts under the FMO will have to be signed by the end of 2008 for implementation by the end of 2010 at the very latest. The possible allocation of funds, presently being finalised, should include: a) €3.0m for expansion of out-growers scheme in Dwangwa; b) €1.5m for seeds distribution and multiplication; c) €1.0m for the cassava sector, focusing on the “cassava belt”. (JAR 2007, p. 23)

„The donor argument that Starter Pack created maize dependency leading to a maize poverty trap was based on the perceived need for rural livelihood diversification. It was argued that the route out of food insecurity and poverty required diversification into non-maize food crops, into cash crops and into off farm income sources. There is some evidence to support this view in that those Districts with the greatest dependence on maize had the greatest number of food insecure households during the 2001– 2003 food crisis (Levy, 2003, reported in ODI Fig. 2).” (Harrigan 2007, p. 244)

“Over the last few years, there has been an increasing emphasis on agricultural diversification. There has been a shift in resource allocation, particularly land. This has entailed a shift from traditionally dominant crops, such as local maize, to hybrid maize. There has also been an emergence of other crops in both the smallholder and estate sector. For instance within the smallholder sector there has been increased production of burley tobacco, cassava, pulses, paprika, and chillies. Within the estate sector, there has also been a change from concentration on tobacco, to production of other commercial crops like paprika and macadamia nuts. The rate of diversification among small-holders is curtailed by food security considerations, whereby the need to reserve a certain portion of land for the production of own food crops overrides other considerations. The diversification strategy has resulted in attention to other crops, e.g. roots, tubers and groundnuts that were neglected in the past. Production of horticultural crops, under both rain-fed and irrigated conditions, is being promoted among the smallholder farmers. There has been increased attention to crops like paprika, chillies, fresh vegetables, and other horticultural crops.

Food security considerations and limited sizes of land holding dominate smallholder decisions on cropping patterns. Smallholders allocated more land to local and hybrid varieties of maize than any other crop in the period from 1982/83 to 1996/97. It was during this period that government policy generally emphasised food self-sufficiency as the main pathway towards food security. However, over the years, there has been a noticeable shift from allocating more area under local maize to hybrid maize varieties. The shift from local to hybrid maize varieties suggests concerted government efforts in encouraging farmers to plant the high yielding varieties. Cropping patterns have also been influenced to a large degree by drought. Land allocation to cassava increased in 1994/95 and 1995/96, mainly due to the 1994 drought, which induced government to conduct a campaign for people to grow more cassava and other drought tolerant crops. The campaign towards the cultivation of more drought resistant crops such as cassava still continues, and smallholders have reacted positively to this campaign.”(Oygaard, 2003 p. 28)

#### Detracting Evidence:

Agricultural policy has not had a single focus on maize. Agricultural diversification has been widely sought so as to provide resilient income streams to Malawi farmers. But the obstacles are substantial - there have been several recent highly qualified missions to Malawi tasked with finding opportunities for new market development that are accessible to large numbers of farmers. All these missions have reported failure. Typically the local buying power is too low to support expansion in local consumption and overseas markets are too costly to reach.(ASWAP,2010, p. 14)

### Indicator n°3.2.5: Increase in average number of crops grown by farmers

#### **Findings at indicator level:**

Focus group discussions with project beneficiaries and field observations have shown that farmers do increase the number of crops grown as a result of project support. This is particularly visible in projects with irrigation components where farmers start to grow different types of vegetables for sale and in nutrition interventions where beneficiaries start establishing home gardens to diversify their diets.

### **Judgement criterion n°3.3: EC interventions contributed to on- and off-farm income-earning opportunities for rural households which provide means to purchase food.**

EC supported public works programmes like PWP, IGPWP and SPRINT have very effectively increased off-farm income opportunities for the rural poor, thus increasing their access to food. They have been particularly useful in targeting population groups affected by the hunger crisis of 2002. Low salary levels ensured that only the poor were attracted to participate in the programmes. However, in some areas employment opportunities in the private sector competed for labour force with the programmes, indicating that there might have been some shortcomings during the identification of intervention areas. Increasingly linkages between wage labour income and the development of income generating activities are strengthened, i.e. that public works programmes do not only focus on income opportunities for wage labour, but seek to implement structures and means of production that will offer income generation activity opportunities for long term income. This is reflected in the evolution of programme design.

There has been a high commitment in the public works programmes to include women into the programmes resulting in an average of 42% female participants in IGPWP. However, it is not quite clear if this consideration was specifically targeting female headed households as women in the programmes would not necessarily belong to female headed households, but could also be part of male headed households.

A shortcoming in the SPRINT programme was that it was meant to be an emergency programme to respond to the food crisis in 2005. Due to delays implementation only started when the hunger period was already over and therefore it was unable to attain its original goal (for details see indicator 3.2.1).

### Indicator n°3.1: Increase in income from farming activities

#### **Findings at indicator level:**

Evidence for increased income from farming activities is documented for GoMs agricultural input subsidy programme and FIDP. , but is not document in detail for other EC supported interventions. Households benefiting from the agricultural input subsidies were able to increase their incomes by 10% to 100%. FIDP beneficiaries increased their average annual income by 13%.

During focus group discussions farmers generally confirmed income increases from farming activities. This was most significant in projects with irrigation components as farmers were able to shift from one relatively low rain fed harvest to three harvests a year.

Findings suggest that income increases may be sustainable in many projects as farmers are striving to develop the activities beyond the end of project.

#### **Data and sources:**

##### Supporting Evidence:

*“Investigation of this with indicative modelling of beneficiaries’ and non-beneficiaries’ livelihoods and of labour markets suggests that poor beneficiary households may nevertheless have had real income increases of 10% to 100% over the no-subsidy counterfactual situation in different years. Poor non-beneficiary households may also have had real income increases of between 0% and 20%.” (Dorward and Chirwa, AISP evaluation 2010, Policy Brief number 3)*



*“FIDP has also promoted agribusiness initiatives with 7,028 farmers being involved in crop production, 6,418 in irrigation and water harvesting, 3,008 in horticulture, 2,433 in livestock, 1,215 in beekeeping, 407 in aquaculture and 135 in mushroom production. Furthermore, 1,115 farmers were involved in activities to reduce post-harvest losses, mainly through the construction of improved granaries which, given the recent bumper harvests, are highly relevant as well as through various processing technologies. Participation in these activities has resulted in average annual income increased from MWK 18,453 to MWK 20,871, a 13% increase.” (EC: JAR 2007, p. 13)*

**Table 12: Increased income from farm based products**

Type of indicator	PE1 Activity/indicator	Quantity		Quantity	
		Target	Actual	K	€
Impact level	-- Proportion increase in Income from farm based products	10%	9%		

*EC/Cye 2009, FIDP MTR, p. 66*

*“The three NGO projects financed under this call for proposals (FSP) have a clearly defined exit strategy. It is based on the setting up of farmers clubs that organise the regular maintenance of the assets built by the projects. The maintenance is financed with the contributions from the club members that use the assets in question. The sustainability of capacity building delivered to farmers is foreseen by the identification of lead and follower farmers. This should ensure that the knowledge acquired by direct beneficiaries will be shared with other members of the communities. The Court’s auditors verified on the spot that the recipients of physical outputs (treadle pumps, irrigation channels, seed nurseries, etc.) were capable of using and maintaining them.” (Court of Auditors, 2011, p. 52)*

*“At the village level, there is clear evidence of ownership and participation in project activities, particularly through the clubs created under IGPWP.” (Court of auditors, 2011, p. 74)*

**Indicator n°3.2: Off-farm income earned by local communities through public works programmes and support to micro enterprises and IGAs**

**Findings at indicator level:**

EC supported public works programmes (PWP, IGPWP, SPRINT) have been very effective in increasing off-farm income of the rural poor. Monitoring assessments and evaluations attested exceptionally good results regarding common evaluation criteria such as relevance, quality of design, efficiency, effectiveness and impact, e.g. A, A, B, A, B grading in the 2010 ROM.

As poor households spend most additional income on food, the creation of wage income opportunities increases their access to food. Public works programmes are particularly effective when linking relief, rehabilitation and development after a crisis situation. For this reason funds for public works were increased using funds from the food security budget line and the EDF B-envelope to target population groups that were affected by the hunger crisis in 2002. As salaries were sufficiently low, only the poor were interested in participating, so the programmes were self-targeting.

At times the objectives related to physical achievements suffered in areas where communities had alternative employment opportunities in the private sector. Another issue was that the labour component of the total cost of the projects tremendously decreased, reducing the impact on wage income for communities.

As public works programmes are of a short-lived nature, the importance of strengthening linkages to productive activities and income generation through agricultural and business activities were identified and are reflected in the evolution of programme design from PWP to IGPWP. However, the mid-term review in 2007 stressed that these linkages still required further strengthening.

**Data and sources:**

Supporting Evidence:

„The advantage of such food for work or cash-for work programmes is that they can be made self-targeting. If the salary paid is sufficiently low it is only the poor who will be interested in participating. They also have the advantage of creating useful assets. It can, however, be challenging to plan projects in such a way that the assets created are actually useful, and that participants are not taken away from other productive work. Labour time, even of the poorest, has opportunity value. Lastly, people who do not have labour capacity, e.g. due to age or disease, may not be reached through interventions that require work effort.” (Oygard, 2003. p. 70)

„There is a wide array of measures to select from. They can roughly be divided into three types: public food subsidies and hand-outs (universal and targeted), public works, and human capital subsidies in education and health sectors (IFPRI and WFP, 2003). The different schemes differ in terms of their ability to reach the intended beneficiaries, the cost per dollar (or similar) of benefit transfer to intended beneficiaries, their administrative complexity, and what other benefits they provide. Universal food subsidies have a high cost of reaching the poor, primarily because a high proportion of the subsidies go to the non-poor. Targeting food subsidies (or hand-outs) to only the poor can incur high administrative cost and corruption, as well as leakage to the non-poor. Traditionally the most popular programmes have been public works, which employ the poor on projects that maintain or create a physical asset: a road, an irrigation canal or public building (IFPRI and WFP, 2003).” (Oygard et al, The maze of maize, 2003. p. 69)

**Table 13: IGPWP achievements income earned by local communities**

<b>Indicator</b>	<b>OVI Value Programme</b>	<b>OVI Value Phase 2</b>	<b>Total achieved (Aug 05- Dec 09)</b>	<b>Total Achieved Phase 2</b>	<b>% Progress against Global Targets</b>
<i>Income earned by local communities from road works</i>	MWK 600,000,000	MWK 232,000,000	MWK 393,440,000	MWK 114,710,000	66%
<i>Income earned by local communities from forestry</i>	MWK 130,000,000	MWK 71,000,000	MWK 150,050,350	MWK 67,050,354	108%
<i>Income earned by local communities from irrigation</i>	MWK 120,000,000	MWK 47,000,000	MWK 233,115,330	MWK 43,336,337	194%

Source: IGPWP completion Report 2010, p. 40-42

**Table 14: Income earned by local communities: Performance of IGPWP from 2005 to 2010**

Income by result area	Phase I: 2005-2008		Phase 2 Overall	Phase 2 PE1 2008/2009		Phase 2 PE2 2010/2011
	Target per FA	Achieved	Targets per FA	Target	Achieved	Target
Roads combined income earned by local communities in MWK million (wages)	368	269	232	140	115	92
Forestry income earned by local communities in MWK million (wages)	59	83	71	45	45	56
Irrigation income earned by local communities in MWK million (wages)	73	83	47	10	12	16

IGPWP Evaluation 2010, p. 3

**Table 15: SPRINT income earned by local communities**

Sector	Physical Impact	No of people employed	Direct wages paid MWK	Average earnings in MWK
Roads	Rehabilitation of 227 km	21,216	66,245,587	3122
Forestry	1,215,375 trees planted)	22,564	64,765,310	2870
Irrigation	Additional 152 ha under irrigation and 105 fish ponds constructed	11,917	35,099,121	2945
<b>Total</b>		<b>55,697</b>	<b>166,110,018</b>	<b>2982</b>

IGPWP MTR 2007, p. 52

*Household Income Generation and Employment Opportunities*

“Approximately MK39.62 million was paid as wages to 6,508 beneficiaries (3,607 male and 2,901 female – 45% representation) that provided labour. Cumulative earnings from Phase 1 stand at MK215.95 million paid to 39,471 beneficiaries (22,657-male and 16,814-female – 43% representation) who participated in the road rehabilitation which translates to an average earning of MK5,471 (€26.00) per beneficiary for a period of 1 – 3 months. This created 1,733,569 person-days of employment to communities. The table below summarizes the number of people who benefited and wages received by end of December 2009.”

**Table 16: Summary of beneficiaries and total wages received by end of December 2009**

Project period	wages (MWK' mil)	m-days (No.)	female (No.)	male (No.)	Total benefit. (No.)	% of female
Phase 1 PE 1 – 3	176.33	1,469,449	13,913	19,050	32,963	43%
Phase 2 PE 1	39.62	264,120	2,901	3,607	6,508	45%
<b>Totals</b>	<b>215.95</b>	<b>1,733,569</b>	<b>16,814</b>	<b>22,657</b>	<b>39,471</b>	<b>43%</b>

IGPWP 2010 report, p. 16

*“The Public Works Programme (PWP) budget was increased by €6m in 2003 – funds coming from the Food Security Budget Line – with the specific objective of reducing poverty in the most food insecure districts. In total, nearly 900 km of rural roads were rehabilitated and maintained, 260 bridges were rehabilitated, 2,700 treadles pumps were issued and more than 10.3 million of trees planted. The Mid-Term Review of the project took place in July–August 2003, and its report of October 2003 underlined the positive impact of the project on household incomes. By way of example, more than 10 000 people who were employed in the road rehabilitation component were able to generate household income. The MTR estimated that the average household annual incomes rose by 33% for the road component, 18% for the Forestry component and 145% for the irrigation component. Significantly, 37% of the project beneficiaries in the roads’ sector are women. In the forestry sector women’s participation is as high as 55%. The preparation of the second Public Works Programme began at the end of 2003, to be financed from the B- envelope under the EDF9. Work Plans are also being prepared to extend the PWP until July 2005 to avoid interruption of project activities.” (JAR 2003, p. 12)*

**“SPRINT under MAFSP:**

*Emergency public work programme (€0,8m for SPRINT and seeds subsidy) and seed subsidy and for WFP for distribution agreement for the crisis in Kasungu (€0,7m). Progresses achieved were satisfactory in road rehabilitation, forestry and irrigation: 227 village roads were rehabilitated, 1,310 Ha of tree planted and 105 fish ponds were constructed. In total more than 55,000 persons were able to increase their wages. The final SPRINT report shows that the programme was very effective and that cash-for-work can be an alternative to food aid in Malawi. Therefore 2nd tranche of €3.1m will be requested early 2007 for the support of the enhanced Food Security through SPRINT.” (JAR 2006, annex 3, p. 6)*

**Table 17: Grading IGPWP**

<i>Relevance and quality of design:</i>	<i>A</i>
<i>Efficiency of Implementation to date:</i>	<i>A</i>
<i>Effectiveness</i>	<i>B</i>
<i>Impact prospects:</i>	<i>A</i>
<i>Potential sustainability:</i>	<i>B</i>

*Source: MR 2010, p. 2*

**Indicator n°3.3.3: Share of women and youth participation in public works programmes**

**Findings at indicator level:**

There has been increasing commitment to address women and youth participation in the EC supported public works programmes throughout implementation. A specific indicator in the original planning foresaw that women and youth participation in wage labour for road rehabilitation should be 30%, thus challenging management to pay particular attention to the inclusion of women and youth. In the first implementation phase this target was already exceeded. After a mid-term review in 2007 this indicator on cross-cutting issues was revised in order to further stress the importance of including women and youth into the programme. The revised target of 40% women participation and 10% youth participation in income earned was also surpassed with regards to women’s participation, which has been on average 42%<sup>16</sup>. Women earned total wages of MWK 210 million in all wage labour components. For youth the income earned was MWK 70 million, exceeding the targets, while the percentage of youth employed and represented in development committees remained at 7% below the target of 10%. Documentation does not explain the reasons for the lower participation rates of youth, but it can be suspected that youth have more attractive income alternatives, as the programme is targeted towards

<sup>16</sup> Figures from the final evaluation of IGPWP differ slightly from the 2010 IGPWP Completion Report 2010. This is due to the inclusion of projected figures for 2010/2011 in the Completion Report, while the Evaluation Report focused on real achievements up to the end of 2009. The CSE utilised the Final Evaluation results, but has also documented the Completion Report figures in the sources and data section.

the poorer strata of the rural population.

There is no data available on the percentage of female headed households within the programme, only a general statement that IGPWP has contributed to improving income of single women. However, it cannot be assumed that the women participating in the programme are all heading households, as frequently women living in families with their husbands or other male household heads participate in public works programmes as well.

As incomes from public works programmes are short-lived and benefits stop with the end of programmes, the mid-term review of the IGPWP stressed the need to link income generation through wage labour to the development of productive activities. Therefore women's share in income through new business activities was also proposed as an indicator. However, incomes from crop sales and IGAs have not been presented disaggregated by gender and it remains doubtful if women's participation in activities generating continuous long-term income is as high as in wage labour.

**Data and sources:**

Supporting Evidence:

**Table 18: Achievements regarding the role of women and youth**

	<b>Indicator</b>	<b>Achievement</b>	<b>Percentage of target</b>
<b>Role of women and youth</b>	<b>Women employed in components</b>	42%	140%
	<b>Youth employed in components</b>	7%	70%
	<b>Income earned by women</b>	MWK 210 m	140%
	<b>Income earned by youth</b>	MWK 70 m	140%
	<b>Women represented in development committees</b>	41%	137%
	<b>Youth represented in development committees</b>	6%	56%

Final Evaluation IGPWP, 2010, p. 23

**Table 19: Achievements regarding the role of women and youth**

	<b>Indicator</b>	<b>OVI Value Program</b>	<b>OVI Value Phase 2</b>	<b>Total achieved (Aug 05-Dec 09)</b>	<b>Total Achieved Phase 2</b>	<b>% Progress against Global Targets</b>
<b>Role of women and youth</b>	Percentage of women employed in components	30%	30%	46%	46%	153%
	Percentage of youth employed in components	10%	10%	7%	7%	70%
	Income earned by women	MWK 255m	MWK 105m	MWK 357m	MWK 103m	140%
	Income earned by youth	MWK 85m	MWK 35m	MWK 54m	MWK 16m	64%
	Percentage of women represented in development committees	30%	30%	46%	46%	153%
	Percentage of youth represented in development committees	10%	10%	7%	7%	70%

IGPWP Report, 2010, p. 42

Indicator set in FA:

Income earned by local communities: Wages paid: MWK 698 million, of which women and youth 30% (MWK 210 million)(all road works)

Indicators proposed for IGPWP by MTR:

Income earned by local communities: MWK 500 million, of which 40% to women and 10% to youth (15-25 years) (all road works)

Cumulative income from new business activities of groups who have been trained: K12 million (40% to women) (MTR IGPWP, 2007, p. 6)

“The Indicator ‘income earned in IGA: 210 million MWK’ is placed in the context of women and youth employed but historical enquiry has revealed that this figure was merely intended to be women and youth’s combined 30% share of the K698 million paid out to road workers/clubs and not as a measure of income earned from enterprise development on other fronts. It offers management no purposive target for new types of income generation and therefore is not coherent with the stated spirit of the programme’s FA. This report therefore proposes new strategies and Indicators to cover increases in household incomes with IGAs.” (MTR 2007, IGPWP, p. 33)

“The Income Generating Public Works Programme was noted to have contributed to improving income of single women.” (MTR IGPWP, 2007, p. 17)

**Table 20: Summary of beneficiaries and total wages received by end of December 2009 (road rehabilitation)**

Project period	wages (MWK' mil)	m-days (No.)	female (No.)	male (No.)	Total benefit. (No.)	% of female
Phase 1 PE 1 – 3	176.33	1,469,449	13,913	19,050	32,963	43%
Phase 2 PE 1	39.62	264,120	2,901	3,607	6,508	45%
<b>Totals</b>	<b>215.95</b>	<b>1,733,569</b>	<b>16,814</b>	<b>22,657</b>	<b>39,471</b>	<b>43%</b>

IGPWP report 2010, p. 16

“As previously highlighted, this intended Result (6.) and sub-activity in the Logical framework, along with ‘increase role of women and youth in household income generation ...’ are not translated into purposive Indicators. The Indicator ‘income earned in IGA: 210 million MWK’ is placed in the context of women and youth employed but historical enquiry has revealed that this figure was merely intended to be women and youth’s combined 30% share of the K698 million paid out to road workers/clubs and not as a measure of income earned from enterprise development on other fronts. It offers management no purposive target for new types of income generation and therefore is not coherent with the stated spirit of the programme’s FA. This report therefore proposes new strategies and Indicators to cover

a) increases in household incomes with IGAs and

b) linkages of all kinds in support of socio-economic activities so that communities derive benefits not only from IGPWP but also from the other programmes as well.”(MTR IGPWP 2007, p. 33)

“While statistical data on youth involvement is incomplete, there is plenty of evidence in the foregoing sections that women are significant direct beneficiaries of the wage and bonus payouts of the programme but these are short-lived. In future the programme needs to concentrate on monitoring the contribution of forestry and irrigation income generally to household welfare, and specifically through the M&IS on the direct effect on the respective participating families.” (MTR IGPWP 2007, p. 65)

“The programme continued promoting the involvement of women and youth in household income generation in all the interventions and the response has been good with the highest participation in forestry. The level of participation has on average been maintained at 46% (43% in roads component; 42% in irrigation component and 52% in forestry component).” (IGPWP report 2010, p. 26)

***Judgement criterion n°3.4: EC support facilitated effective safety net interventions to improve the nutritional status of the most vulnerable groups (children under five, orphans, HIV/AIDS sufferers and the incapacitated)***

The national data on the under nourishment situation indicates substantial improvements in the nutritional status of children under five in Malawi over the last years. While chronic malnutrition, reflected in stunting prevalence rates, continues to be a problem, acute malnutrition, reflected in wasting prevalence rates, has been under control for the last years, reaching a low rate of 1% in 2009. This data show that safety net interventions such as therapeutic and supplementary feeding programmes have been successful in preventing acute malnutrition and acute food shortages. The reduction of chronic malnutrition, with stunting prevalence rates decreasing from 45% in 2002 to 36% in 2009, is an indication that there are also improvements in long term nutrient intake due to an overall improved food security situation. However, progress in reducing stunting rates has stagnated during the last three years and underweight prevalence rates have even been increasing again in 2008 and 2009 from the lowest rate of 14% in 2007 to 17% in 2009.

General improvements in nutrition over the last five years in Malawi are commonly ascribed mainly to government agricultural input subsidy programmes that have increased food availability. The EC has contributed to this in the support of the seed component through the Food Security BL (MAFSP 2004-2007) and general budget support from the food facility. Specific EC support to nutrition under EDF9 was through the Sustainable Nutrition Rehabilitation Programme (€6.3m) made up of a national component (support to the INFSSS) and a community level component to be implemented by four NGOs through co-funding grant contracts targeting communities and particularly children under five. Previously, the Targeted Nutrition Programme under MASFP provided funds for WFP for Emergency Operations including Therapeutic and Supplementary Feeding programmes and to NGOs to continue nutrition initiatives formerly financed under ECHO. Nutritional support under MAFSP 2004-2006 (€3.85m) included the provision and distribution of nutritional products, education and training of communities, nutritional surveillance monitoring and material for health facilities training and equipment. One of the projects supported under the FF specifically targets nutrition improvement for people living with HIV/AIDS. The FSTP annual action programme for 2010 allocated €3.3m to Malawi. A decentralised CfP is focusing on innovative approaches to improve efficiency and effectiveness of the unconditional cash transfers benefiting the most vulnerable households (e.g. this might include cash transfer to mobile phones).

EC support to nutrition at community level under SNRP has been assessed as extremely relevant and well-designed regarding acute malnutrition and wasting prevalence, with visible impacts on early detection of malnutrition, improving cure rates and reducing under 5 mortality rates through the use of RUTF. However, the final SNRP evaluation did not find evidence for reduced malnutrition and significant changes in household food availability and dietary diversity. While partly attributed to a lack of clear indicators and low availability of baseline and impact assessment data, the evaluation stressed that a project duration of 2-3 years could not be expected to bring real changes. In addition interventions did not sufficiently include staple food production and access to safe and clean drinking water. The focus on small vegetable gardens and small livestock was not particularly successful and did not improve food availability. Positive aspects of intervention were increased knowledge of communities to detect malnutrition and seek support, healthy nutrition practices and a reduction of harmful traditional beliefs with regards to nutrition. Most projects faced major challenges regarding community ownership. Exit strategies relying on community volunteers to continue working after project phase out did not work out well as volunteers would not be able to continue working without any incentives.

EC support at national level to the development of a national nutrition and food security surveillance system has resulted in the consolidation of a functional INFSSS, regularly producing monthly bulletins with nutrition and food security information based on a sentinel system operational in 26 of the 28 Districts in Malawi. However, the system faced problems with the timeliness of provision of information, undermining the usefulness of the system as an early warning instrument. In addition data quality was perceived as unsatisfactory and not representative, further questioning the usefulness of the data. As ownership by government was low, the handover from the coordinating NGO to government structures faced problems. As a result the visibility of the system and the uptake of the information rendered for decision making were low and no more INFSSS bulletins were published after project phase out in 2008. Several evaluations of the national SNRP component did not attribute effective safety net interventions to INFSSS as the utilisation of INFSSS information was

not evident.

In general EC's attention to nutrition as a pillar of food security has developed over time. While not being part of the strategic planning in the CSP for EDF9, nutrition was later on addressed under the B envelop for the Sustainable Nutrition Project and was included as a specific objective for EDF10. Under the FSBL nutrition was underrepresented as only seven out of nineteen NGO projects explicitly addressed nutrition as an issue. The most vulnerable groups of the ultra-poor were overall not sufficiently targeted by food security interventions.

### **Indicator n°3.4.1 Reduced prevalence of stunted, wasted and underweight children under-five years of age (boys and girls)<sup>17</sup>**

#### ***Findings at indicator level:***

Prevalence of stunted, wasted and underweight children under-five years of age in Malawi has reduced considerably between 2002 and 2009. In particular the wasting rates, caused by acute food shortages, have been reduced from 5% to 1%, indicating that acute malnutrition is nowadays under control. Stunting prevalence reduced from 45% in 2002 to 36% in 2007, 2008 and 2009, which still has to be considered as high (second highest WHO category 30-39%) and seems to stagnate at that level for the last three consecutive years. WHO data for 2006 sees stunting still at 53.2 which would put Malawi into the highest WHO stunting category (>40%). This data shows that chronic malnutrition due to insufficient intake of nutritious food over a long period of time continues to be a problem. Underweight rates halved from 28% in 1992 to 14% in 2007, giving rise to the hope that the MDG indicator for reducing the prevalence of underweight children by half will be achieved by 2015. However, data for 2008 (16%) and 2009 (17%) indicate that underweight rates are increasing again<sup>18</sup>.

As in other Sub-Saharan African countries, underweight rates are higher in rural than in urban areas, reflecting the higher poverty rates in rural areas. Also the higher underweight prevalence rate in boys compared to girls (boys 39%, girls 35% for Malawi 2009) has been observed in other studies on nutritional status in Africa, but so far there is no scientific explanation for these differences. Hypotheses include social-cultural as well as biological explanations.

The reduction of underweight prevalence in Malawi is with approximately 40% (from 28% in 1992 to 17% in 2009), well above regional trends. The Millennium Development Goals Report 2009 only stated a reduction of about 10% (from 31% in 1990 to 28% in 2007) for Sub-Saharan Africa, predicting a possible increase for the time after 2007 due to higher global food prices and the economic crisis that had worsened the food security situation in many countries.

Most of the EC supported FS interventions have a potential impact on children's nutrition status through higher availability of and improved access to food, but it is very difficult to assess the scope and attribute these interventions specifically to changes in children's nutrition status. Nutrition specific interventions were successful in reducing wasting prevalence through improved access to therapeutic feeding. There is no sufficient evidence that the reduction of malnutrition in the beneficiary communities of EC supported interventions has been achieved and yet end of term project reviews do indicate improvements in wasting, stunting and underweight prevalence rates for project intervention areas. The Sustainable Nutrition Rehabilitation Project was not able to improve overall household food availability and dietary diversity, due to the insufficient implementation timeframe, but also due to design flaws. There was little emphasis on food production apart from small vegetable gardens and small livestock activities that did not develop well. As access to clean and safe drinking

<sup>17</sup> The indicator in relation to underweight measures weight-for-age in young children and reflects the effects of both acute and chronic malnutrition. It is an international recognised indicator for monitoring nutritional status and health in populations and has been adopted as an MDG indicator for the reduction of hunger objective under MDG 1. Wasting (low weight for height) is usually a result of acute significant food shortage and/or disease and stunting (low height for age) resulting from long term insufficient nutrient intake. Usually knowledge on wasting and stunting is preferred, but frequently underweight data is more easily available.

<sup>18</sup> Different sources state different prevalence rates, but match regarding trends. Differences might be explained by different sampling and survey methods. Some surveys include children between 6-59 months, while others included children under six months, which are far less likely to be malnourished than other children. Figures above relate to the data generated by the Welfare Monitoring Survey. Different data sets are cited under the data and sources section.



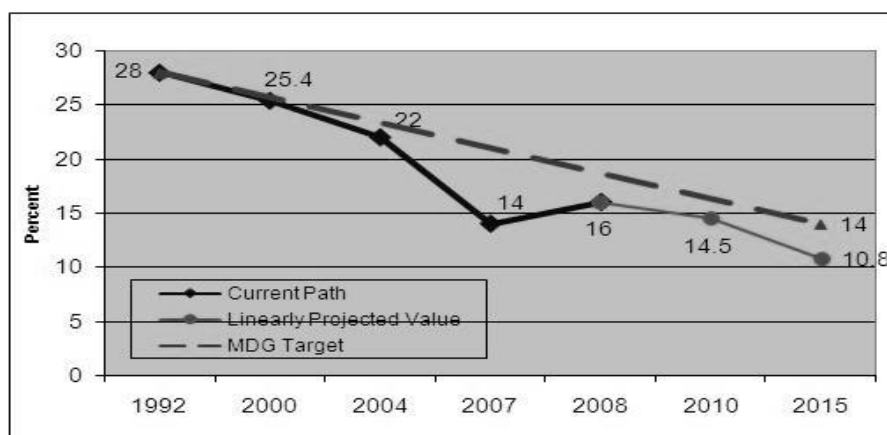
water was not included in the projects, the promotion of hygiene and sanitation was hampered.

Generally the Court of Auditors stated in its assessment of food security interventions that EC's attention to nutrition as a pillar of food security has developed over time. While nutrition did not feature as an issue in the CSP for EDF9, it was later on addressed by using the B envelope for funding the Sustainable Nutrition Project. EDF10 contains a specific objective of improved nutrition as household and national level. Under the FSBL nutrition was perceived to be underrepresented since only seven out of nineteen NGO projects explicitly address nutrition as an issue. Overall the court of auditor states that the most vulnerable groups of ultra-poor were not sufficiently targeted by the food security interventions

**Data and sources:**

Supporting Evidence:

**Figure 14: Underweight Prevalence**



MDHS 1992, 2000, 2004 and WMS 2007, 2008

“Malawi has made a major stride in curbing the problem of prevalence of underweight children under-five years as shown in the Figure above. Underweight prevalence has declined from 28% in 1992 to 14% in 2007. However, underweight prevalence has slightly increased to 16% in 2008. This could be due to inadequate knowledge and skills on dietary diversification. Nevertheless, it is projected that by 2015, the underweight prevalence will be at 10.8%.” (GoM: MDG report Malawi 2009)

**Table 21: Percentage of prevalence of stunting and underweight in children under five (GoM)**

	1992	2000	2002	2005	2006	2007	2008	2009
% stunted			45	48	43	36	36	36
% wasted			5	5	1	3	2	1
% underweight	28	30	22	22	20	14	16	17

Sources: MDHS 2004, WMS 2002-2009

**Table 22: Percentage of prevalence of stunting and underweight in children under five (WHO) in Malawi**

	1992	2000	2005	2006
% stunted	55.8	54.6	52.5	53.2
% underweight	24.4	21.5	8.4	15.5

WHO, <http://www.who.int/whosis/>

“The Commission did not cover the nutritional dimension when it designed its EDF9 response strategy. Nutrition was neither mentioned among the priority areas of support foreseen under the focal area, nor among the type of food security actions listed in the CSP’s logframe matrix. ...the

*Commission could have done more to bring this subject into its response strategy. At a later stage, the Commission addressed nutrition in its EDF9 CSP by using the B envelope to fund the Sustainable Nutrition Rehabilitation Project. As far as nutrition is concerned, the EDF10 represented a significant improvement in the Commission's response strategy. The EDF10 CSP contains the specific objective of improved nutrition at household and national level through both the diversification of production and better education on nutrition.” (Court of Auditors, 2011, p. 15)*

*“Under the FSBL, the Commission intended to address nutrition with the Food Security Programme, but this has been hampered by the very slow implementation of the related component. The contribution of NGO projects to improve nutrition is mostly related to capacity building at community level. However, nutrition is underrepresented in this type of projects since only seven out of the nineteen NGO projects are addressing this dimension.” (Court of Auditors, 2011, p. 24)*

*“The EDF10 identification study report concluded that "most EU-funded development programmes did not target the incapacitated (labour poor-constrained) ultra-poor directly [...] they were designed more for the moderately poor and the better off..." The same report recommended the EDF10 food security interventions to "develop innovative instruments that push the constraints down enough to reach those at the bottom of the poor". The Court's auditors share the same conclusion in the sense that the most vulnerable groups, notably the land deprived or those unable to work, were not sufficiently targeted by the food security interventions. Only the SPRINT project under the FSBL and the Sustainable Nutrition Rehabilitation Programme under the EDF9 targeted the incapacitated ultra-poor, which are the most vulnerable since they are unable to work. However, this does not mean that the targeted beneficiaries were not food insecure. In fact, except for FIDP, which did not target food insecure beneficiaries, but rather those that had the capacity and will to join the agri-food business, most of the beneficiaries met by the Court's auditors during their field visits were indeed food insecure. For example, the IGPWP follows a community based targeting whereby the leaders of the communities identify the beneficiaries. This resulted in the programme supporting beneficiaries who were able to work, but still food insecure since they were unable to have three meals a day. Similarly, the NGO interventions funded under the FSBL and the FF targeted food insecure groups, although these were not the most vulnerable since they already had the necessary productive assets to increase their production up to a level of food sufficiency.” (Court of Auditors, 2011, p. 25)*

*“Targeted Nutrition Programme (TNP) is one of the four Safety Nets components. The coordination effort that was initiated in 2002 continues in 2003 and 2004. The EC Delegation has maintained its involvement in the TNP and paid a particular attention in the recruitment of the 2 FS project officers. One of the officers is a nutritionist.*

*Action Against Hunger support the MoHP on nutrition activities formerly financed by ECHO in 2002 and 2003 was extended through the current Multi-annual food security programme in order to strengthen the national capacities of the MoHP structures and especially in the training in treatment of acute malnutrition and in the setting up of a surveillance system in 6 district. A service contract was signed with AAH in May 2004 for a period of 12 months.*

*In February and May 2004, WFP was contracted to implement the 1st and 2nd phase of a nutritional support programme by the purchase and distribution of 10 000 MT and 7 710 MT of Maize to be distributed to the most vulnerable population through the WFP Emergency Operation. Food aid from this donation is distributed under Therapeutic and Supplementary Feeding Programmes.”(EC: JAR 2004, annex 8a on “Nutritional Programme”, MAFSP, p. 4)*

*“A total of 17 710 MT of Likuni Phala and Maize meal were distributed to severely malnourished children under therapeutic feeding in Nutrition Rehabilitation Units (NRUs), to moderately malnourished children in Maternal and Child Health (MCH) centres, to caretakers of therapeutic feeding children in NRUs and to pregnant and lactating women under supplementary feeding. The ration for children was complemented by dry skimmed milk, vegetable oil and sugar from other donations while pulses and vegetable oil from other donations complemented rations for caretakers and pregnant and lactating women.” (EC: JAR 2004, annex 8a on “Nutritional Programme”, MAFSP, p. 9)*

*„The intensive functioning of the NRU's and the way it was linked with the Supplementary feeding Centres SFC's is clearly reflected in the overall low wasting (weight for height) rates in the Districts. This is confirmed by the various nutritional surveys carried out and the information obtained through the District Health Offices DHO staff.” (EC/htspe, 2008, p. 4)*

*“The Sustainable Nutrition Rehabilitation programme originates from the desire to sustain the nutritional interventions that were initiated during the 2002/2003 food crisis in Malawi. The project ensures the continuity of the achievements of the European Commission Humanitarian Aid (ECHO) interventions, as well as complementing the Multi Annual Food Security Programme (MAFSP) for Malawi for the period 2004-2008 which has a specific component on nutrition. The added value of the project lies in its ability to integrate between various components linking relief, rehabilitation and development. The project purpose is to strengthen the ownership and capacity of both the national and the community capacity to recognise, to react to and to adequately address malnutrition. This programme consists of project activities at both national and community level. Implementation of the project activities is done by five NGOs namely, Cooperazione, CARE International Deutschland e.V., Action Against Hunger (AAH), Dan Church Aid and Concern Worldwide.” (EC: PS1 Sustainable Nutrition Rehabilitation, 2009)*

*“There is evidence for declining poverty rates and malnutrition rates since the programme began in 2005/6, with the poverty headcount falling from 50% in 2005/6 to 40% in 2007/8, under 5s wasting falling from 6.8 to 5.8%, and average meals per day rising from 2.0 to 2.3.” (Dorward and Chirwa: AISP evaluation 2010 policy brief, number 3, May 2010)*

**Table 23: Prevalence of stunting, underweight and wasting among children under 5 years**

	1992	2000	2005	2006
% stunted	55.8	54.6	52.5	53.2
% underweight	24.4	21.5	18.4	15.5

*BL, Baseline MTR, mid-term review EoT, End of term COOP 2010, p. 32*

*Detracting Evidence:*

*“Malawi has some of the highest rates of malnutrition in Southern Africa. According to the 2006 Multiple Indicator Cluster Survey 45.9% of children under five in Malawi are stunted or too short for their age and 19.4% are underweight and furthermore 6% of under 5 children are wasted or too thin. These anthropometric indicators are consistent with national survey data from 1992, 1998, 2000 and 2004, demonstrating little improvement in child nutritional status over the past 15 years. In addition, research shows that child nutritional status in Malawi was unchanged, if not deteriorating, between the 1930s and the 1970s. Overall, data indicates that aside from a small decline during the 1980s, rates of chronic malnutrition among children in Malawi have remained unchanged for more than 70 years. Nutrition-related disorders continue to pose a serious threat to all Malawians. Women, children and people with chronic diseases are particularly vulnerable. The high levels of chronic malnutrition found in Malawi are linked to the widely known underlying causes such as:*

- 1) Inadequate food intake in terms of both quality and quantity*
- 2) Inadequate child feeding and caring practices*
- 3) Poor access to health services, water and environmental sanitation.”*

*EC/Cardno 2010, Final Eval. of the Sustainable Nutrition Rehab. Programme (SNRP Annex A1)*

*“The most important finding from the review of the log frame achievements (attached as Annex G) is that for none of the four SNRP Community component projects there is sufficient evidence that the overall goal of reduction of malnutrition in the beneficiary communities was achieved.”*

*(EC/Cardno 2010, Final Evaluation of the Sustainable Nutrition Rehabilitation Programme, p. 19)*

*“However, it was found that the project has not been able to bring notable changes in overall household food availability, dietary diversity and reduction of child morbidity. One of the reasons for this is that the project duration was too short to bring real change. The agriculture component of the project promoted mainly backyard gardens for vegetable production and small livestock keeping (generally not very successful). There was little emphasis on other types of food production and processing. The technical skills of the project staff were generally too limited for effective food production promotion. The effectiveness of promotion of hygiene and sanitation was hampered by the lack of a water supply component in the project design. Most communities complained that they did not have access to clean and safe drinking water (as said above, this was one of the reasons pointed out by the communities for limited reduction in child morbidity).” (EC/Cardno 2010, Final Evaluation of the Sustainable Nutrition Rehabilitation Programme, p. 21)*

### **Indicator n°3.4.2: EC supported community based treatments for malnutrition enhanced community capacity to react to and adequately address malnutrition**

#### ***Findings at indicator level:***

This indicator looks at the community based treatment structures developed under the MAFSP 2004-2006 and the project component of the Sustainable Nutrition Rehabilitation Programme under EDF9 carried out by NGOs.

EC community level support for nutrition under SNRP has been assessed as extremely relevant and well-designed regarding acute malnutrition and wasting prevalence, with visible impacts on early detection of malnutrition, improving cure rates and reducing under five mortality rates through the use of RUTF. However, the final SNRP evaluation could not detect notable changes in household food availability, dietary diversity and child morbidity. This was partly attributed to the fact that the projects were too short to bring real changes, but also to the lack of clear results and indicators with insufficient information on baseline and end of project data. Positive changes noted were an increase in knowledge on healthy dietary practices and the changes in harmful traditional nutritional beliefs.

A major challenge was the involvement of communities which were in some projects unwilling to contribute to the project. The assumption that communities can rely on voluntary work as a way to ensure sustainability after project phase out seems to be wrong. Villagers cannot afford to spare time and effort for serving their community without any remuneration. The dropout rates of volunteers was already high during implementation and field visits to former SRN intervention sites revealed that volunteers were unable to sustain interventions. In addition relying on volunteers poses problems of intervention quality when it comes to health services.

Handing over responsibilities to GoM structures as an exit strategy poses other problems, as frequently these structures are already overburdened by a number of tasks and scarce resources inhibit that project activities are continued. For example during a field visit GoM health personnel complained that RUTF supplied by GoM frequently delayed.

#### ***Data and sources:***

##### *Supporting Evidence:*

*“Gradings: A,B,B,B,B*

##### ***Relevance and quality of design***

*The project is extremely relevant, well-designed and responds very well to the needs of Malawi considering the levels of malnutrition and poverty... The design to have a national and community component ensures completion of a desirable process and ongoing feedback. Level of engagement of all stakeholders at all levels is satisfactory and communities are greatly involved and committed to the project activities...*

##### ***Efficiency of Implementation to date***

*In all the projects, implementation of activities so far looks good and there are notable and observable outputs and impacts on the ground such as vegetable gardens, fruit orchards, farm schools, supplementary feeding centres, community gardens with various nutritious crops, livestock (goats), under five growth monitoring centres, sanitation facilities, village committees on various issues, village saving loan groups, procured Ready To Use Therapeutic Food (RUTF) and once malnourished children that have been rehabilitated. Concern Worldwide (CWW) planned that it will be treating about 2500 malnourished children every year but they have screened and treated 4576 children in 2008 beating the target by almost 83%.*

##### ***Impact prospects***

*There is already an observable impact especially in the treatment of severe malnutrition at community level where deaths of children under the age of five have been reduced; there is a high cure rate and improved default rates (the number of children that complete the prescribed treatment without staying away). The establishment of community growth centres which are managed by community volunteers have greatly improved early detection and referral systems for malnutrition. The project has put in place community structures that are vibrant in all project impact areas. Visible and well-managed community learning and supplementary feeding centres have been constructed in the targeted areas.” (MR1 Sustainable Nutrition Rehabilitation Programme, 2009, p. 1-3)*

*“The use of RUTF has helped to improve the cure, mortality and default rates among children under*

five. Early detection of malnutrition and seeking of appropriate care has been enhanced. Evidence of community constructed and managed facilities is visible and being utilised for management of moderately malnourished children.” (BCS1, SNRP, 2009, p. 4)

“During the quarter October – December 2009, no CBSS (community based supplementary sessions) was done because the number identified moderately malnourished children were less than 5 per VDC so they were just being given health education. The reduced number of malnourished children per VDC could be attributed to the effect of the project.” (COOPI, Project Profile Report 2009, p. 3)

“Concern Worldwide and Valid International in collaboration with the Ministry of Health began piloting the community-based therapeutic care (CTC) approach in Malawi in Dowa and Nkhotakota districts in 2003. It was the first large scale pilot of CTC and provided much of the evidence for CTC's effectiveness, which has led to subsequent global scale up. In 2006, the MoH in Malawi adopted the CTC approach as a national strategy to managing severe acute malnutrition and spearheaded the scale up and institutionalisation of CTC within the national health delivery system in Malawi.” (Concern Worldwide, Midterm Review Report 2010)

“Detracting Evidence:

The objectives in the respective logical frameworks of the NGO projects are specific, measurable, relevant and time-bound but are generally too ambitious to be achievable in the given 36 months. The time frame is considered short for a project working on behavioural changes, since the latter take time, especially in the complex area of nutrition.” (Court of Auditors, 2011, p. 104)

“As regards the communities' capacity to implement nutrition related activities, the mid-term reviews noted improvement in the knowledge of the communities of the causes of malnutrition and increased adoption of child care practices. In the villages visited by the auditors, children were regularly measured and some cases of malnutrition had been successfully treated by the community. Some NGOs are facing some difficulties, like Concern Worldwide, which is the only NGO dealing with the treatment of malnutrition by health institutions at district level. According to the mid-term review, the nurses are overburdened with work and cannot administer the treatment to the deferred children. This is then done by unqualified workers or volunteers, which poses serious problems of health safety and effectiveness. In addition the staff trained by Concern on the specific treatment (CTC) is constantly transferred to other districts, thus eroding the capacity building efforts undertaken at district level. Problems were also encountered at community level where the volunteers' dropout rate is high” (Court of Auditors, 2011, p. 110).

1. “Some volunteers continued to drop out or move away out of their communities this is despite the effort the project is putting across to motivate and maintain the volunteers. COOPI and MALEZA are currently negotiating with UNICEF the possibility to have a kind of in kind incentives for the volunteers to carry on their activities in the future.

2. It is still a challenge for the VDC to work as coordinators of community development. This is a fear for the project considering the sustainability of the project activities.

3. There has been continual unwillingness of some community members to bring their own food for the treatment of moderately malnourished children. The project tried to involve the local leaders to advocate for this however there has been minimal improvement even in times of plenty.” (COOPI, Project Profile Report 2009, p. 17)

“Community ownership of the project is still a problem. They want to be on the receiving end. In many cases, people expressed concern that the project is phasing out. Despite saying that they have learnt a lot from the project, they find it difficult to let the project go. It was also noted that the material support (especially crops) they got from the project are not being taken care of as expected. This to some extent has contributed to most of these crops not doing well. They somehow lack initiative to implement/use the knowledge they have gained to its fullest. Future projects should emphasise on project ownership so that beneficiaries should be in forefront owning the project.” (COOPI 2010, p. 32)

“Volunteer motivation remains a challenge in both Dowa and Nkhotakota. High volunteer turnover has been experienced due to lack of motivation. Lack of materials such as pieces of stationary has made volunteers feel undervalued. In the course volunteers have been frustrated hence volunteers drop out. So far, strategies that have been put in place to try and motivate them have failed as more volunteers continue to abandon the programme. This has had a negative impact on community mobilisation as well as participation of locals in case finding and referral to health centres. Plain recognition by communities of volunteer's good work can to large extent boost volunteers morale.”

*(Concern Worldwide, Project Profile)*

*“While the nutrition education at community level was found to have been successful to increase knowledge on healthy dietary practices and to fight some harmful traditional beliefs, overall the projects did not bring notable changes in household food availability, dietary diversity and child morbidity. Partly, this can be attributed to the fact that the projects were too short to bring real change. The crop diversification promotion efforts achieved mixed results (mainly due to lack of water in some of the communities), and there was high mortality among small livestock. One project encompassed establishment of village savings groups; this activity was very successful. The promotion of Community Therapeutic Care (CTC) by one of the projects led to inclusion in the District Implementation Plan. Capacity building was particularly effective at the community level and for staff of the local organisations involved in the projects, but also the district-level GoM bodies benefited a lot from it. Also, the SNRP was a useful mechanism for drawing together NGOs and national-level GoM departments in the form of quarterly Project Steering Committee meetings that fed into the system of the National Nutrition Meetings.” (EC/Cardno 2010, Final Evaluation of the Sustainable Nutrition Rehabilitation Programme, p. 1)*

*“The Concern Worldwide project is the only one that explicitly included improvement of the nutritional status of people living with HIV/AIDS as one of the main results areas. “ (EC/Cardno 2010, Final Evaluation of the Sustainable Nutrition Rehabilitation Programme, p. 8)*

*“Project duration of 2 to 3 years generally is too short to achieve lasting changes, especially when behavioural change is required.*

*Improvement of water supply was not included in the support packages provided to the community. A particular weakness was that in some cases home gardens were promoted in areas where water was a problem, which obviously negatively affected the successfulness of the intervention.*

*Also it was observed that most of the projects were not very clear on the right results and impact indicators (e.g. was the focus on chronic or acute malnutrition?), and that for quite a number of the log frame indicators, no baseline / end line information was collected by the NGOs.”(EC/Cardno 2010, Final Evaluation of the Sustainable Nutrition Rehabilitation Programme, p. 28)*

### **Indicator n°3.4.3: Nutritional surveillance system providing timely information to all stakeholders**

#### **Findings at indicator level**

Since 2003, the Malawi Ministry of Health and the Ministry of Agriculture and Food Security have been implementing a sentinel site surveillance system called the Malawi Integrated Nutrition and Food Security Surveillance System (INFSSS). This system, designed and up to 2008 coordinated by Action against Hunger monitors changes in the trends in young child acute nutritional status and household food security. It is based on monthly panels in five randomly selected areas in each of 26 out of 28 districts in Malawi. In each area 70 under-five children are measured and ten households interviewed on food access and consumption. Monthly bulletins were produced containing anthropometry, food security and food consumption data, presented by district, region and livelihood zones. A total number of 57 bulletins have been published since 2003; under the EDF funding a total number of 18 bulletins has been published. From 2005 to 2008 EC supported the INFSSS as a national component of the Sustainable Nutrition Rehabilitation Programme under EDF9, with technical support from UNICEF and FAO. The main aim of the INFSSS is to inform for timely responses to changing trends.

The importance of a functioning national surveillance system for Malawi to anticipate and plan for nutrition and food crises is undoubted and underlined by all stakeholders. INFSSS continues even after EC support phased out in 2008. While INFSSS data was reported to be incorporated in the MVAC vulnerability assessment reports in 2008<sup>19</sup>, in 2010 INFSSS is not cited any more as a data source for MVAC bulletins.

<sup>19</sup> The MVAC information system and the INFSSS are complementary systems. While the MVAC system is a system based on the household economy, the INFSSS is a nutrition based information system linked to food insecurity at household level.

Achievement of objectives and the quality of the system faced several shortcomings and constraints. The main problems with regards to the achievement of objectives were the timeliness of provision of information, the data quality and the ownership of the system by government entities.

The monthly bulletins were normally published only 7-8 weeks after data collection which has to be considered as too long if the system is supposed to be of use for early warning purposes. After the handover of the programme from AAH to MoH and MoAFS the publication of bulletins stopped in January 2008 even though data was still collected in the districts. Thus data stopped being available to stakeholders.

The return of data collection was low compared to targets (51% return rate compared to 70% targeted out of 54% of the total districts) and data quality was poor. District level data were based on small, irregular samples which could not be regarded as representative of the district or of changes in the same children and households. Among the most serious problems, assessments identified the older age bias of the sentinel children, lack of attention to stunting and growth faltering, as well as high drop-out rates.

Another serious problem EC support to INFSSS faced was the lack of ownership by government entities hampering the handover at project phase-out. As the call for proposal had not clearly requested to build the system into the government structure during the implementation period the programme was regarded mainly as a donor programme without much ownership by government. However, INFSSS still seemed functional after handover with technical support from UNICEF in order to overcome the technical constraints, but no more bulletins have been published since project phase-out in 2008. An NGO project approach was not appropriate for the task of establishing a surveillance system that was to be run by GoM.

While the MVAC vulnerability assessment outlooks and reports are frequently cited as important sources for early warning purposes and are easily accessible on the internet, INFSSS never features as a cited source and cannot be accessed via the World Wide Web. Use of data seems to have been quite limited to national level, while districts did not make use of the data for a better management of nutrition interventions. Bulletins were regarded as too long and difficult to understand to be user friendly for district staff.

#### **Data and sources:**

##### Supporting Evidence:

*„The SNRP started in 2003 during the food crisis in Malawi and aimed to sustain the nutritional interventions initiated that period. AHH started it with ECHO funds and other funding in supporting 45 NRUs where severe acute malnourished children were treated. It provided also assistance towards the finalisation of the MoH's Malawi national guidelines for the treatment and management of interventions of severe and moderate malnutrition cases. Included was the facilitation of coordination of nutritional surveys and the establishment of a nutrition monitoring system. Main emphasize has always been on the strengthening of capacity building of the MoH to manage severe malnutrition on a sustainable basis.” (EC/htspe, 2008, p. 6-8)*

*There is no doubt about its relevance to the INFSSS. The presence of a surveillance system in 26 of the 28 Districts of Malawi is of great importance and value. It keeps a finger on the pulse especially in Districts or livelihoods sensible to food, nutrition and income crises. The appropriateness for decision making has been generally recognized and will be more optimal if results are published in shorter time. Districts can make more use of it if data are processed by the Districts. The use of the basic indicators for computing the Food Stress Index (FSI) must also be understood in a better way so that the FSI is better understood and usable on all levels in particular in the Districts.” (EC/htspe: End of Project Evaluation of the National Component of the Sustainable Nutrition Rehabilitation Programme, 2008, p. 4)*

*“The importance of the MINFSSS has increased, as it will be one of the principle sources of data for the newly approved National Nutrition Policy of December, 2007, and accompanying draft Strategy (OPC, June 2008). The National Nutrition Policy and Strategy 2008-2011 (OPC, June 2008) is explicit on the importance of surveillance within their strategy of monitoring and evaluation.” (FAO: Technical Assessment of Data Quality and Information Use of the Malawi IFNSSS, 2008, p. 10)*

Detracting Evidence: “Action Against Hunger's final narrative report called for more donors, i.e. Commission's involvement to mediate misunderstandings between partners, expects the Commission

to advocate at high levels for nutrition programming and resources and asks for longer term programme funding. The AAH staff met by the auditors considered that the Commission did not put enough pressure on the government to ensure a proper takeover when this was still possible, i.e. when the bulletins were still issued and the network of reporting staff still operational. The whole set-up and design of the project is inadequate to ensure institutional takeover. A call for proposal may have been a quick way for the Commission to prolong the ECHO funded AAH surveillance system, but not an appropriate approach. To ensure government ownership and the institutionalisation of the surveillance system, a government project, funded by the EU, although longer to put in place, would have better served the purpose.” (Court of Auditors, 2011, p. 111)

“Furthermore, an NGO project was not the appropriate approach for this component. As noted by the evaluation report, “however having the skills and technical know-how on all kind of nutrition and FS related subjects, [Action Against Hunger] is not an organisation to build up or strengthen government institutions on how to build up, for example, a national surveillance system. In 2005 when the call for proposal was launched and a second crisis was expected, the decisions makers at NAO and DEC level should have been conscious that building up such a programme within the government agencies or ministries should have needed? (Court of Auditors, 2011, p. 102).

It should have spelled out in detail what services a specialized agency like AAH could deliver and what not.”<sup>20</sup> The above shortcoming in the design are the main reason for the failure of this component

*“AAH prepared a proposal built on their own experience in which both results – the information system and the support to NRU – were built in. What was not built in satisfactorily was how the handling over should be carried out or better, the question whether the improvement of the information system should be built within the MoH (for the nutrition surveillance component) and the MoAFS (for the food security component) in accordance for example with the model of the MVAC. The MVAC is a “project” owned by the Ministry of Economics and Planning and supported by SCF both financially and institutionally. In that way ownership would have been more guaranteed. There was however an intensive cooperation between AAH on one side and the two involved ministries MoH and MoAFS on other side. In fact no physical place was available to “house” the project within one of the two ministries or other governmental agency. If the OPC’s Department of Nutrition, HIV/AIDS would have been able to “house” and to “coordinate” the project from the start of the programme the existing handing over problems would not have been as crucial as it was now. The OPC’s Department of Nutrition and HIV/AIDS was not operational at that time. Had they been operational from the beginning, the whole process would have been easier.*

*More involvement of the stakeholders such as the MoH and MoAFS in terms of “guarantee for ownership” should have been built in but adequate ways were not found during the time the proposal was designed. The OPC’s Department of Nutrition, HIV&AIDS just became operational and should have been the logical coordination instrument to build in the project within their structure with support of AAH.” (EC/htspe, 2008, p. 11)*

*„INFSSS statistical underpinning is questionable the moment the quality of the data is weak. As long as full data quality of all 70 under-five children and the 10 HH per SS is guaranteed there is no doubt of its statistical underpinning. According to the INFSSS records, a low quantity of the data was valuable. For the period of November 2006 to March 2007 this was only 40%. This means that the INFSSS suffered mainly from a weak process of data collection. Trends presented in the bulletin do correspond to general situation when compared to the reporting mechanisms of the District Agriculture and Development Offices DADO but cannot be fully representative. This problem is in general recognized by most stakeholders and improvement of it as well. This failure influenced its accuracy and certainly its coverage which was low and not representative for the area the SS covers. This needs more research. Accuracy could also be improved in handling the transfer of data from SS till the moment of publishing the bulletin. This was about 7 weeks and this is too long for a system that pretends to anticipate on trends for early warning purposes.*

*“Time spent to send data from all sites as well as the time spent to collect the data and produce the surveillance bulletin remains too long. There is need to improve the timeliness of surveillance bulletins. The implementation of this component at the national level came to an end in October 2007 and the system is in the process of being handed over from AAH to the Government. While this is a*

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Evaluation of the SNRP and INFSSS, June 2008, p. 11-12.



*very strategic process, it appears that it is taking place at a slow rhythm because the focal persons earmarked at district level for the hand-over have multiple functions and responsibilities.” (EC: JAR 2007, p. 12) (FAO: Technical Assessment of Data Quality and Information Use of the Malawi IFNSSS, 2008, p. 2)*

*However, the system faces challenges of poor data quality, time delays between data collection and analysis, and high participant dropout. Since chronic and widespread child malnutrition remains a serious problem in the country, the limitations of the INFSS system are a serious threat to the country's ability to anticipate and plan for current and future nutrition and food security crises. (UNICEF, 2009, p. 7)*

*“On the National component, the main conclusion is that the project design was mainly geared to monitoring of acute malnutrition and that there were various design flaws that affected the validity of the results and that there were concerns about the quality of the collected data and data flows. A key finding was that AAH did not manage to achieve sufficient institutionalisation of the system within the various GoM bodies involved in nutrition (OPC, MoH and MoAFS). The nutrition surveillance system came to a halt as soon as AAH support stopped. AAH implementation modalities were very efficient but did not fully match with the reality of day-to-day GoM management and work practices. Together, these shortcomings seriously hampered the sustainability of the system after AAH phased out. (EC/Cardno 2010, Final Evaluation of the Sustainable Nutrition Rehabilitation Programme, p. 1)*

## 1.4 Road Sector

**Evaluation Question n°4: To what extent has EC support to the road sector in Malawi contributed to management of a network that provides levels of service that respond to user needs?**

**Judgement criterion n°4.1: EC policy dialogue had contributed to the development and implementation of national road sector strategies, a SWAp and investment programmes**

EC, as lead donor in the road sector, has been involved in sector policy dialogue for many years and this dialogue has recently resulted in creation of a sector wide approach. This represents a very real achievement in Malawi although the risk of such an approach should not be under-estimated.

Sector policies have been produced (which are responsive to MGDS) including TSIP (2010) which for the first time provides a multi-modal perspective of the transport sector and RSP 2010-2020. However, the realism and viability of strategies and programmes appears to be in doubt. Although there is no MTEF for the sector as such, RTP is considered a 'proxy' although further work is required to refine prioritisation, funding envelopes and expenditure plans in response to an increasing budget deficit over the coming 5 years.

Sector communication has improved over recent years although dialogue with government is constrained by limited capacity in MTPI whilst inter-donor communication appears to be mainly on a bilateral basis. Such institutional capacity deficit is not confined to this issue but is a major problem for sector management with all sector agencies suffering capacity deficits (human and resources). These capacity deficits are further aggravated by capacity issues in the national consultancy and contracting sectors. The regulatory framework is weak as is oversight of service providers and sector agencies. There is little leadership by MoTPI.

Project cycle management continues to be weak including monitoring of implementation performance and feedback as a basis for informed decision making. Recent identification of major 'arrears' is worrying given the huge value of such cost over-runs – GoM proposed remedial measures and plans to avoid repetition of this situation are not yet available. A sector PAF is still being prepared but intrinsic impediments yet to be overcome include completeness/adequacy of indicators, data availability, consistency and quality, reporting, analysis and management.

The overall ME context is significant for sector budget support to such a sector wide approach and despite a strengthened national ME situation in recent years with GDP averaging 7%, the current international economic crisis is impacting upon Malawi's revenues and balance of payments resulting in a reduction in budgetary forecasts. Although PFM has reportedly improved there continue to be doubts about procurement management and continuing contract payment arrears in the road sector.

In conclusion EC has provided significant, longstanding and on the whole, effective support to the national road sector institutions in preparation of policies and strategies leading towards a SWAp. However, there are considerable threats (financial, institutional, capacity and resource) to effective sector management.

### **Indicator n° 4.1.1: Evidence of movement towards 7 KAAs for establishment of SWAP**

#### ***Findings at indicator level:***

EC has been involved in sector policy dialogue for many years. Under EDF10 support a Road Transport Sector Policy Support Programme (SPSP) has been recently approved. A pre-requisite for SBS is acceptable achievement against 7 specified Key Areas of Achievement (KAAs) as follows:

#### **1. Policy and strategy**

MGDS provides a clear over-arching national policy framework to which sector policies (National Transport Policy) are fully compliant. RSP is currently (arguably) more a shopping list than investment programme but it is reported that work is in hand to improve the realism of expenditure forecasts, prioritization and credibility of budgets and/or funding commitments. A TSIP (Transport Sector Investment Programme) has very recently been drafted but the viability of relative sub-sector investment is not yet clear (especially road/rail). Significant increases in sector capacity for project

cycle, contracts and maintenance management, axle load control and transport regulation are essential (and long overdue). The role of the private sector and capacity development needs are recognized rather than addressed at this stage. The sector identifies cross cutting issues including environment, gender, HIV/AIDS and road safety, addressing some of these in national and sector policies and strategies, operations and works.

## 2. Budgeting and sector MTEF

Notwithstanding the comments above RSP is considered to be a sector MTEF (as it includes multi-annual funding projections). RSP is fully compliant with MGDS and sets out aims to fully maintain the maintainable network although further work is necessary (as noted above) on prioritization, funding envelopes and expenditure plans. An increasing budget deficit is exposed in RSP both as regards RF revenues for maintenance (if current levels of fuel levy are not increased) and for identified capital works, but there is no identification of options to plug this deficit (e.g. GoM commitment to finance any emerging shortfall). The 'arrears' identified by audits together with shortcomings in procurement processes demand remediation.

## 3. Sector coordination

A major achievement has been the 1st meeting of the Joint Transport Sector Review in June 2010 (as a long-awaited successor to the Consultative Transport Forum). MTPI (Ministry of Transport and Public Infrastructure) [Department of Planning] is responsible for such sector coordination but capacity is low and coordination between GoM and donors has been intermittent but there now appears to be signs of improvement. Coordination between sector donors is reportedly good but is undertaken mainly by sector donors on a bilateral basis.

## 4. Monitoring and Evaluation

The use of outcome indicators as a sector management tool is reportedly rare and only very recently has a performance monitoring system (as yet incomplete) been established – TSMIF (Transport Sector Management Information Framework) was established in 2009 as a sector PAF (Performance Assessment Framework). Previously such feedback as actually occurred was based on low level input/output data which was then expected to inform strategic decision making. The application of the proposed sector performance monitoring system must overcome many impediments including, for example, lack of data; poor data quality; reporting, management and decision making culture; quality and completeness of indicators.

## 5. Institutional capacity assessment

Institutional reform has separated operations from financing (Road Authority and Road Fund respectively with roles defined by the 2007 Road Fund and Road Authority Act) but MTPI is reportedly not undertaking satisfactory regulation and oversight of sector agencies. All sector management bodies have continuing capacity deficits (see 2.1 below). The regulatory framework is generally weak as is oversight and regulation of transport service providers (and a Rail Transport Division is only very recently established in MTPI). The legislation for establishment of RTA (Road Traffic Authority) is still stalled.

## 6. ME stability

Malawi's ME situation has strengthened in recent years (GDP averaging 7% 2006-2008; inflation ~9%) and GoM has stated commitment to allocation to the transport sector which is considered to be a growth-facilitating sector (along with agriculture and food security) resulting in allocations of 14.8% (of national budget) to transport and 12.5% to agriculture and food security. However, Malawi is not immune to the effects of the international economic situation which has negatively impacted on reserves and balance of payments. Malawi has thus negotiated an ECF with IMF following the positive outcome of the 3-year IMF Poverty Reduction and Growth Facility. Overall, GoM has committed to a tight fiscal policy to reduce inflation, control of domestic borrowing and a flexible exchange rate mechanism. The new ECF is designed to build reserves and achieve a correctly valued exchange rate to support growth and stability, strengthening the Public Financial and Economic Management Unit in MOF, enhancing the Social Safety Net Programme and possible expansion of the donor-financed pilot transfer programme.

## 7. PFM

There have been reforms and improvements in Malawi's PFM systems in recent years and PEFA (Public Expenditure Finance Accountability) assessments were undertaken between 2005 and 2008. Notably there have been improvements in public accounting, debt management, payroll management

as well as predictability and comprehensiveness of BS. The most recent PEFA assessments found that Malawi continues to exercise fiscal discipline in budget execution with domestic revenue collection above target, plus improved timeliness in submission of public accounts. However, the 2008 PEFA assessment concluded that significant contract payment arrears could be generated in the road sector as a result of cost over-runs and contract amendments. Although RF had reportedly cleared arrears and other outstanding contractual liabilities (>MWK 500M) the more recent 'arrears' noted above remain unresolved.

#### **Data and sources:**

##### Supporting Evidence

*'In 1999 the Cabinet approved the NTSP which emphasised the importance of economic efficiency ..... the private sector is expected to play the major role in both transport operations and infrastructure provision with both road construction and maintenance being contracted out to private sector contractors. The Policy incorporates the principle that users should pay for services provided ... this principle forms the basis for the charges collected from road users by RFA .... the Policy explicitly states that RFA should have adequate resources to pay for both road maintenance and rehabilitation .... recognises the importance of extending and upgrading the road network to improve accessibility particularly in rural areas ..... such improvements to be justified against socio-economic criteria. The Policy also calls for adequate provision for funding for maintenance ....' (RSP 2010-2020 p. 3-4)*

*'A TSMIF has been established in 2009 and recently finalised and adopted by GoM. The TSMIF is considered as a sector PAF and will be used annually as the base to assess the .... sector strategy. However, since GoM is still having problems in collecting and analysing the data....' (Minutes of QSG Meeting, SPSP Formulation)*

*'Malawi's ME situation has been strong over a number of years delivering high GDP growth rates ..... however Malawi is now suffering from the worsening of terms of trade caused by the international economic crisis which has negatively affected its balance of payments .....' (SPSP Formulation Study 2008 p. 3)*

*'GoM PFM reform strategy is outlined in the updated 2009 PFM Action Plan which is designed to help coordinate donor support and further step up the pace of PFM reforms in Malawi. The .... most recent PEFA assessment was completed in 2008 the main findings of which Malawi continued to exercise fiscal discipline. (Malawi PFM Eligibility Report 2010)*

##### Detracting Evidence

*'With no overall MTEF in place, RSP ..... could potentially serve as an MTEF. RSP is fully aligned with MGDS and NTP which has substantial focus on removing the maintenance backlog. What is further needed for RSP to qualify as an MTEF is a clear system of prioritisation to translate the needs-based programme into a realistic expenditure plan aligned with a credible funding envelope' (SPSP Formulation Study 2009 p. 1)*

*'Progress of implementation (of sector and donor coordination) in the transport sector has been slow. MOTPI .... is responsible for the function but has low capacity. Coordination between GoM and development partners has not been undertaken systematically' (SPSP Formulation Study 2009 p. 1)*

*'... there are major weaknesses in capacity of main sector bodies in the transport sector – a combination of personnel, institutions, financing, infrastructure, processes, supporting policy, legal and regulatory framework constraints .... these capacity weaknesses are, in some instances, reaching crisis proportions ....' (1st JTSR 2010 p. 5)*

*'The 2008 PEFA concluded that significant arrears could be generated in the road sector as a result of cost over-runs and contract amendments' (SPSP Formulation Study 2009 p. 3)*

**Judgement criterion n°4.2: EC support has contributed to improved capacity of national sector institutions, contractors and consultants to adequately manage network maintenance and development works**

All sector institutions continue to exhibit serious capacity deficits despite years of major technical assistance support by EC and other sector donors. Major deficits continue to include fundamental issues such as inadequate budgets, limited human resources, management weaknesses, poor programming and prioritisation, weak financial, procurement and project cycle management plus political interference in technical and programming issues. These capacity issues extend to all levels of sector management institutions, centrally from ministry, NRA, NRF levels to DA level (responsible for lower category roads). This situation is compounded by a history of budgetary and revenue shortages compared with maintenance needs (compounded by problematic absorption capacity such that not even these reduced funds can be fully disbursed). Recently the fuel levy has been increased such that at present RF revenues should be sufficient to meet immediate maintenance needs. However, without further increases in fuel levy an increasing shortfall will build up (and this pessimistic prediction does not take into account the additional maintenance needs of community roads, mainly unpaved roads in poor condition, which will come into public responsibility in 2012/13). A further (little discussed) issue is the quality of such maintenance works as are actually carried out. Adequacy of maintenance (and indeed all road works) is affected by the national consultancy and contracting capacities. This capacity is low. Malawi has few national consultants who are typically over-loaded but with little capacity for design and little experience of contract supervision (of works). National contractors have similar capacity constraints and are under-capitalised with limited access to plant and equipment, whilst the few international contractors active in Malawi have a privileged position with little current competition such that unit prices in Malawi are considerably above regional averages. Little effective training or capacity building is carried out by (NCIC) of national consultants or contractors, as lack of continuity of work (for a client with a poor payment record) does not encourage cash-strapped contractors and consultants to invest in such training as is available. The result is poor design, inadequate supervision and sub-standard quality of works leading to cost and time over-runs and, in some cases, poor quality of finished product which, in turn has greater maintenance needs and runs the risk of premature deterioration and reduced economic life. Finally there is a continuing 'brain drain' of qualified and experienced engineering personnel at all levels to richer pastures in other southern Africa countries.

EC (and other sector donors) have provided major support over many years to national sector institutions and to a lesser degree to national contractors and consultants, but overall capacity for management, maintenance and development works remains seriously deficient. This continuing lack of sector capacities is a result of a combination of factors including ineffective support and wider structural issues in the sector which include the movement of staff under the common service framework of public service and attrition of trained staff due to HIV/AIDS and career movements to the private sector.

**Indicator n° 4.2.1: Sector institutions have the necessary resources and capacities to fully address their mandated functions**

***Findings at indicator level:***

After decades of major TA support to the evolving road sector institutions (e.g. EC support to RMSP goes back to EDF6) RSP states that continued capacity building is necessary in MTPI, RA and local government institutions (DAs) charged with delivery components in the future. Key areas identified for capacity enhancement are:

Institution Issues

Road Authority: Planning, design, project appraisal, contract preparation, procurement, cross cutting issues

District Assemblies: Tender preparation, supervision, network management, prioritisation, (RA currently acts on behalf of DAs)

MTPI (Roads Dept.): Policy, analysis, strategic planning, development of design standards, project management, target setting, M&E

Central Materials Lab: Appropriate materials technologies, testing

Contractors: Tendering, contract management, artisanal skills, supervisors, engineers

Consultants: Contract management, works supervision

Issues highlighted by a 2010 audit of road sector procurement which negatively impact on sector management of maintenance and capital investment programmes include: changes in scope of works at tender evaluation stage, contracts awarded with inadequate designs, contracts awarded without secured funding, no pre-contract meetings, bid evaluation procedures not followed, single sourcing, inadequate contract reporting, contract to other than the lowest compliant tender, inadequate records, non-compliance with ODPP tendering procedures and cost overruns (due to claims). MTPI has formulated a road map to mitigate these findings.

**Data and sources:**

Detracting Evidence

*'Major issues identified .... suggest capacity constraints in sector institutions arise from inadequate budgets, inadequate supporting infrastructure, limited skilled human resources, public sector management weaknesses, policy analysis weaknesses, weak financial management and accountability' (1st JTSR 2010 p. 5)*

*' .... MOTPI is not undertaking effective oversight of the agencies .... agency management does not perform effective strategic management ..... CML and PVHO provide services demanded by the private sector but supply is inefficient and quality is often a problem .... governance of transport sector service providers needs improvement ..... capacity of DAs to undertake road management is generally very low .... capacity problems at project implementation level impacts on the effectiveness of works ..... capacity development of RA is needed' (SPSP Formulation Study 2009 p. 2)*

*'Findings of Audit of Public Arrears Generated from Contracts in the Road Sector 2010 and Roadmap for Mitigating Consequences - 1a Changes in scope of works at tender stage; 1b Contracts awarded with inadequate designs; 2 Funding not secured; 3 Non-compliance with RDDP Tendering Procedures; 5 Single sourcing or direct agreement; 6 Contract reporting inadequate; 10 Potential cost over-runs as a result of contract claims and other contract variations.*

*'The Local Assemblies are mandated by the Local Government Act (1998) to pass by-laws to govern their operations and raise funds for carrying out their functions. The Act allows the Assembly to manage and maintain postal services, health centres, markets, rest houses, primary schools, roads and bridges within its area of jurisdiction. In addition, the Act empowers the Assembly to borrow or lend money, collect taxes, fees, levy rates on land or property and businesses, maintain, manage disposal and treatment of waste and establishment, maintain and manage markets, market buildings and premises*

*However, due to lack of capacity of the Local Assemblies, some of the functions such as planning, budgeting, programming and implementation of development and maintenance programs are performed by other agencies such as the Roads Authority. It is therefore critical for the government to develop short and long term policies and legal framework that would address these capacity challenges faced by Local Authorities' (Draft Aide Memoire, 2<sup>nd</sup> JTSR, Feb 2011)*

*It has been observed in the past few years that services of consultants and contractors are not procured in timely manner. It is a well-known fact that the financial year starts on 1<sup>st</sup> July and ends on 30<sup>th</sup> June. However, procurement is commencing late and contracts are only awarded in September or thereabout, with the result that contractors mobilize late and works are disrupted because of the rain season from November to April, resulting in a shorter period for implementation of programs and low physical output; and hence low absorption capacity for maintenance funds. In order to ensure that works for the following fiscal year commence on July 1, there is need for the RA to start the procurement process well in advance in order to award the contracts at the very beginning of the financial years (Draft Aide Memoire, 2<sup>nd</sup> JTSR, Feb 2011*

*The leadership of the MoT needs to be improved in order to facilitate the management of the overall sector. (Main Conclusions, MTR, EDF10, October 2009)*

*...the government 2009/10 local funds budget for roads of K5.1B was exhausted in the first 6-7 months of the FY. Additional K4.2B was allocated by government to roads budget recently /Feb 2010 versus requested k14B). This will comfortably cover the current certificates outstanding at K3.6B however it is not sufficient to cover the remaining certificates coming in during 2009/10 (unless further funds become available). It is not sufficient to cover any potential arrears arising from cost*

overruns/works contracts being amended/donor portion of the government part-funded project being exhausted early.....In summary the identified cost overruns/additional funds needed amount to approximately K17.8B which equals approximately €89m. As such the current additional funds needed already exceed the EC's intended budget support of €70m (Examination of public Arrears Generated from Contracts in the Road Sector, March 2010)

Findings – Examination of Procurement of Road Projects – March 2010:

1. Irregular extension of works scope
2. Inadequate funding arrangements
3. No pre-contract meeting held
4. Evaluation procedures not followed
5. Absence of competitive tender
6. Poor reporting of liabilities
7. Lowest compliant tender not always awarded the contract
8. Inadequate filing and archiving
9. ODPP qualified approval

Supporting Evidence

The Audit of Public Arrears Generated from Contracts in the Road Sector 2010 examined a sample (21%) of all contracts (total 560 contracts) in FY 2007(2008 and 2008/2009 i.e. 117 contracts of which 109 were maintenance contracts. The auditor reports 'Maintenance contracts were considerably less susceptible to error with a small minority of maintenance contracts attracting findings concerning compliance with national procurement systems (i.e. lowest compliant tender not always awarded the contract – priority 1 urgent remedial action required; inadequate filing and archiving – priority urgent remedial action required).

**Indicator n° 4.2.2: RF revenues compared with identified needs for network maintenance and development**

**Findings at indicator level:**

RSP (Road Sector Programme 2010-2020) funding is summarized as follows (MWK millions)

**Table 24: Summary of Road Sector Programme Funding**

Year	2010/11	2011/12	2012/13	2013/14	2014/15
<b>Prog. estimate</b>	38878	37285	37379	40144	40746
<b>Revenues</b>	38878	31833	25565	27499	29525
<b>Road Fund</b>	9676	10178	10682	11213	11774
<b>Donors</b>	19227	11777	4417	4946	7128
<b>GoM (includes EU SBS)</b>	13115	8478	9066	9712	10424
<b>DFID</b>	913	1140	1140	1367	-
<b>EU/DFID</b>	260	260	260	260	200
<b>Shortfall in funds</b>		5452	11814	12645	11221
<b>% shortfall</b>		14.6%	31.6%	31.5%	27.5%

Road Sector Programme 2010-2020

The chart shows that expected revenues do not match the estimates of programmed works for what is stated to be a needs-based programme. E.g. in 2014/15 needed works are estimated at 40746MWK but secured funding is 29525MWK, a shortfall of 11221MWK (27.5%)

It is an objective of RSP that RF revenues will be sufficient to cover all maintenance works (routine and periodic maintenance). An early decision of the new government was to increase fuel levy such

that for 2010/11 revenues should cover costs (prior to 2009 RF revenues were insufficient to cover identified maintenance needs). Estimates of future revenues based on the current level of fuel levy and assuming an annual increase in traffic of 5%, cannot keep pace with expected inflation such that after 5 years revenues will be deficient by over 20% (this situation will of course be aggravated by the additional maintenance needs of the community roads which will come into the public domain in 2012(13). Whether increased fuel levies will be politically palatable remains to be seen (and there is no procedure for automatic review or re-calculation of fuel levy on, say, an annual basis.

However, these figures may be optimistic given that it was reported at the 1st Joint Transport Sector Review, June 2010, that 'fuel levies only generate 30% of the financial needs for roads maintenance and rehabilitation'.

A worrying trend has been significant increases in out-turn costs compared with design estimates – see below:

**Table 25: Comparison of Out-turn Costs with Design Estimates**

Work item	FY	Estimate	Outcome	Increase	Est. FY 2008/2009
PM & rehab	2007/8	\$73000/km	\$192000/km	163%	
Upgrading	2007/8	\$144000/km	\$435000/km	202%	\$621000/km
Rehab & reseal					\$105200/km
Reseal & drainage					\$62900/km
Rehab & reconstruction					\$907000/km
New construction					\$625000/km

1st Joint Transport Sector Review, June 2010

The increase in cost over estimates of 163-202% is a startling increase. Although direct comparison is not possible except for upgrading the estimated costs for 2008/2009 should not be exceeded by such a margin (i.e. for upgrading a further increase of 43% over the 2007/2008 costs is estimated).

It is noted that unit rates in Malawi are stated to be 40% more expensive than in neighbouring countries and that donors have long experience of cost and time over-runs on capital works interventions (e.g. EC funded Golomoti – Monkey Bay budget increased from €18m to €26m and implementation period increased by 5 years. Limbe – Thyolo budget increased by 30% and implementation period increased by 2 years )

**Data and sources:**

Supporting Evidence

*'Provided the real value of the fuel levy is maintained RFA revenue should continue to increase approximately in line with the growth of GDP' (RSP 2010-2020)*

*'... for the purposes of projecting revenue (of RF) it has been assumed that GDP will grow at an average of 5%' (RSP 2010-2020 p. 8)*

Detracting Evidence

*'Sustained road maintenance and preservation of the road assets remains a challenge due to financing gaps' (1st JTSR 2010 p. 5)*

*'... Fuel levies are set at levels that are lower than those recommended .... and indeed those regionally recommended such as SSATP' (1st JTSR 2010 p. 5)*

*'... fuel levies only generate 30% of the financial needs for road maintenance and rehabilitation' (1st JTSR 2010 p. 5)*

*'The network may be unsustainable in the medium term. The requirement outlines in RSP demand funds in excess of the currently committed funds' (SPSP Formulation Study 2009 p. 10)*

Detracting Evidence



*Joint Sector Transport Review, Lilongwe, June 2010 p6 'Road construction costs per km in US\$ in Malawi are on average 40% higher than those obtaining in other countries in the region.....Malawi generally incurs higher costs for roads construction materials such as bitumen, fuel, cement, steel etc. than other countries in the region.....'*

**Indicator n° 4.2.3: National contractors and consultants have capacity to design, supervise and construct road works (maintenance and construction)**

**Findings at indicator level:**

Absorption capacity of RA has been a long standing issue although capacity has reportedly improved in recent years. It is proposed in RSP that administration costs would be reduced by packaging works in larger contract value packages. Indeed, but by so doing, smaller national contractors could be excluded from eligibility to bid for such contracts (in fact RSP para 385 states that this measure will 'encourage the development of medium rather than small scale contractors'. Taking recent years for which records are available:

**Table 26: Budget and Disbursements from 2006-2009**

Category of work	2006/7	2007/8	2008/9
	Budget/Disbursed	Budget/disbursed	Budget/disbursed
<b>Recurrent maint.</b>	1.25/1.22 (98%)	1.82/1.76 (97%)	4.32/3.85 (89%)
<b>Development</b>	2.79/2.79 (100%)	12.12/7.06 (58%)	11.04/9.87 (87%)
<b>Total</b>	4.04/4.01 (99%)	13.94/8.81 (63%)	15.35/13.72 (89%)

Road Strategy Programme

It should be noted that the period covered by these returns is before the increase in fuel levy revenues (2009).

The 1st JTSR, June 2010 reports that 'Malawi has inadequate numbers of road design consultants, a small number of local contractors in the unlimited category and an inadequate and erratic supply of road construction equipment ..... a shortage of qualified engineers with requisite skills for design and supervision of road construction and maintenance works ... and the supply of skilled artisans for the construction industry is another challenge' The report goes on to note that '...instances of late starts in the procurement process for services of consultants and contractors are .... increasing'. RSP also picks up this point noting 'a general consensus that there is a shortage of supervisory staff such as foremen, clerks of work and skilled manual workers such as plant operators'. The shortage is attributed to emigration to neighbouring countries by skilled staff and the cessation of diploma courses in civil engineering at national universities and polytechnics (although NCIC is planning to re-start a diploma level course).

There are few large international and national contractors working regularly in Malawi (although it is expected that RSA contractors will return as the lucrative World Cup contracts terminated in 2010). The NCIC registered contractors in Malawi (2008/9) are as follows:

**Table 27: Contractors Registered by the National Construction Industry Council in 2008/9**

Category (MWK Million)	N° firms	Percentage of total n°
<b>0-5</b>	269	57%
<b>5-15</b>	118	25%
<b>15-50</b>	45	10%
<b>50-100</b>	17	4%
<b>100-200</b>	5	1%
<b>Unlimited</b>	16	3%
<b>Total</b>	470	

Roadmap for mitigating consequences of Audit of Public Arrears from contracts in the Road Sector, April 2010

The larger number of smaller contractors able to do routine maintenance and other minor works do not have any confidence of continuing employment (Roadmap for mitigating consequences of Audit of Public Arrears from contracts in the Road Sector, April 2010) and they (almost 60% of the total of registered contractors) may have their market share threatened by the proposed RA rationalisation measures. These same small contractors in these circumstances are understandably reluctant to invest in training and equipment although fully aware of their shortcomings in these respects. However, these capacity constraints extend into the medium sized national contractors also.

NCIC is specifically empowered for capacity building in the Malawi contracting sector gaining income from contractors' registration fees, charges for training and a 1% levy on all civil engineering and building contracts awarded in Malawi. However, fees are pro-rata more expensive for smaller contractors who also complain that training fees are too high. NCIC suffers from many of the capacity and resource problems affecting small national contractors.

Availability of plant and equipment is another issue. Most local contractors have very little and there is little plant hire in Malawi. PVHO, which is the main source of equipment for hire to local contractors, was established as a Treasury Fund for inter alia, management of plant and vehicles to be hired to government and private sector, but as it operates as such a fund according to government procedures, it does not enjoy a flexible business approach to its operations. Much of the plant stock is old and only about 60% of the equipment is serviceable.

Local consultants (6 firms averaging 4 engineers each) are reportedly overloaded (SPSP Formulation Study for the Malawi Transport Sector, Dec 2009, Cowi) and have little capacity resulting in delays in delivery and poor design quality. There are few chartered engineers (only chartered engineers are permitted to register with NCIC to set up a consultancy) and the Board of Engineers (which had the power to register engineers) has been moribund for years. Also, as bid prices are low, firms cannot finance increasing their own capacity. Although the consultancy market is good and about 50 engineers graduate each year in Malawi, many rapidly migrate to RSA.

#### **Data and sources:**

##### Supporting Evidence

*In fiscal year 2009/2010, there is an increase in the number of contractors that have moved to the 50 million kwacha category and the 500 million kwacha category. There is still need to concentrate on assisting the growth of the small and medium scale contractors. With regard to share of the market, foreign contractors currently have 64% of the road sector by value against 36% for the local firms. This is a positive trend but it needs to be sustained and towards this end, the NCIC and all the stakeholders will need to consolidate the capacity building initiatives for the indigenous contractors. In this regard, deliberate provisions within the construction industry are being developed such as requirements for joint ventures and sub-contracting with local firms being mandatory for all foreign firms wishing to practice in Malawi, and domestic preference in procurement. Furthermore, there is need for the NCIC, Government and the RA to come up with new strategies of opening up the local industry to regional firms and also taking the necessary steps to ensure timely procurement of firms to carry out road works in a timely manner.*

*In order to carry out its mandate effectively, the NCIC through INSTAP has just concluded consultations with stakeholders to identify gaps and what the stakeholders expect from the Council and is hence designing interventions including the National Construction Policy to address the identified issues. The policy will be in place by December 2011.*

*The implementation of the codes of conduct for Contractors and consultants which was published and launched in September 2009 has started giving confidence to stakeholders in terms of what to expect from the contractors and consultants. Also, the codes of ethics for all parties engaged in construction procurement and project implementation has been finalized and will be launched by June 2011, this will further enhance the predictability of the industry. In order to improve customer service, the NCIC has signed a contract for a toll free number which can be used to report any malpractices or breaches of the codes of conduct.*

*The council has also embarked on a contractor re-assessment exercise which will make sure only deserving firms are in the categories they are supposed to be. Compliance visits are also in progress at the moment. (Draft Aide Memoire 2<sup>nd</sup> JTSR, Feb 2011)*

### Detracting Evidence

*'... the road construction industry in Malawi is small and uncompetitive ....' (1st JT SR 2010 p. 6)*

*'Malawi has inadequate numbers of road design consultants, a small number of local contractors in the unlimited category and inadequate and erratic supply of road construction equipment. The sub-sector also has shortage of qualified engineers with the requisite skills for design and supervision of road construction and maintenance works. (1st JT SR 2010 p. 7)*

*'There are small numbers of large international and national contractors working on a regular basis in the road sector .....' (RSP 2010-2020 p. 17)*

*'... in the absence of guaranteed work local contractors have been unwilling to invest in staff training and purchase or equipment' (RSP 2010-2020 p. 18)*

*'There is general consensus that there is a shortage of supervisory staff .... and of skilled manual workers' (RSP 2010-2020 p. 19)*

*'Most local contractors own very little plant and equipment .... (RSP 2010-2020 p. 19)*

*'.... Capacity of the local contracting industry .... is affected by a shortage of capital to finance projects and by the lack of skills and expertise ....' (EDF10 CSP Annex 14)*

*'The absorption capacity of the road sector is low as a result of capacity constraints ..... in the consulting industry and contracting industry .... consulting firms are overloaded with work and have little capacity .... the local road contracting industry has low capacity ..... (SPSP Formulation Study 2009 p. 29).*

#### *Assessment of Causes of Arrears:*

*Lumbadzi-Dowa-Chezi: ...the design for the extended portion of the road i.e. 32km was not commenced prior to the contract award so cost control has been ineffective.....the quantities of excavation may be in the region of 10 times the quantity measured in the BOQ.....the initial 5km of the road did not envisage having to excavate rock and hence there were no rates for rock excavation in the BOQ*

*Chiringa-Misseu Folo.Chiradzulu-Nguludi: The original tender was for 5km but before acceptance the length of road to be constructed was increased to 90km .....The road appears to have been rushed into tender action much too early and before the design was complete. The quantities in the BOQ could not be accurate as they were produced from an incomplete design.....The detailed design of this project was incomplete when tendered. 2 years later the detailed design for the complete road has not been issued to the contractor. It appears the design by the consultant was sketchy and a complete re-design of the complete road was required.....The contractor had programmed the works to start at Niguluda Mission towards PIM, Chiradzulu and Chiringa to take advantage of existing facilities at the Malowa Camp which was close to Niguludu. However, at the ground breaking ceremony...the President instructed that the project should start at Chiringa....The contractor stated that the quantities in the BOQ were grossly under measured for excavation generally, rock excavation and fill. The quantities for some items have been exceeded with only 15% physical completion reached.*

*Zomba-Jali-phalombe-Chitakale: No detailed design of the whole project scope (i.e. 102km) was undertaken before the contract was awarded.*

*Goliati-Chiperoni-Thyolo: The project was contracted through single sourcing with Mota-Engil*

*Ekwendeni-Ezondweni: Initially the tender was let as an open invitation advertised in the local press for 5km of road. This was later changed to 25km at tender evaluation stage by multiplying the quantities in the BOQ to take into account the additional length of road and 3 bridges...No detailed design of the whole project scope (i.e. 25km) was undertaken prior to award of the contract.....(Examination of Public Arrears Generated from Contracts in the Road Sector, March 2010)*

**Judgement criterion n°4.3: EC interventions contributed to improving road network condition**

Historical road condition data is currently difficult to access but the overall network condition appears to be deteriorating slightly over recent years (even before consideration of the unclassified and community roads, mainly in poor condition, which come into the public domain in 2012/2013 thereby almost doubling the length of the publicly maintained road network). Considering that donors (including EC) have made serious investments in new construction, rehabilitation and backlog periodic maintenance during this period (delivering a considerable length of good quality main roads) the only presumption that can be drawn is that other roads are deteriorating over the same period. The backlog of periodic maintenance remains high despite major donor support and the scale of the identified backlog appears to be such that it is in excess of available (ostensibly adequate) maintenance funding, as well as presenting a very considerable logistical challenge (maintenance operations, which are usually technically straightforward, present logistical and management problems which are disproportionate to their cost).

Sector policy clearly states that maintenance (of maintainable roads) will be prioritised and notes that lack of adequate maintenance results in rapid deterioration of paved and unpaved roads. Thus grading and routine maintenance will be undertaken for all such roads. However, it is understood that although there is better coverage of higher category roads, this is not the case in terms of coverage (time, length of road and quality) actually undertaken on the network as a whole.

Perceptions of road users are mixed (and little attributable evidence has been found) but rural dwellers, by far the majority of the national population, who are dependent upon lower category, unpaved roads for access to social services, markets and to higher category paved roads, almost unanimously complain about seasonal unpredictability of road condition, impassability and long travel times. Although NRA and NRF Boards have representatives of private sector, concentration of effort is on the main roads (this makes sense from an ERR point of view).

EC interventions have contributed to improving road network conditions and, as the major sector donor, EC has made a major impact (despite a history of cost and time over-run on capital works contracts on some major roads) including major efforts to improve rural accessibility (including a component of major short term employment generation during rehabilitation of rural roads e.g. RFRP, IGPWP – see below also).

**Indicator n° 4.3.1: Trends in network condition (good/medium/poor by class of road)**

**Findings at indicator level:**

The current classified road network consists of 15451km as follows:

**Table 28: Overview of Classified Road Network**

Category	Paved/km	Unpaved/km	Total/km
Main (M)	2809	548	3357
Secondary (S)	407	2718	3125
Tertiary (T)	44	4077	4121
District (D)	8	3492	3500
Urban (U)	770	578	1348
Totals	4038	11413	15451

In 2006 a further 9073km of unpaved unclassified or community roads (mainly tracks and trails) were identified to be designated as part of the classified road network – this will take effect in the 2012/13 FY (the majority will be designated as a new road class – Community (C) 6950km; the remainder will be classified as S (10km) and D (2473km).

Road condition data is curiously difficult to identify but the following summary appears credible:

**Table 29: Road Condition Table**

	Paved/km		Unpaved/km		Total/km	
	2007	2010	2007	2010	2007	2010
Good	2204 (55%)	1933 (48%)	2481 (22%)	709 (6%)	4685 (30%)	2642 (17%)
Fair	1196 (30%)	1373 (34%)	7013 (62%)	8435 (74%)	8210 (53%)	9809 (64%)
Poor	638 (16%)	732 (18%)	1919 (17%)	2268 (20%)	2556 (17%)	3000 (19%)

IRI criteria: Paved – Good <3.5M Fair 3.5-5.0; Poor >5.0: Unpaved – Good <7.0; Fair 7.0-10.0; Poor >10.0

Source table 34 and 35: RSP 2010-2020 (2010 condition figures are projected to mid-2010)

It can be concluded from these RSP figures that the network is actually deteriorating even before taking over the >9000km of U/C and community roads, most of which are in poor condition.

The RSP target for the period 2010-2015 aims to increase the percentage of paved roads in good and fair condition from 82% to 87%.

**Data and sources:**

Supporting Evidence

*'The state of the network has varied in recent years although it is currently in reasonably good shape .... (table 3.3) shows that the paved network is generally good to fair condition, partly as a consequence of the very large donor funded programmes of backlog maintenance. The unpaved network is generally in worse shape .....(RSP 2010-2020 p. 7)*

*'The consultants conducted on-site investigation of all major roads of southern and central Malawi and observed that that state of the major roads is good, far better than any other SS country they visited (except RSA)' (Malawi Multi-modal Transport Sector Development and Potential PPP Study 2010)*

*'According to WB Malawi's main road network is now among the best in Southern Africa. Perhaps surprisingly its secondary road network also compares favourably with those of other SADC countries' (Draft TSIP 2011, para11 p.3)*

*'Although the main road infrastructure within Malawi is in good condition this is the result of active donors' support notably that of the EU' (Draft Final Analysis of Constraints on Economic Growth, MCA p.29)*

*'The state of the network has varied widely in recent years though it is currently in reasonably good shape' (Malawi Transport Sector Multi-modal Development and Potential Public Private partnership Study, 2010 p.77)*

*The condition of the road network for the paved road network good to fair has improved slightly from the planned 83% to 98% which has been achieved. Furthermore, the paved road network has improved tremendously from the planned 50% for fiscal year 2009/10 to 77% achievement for the same planning period. (Draft Aide Memoire, 2<sup>nd</sup> JTSR, Feb 2011)*

Detracting Evidence

*Though paved roads can be considered to be in good condition, most of the unpaved roads are underdeveloped and seriously damaged and require immediate upgrading ....' (Draft Final Analysis of Constraints on Economic Growth, MCA p. 29)*

*On the other hand, there is little change in the quality of good earth roads as the type of maintenance activities carried out are easily lost and need to be carried out repeatedly, with resultant higher costs, during any year if any improvements are to be sustained. (Draft Aide Memoire, 2<sup>nd</sup> JTSR, Feb 2011)*

### Indicator n° 4.3.2: Trends in level of backlog maintenance

#### **Findings at indicator level:**

RSP notes that ‘...until recently financial constraints ... have meant that it has not been possible to carry out all the required routine and periodic maintenance on the paved network has got behind schedule. To overcome this maintenance budgets have included .... allocations for patching to address the lack of preventative periodic maintenance’. Noting in passing that patching will not mitigate lack of periodic maintenance except maybe as a short term measure (this is confirmed later in RSP noting that ‘... a substantial programme of seals will be necessary to prevent paved roads from deteriorating to the point where they will require rehabilitation’ the RSP also notes with regard to unpaved roads that ‘... the lack of a full grading programme means that the condition of the unpaved network could have deteriorated by 2010 .... This will necessitate a substantial programme of rehabilitation’.

The periodic road maintenance backlog remains high (PIF, SPSP, Aug 2009) with at least 900km of the paved road network in need of re-sealing plus 440km requiring rehabilitation. Some 8200km of unpaved roads require grading.

#### **Data and sources:**

##### Supporting Evidence

*‘Past (EC) interventions have been designed to support government priorities .... which are backlog maintenance to bring the network up to a maintainable standard’ (EDF10 CSP p. 16)*

*‘... there will also be substantial volumes of EDF9 backlog and periodic maintenance under way in the period 2008-2010 ....’ (EDF10 CSP p. 25)*

*‘Strategies put in place .... are .... Implementation of RM to clear backlog through the use of performance based term maintenance contracts ..... (RSP 2010-2020 p. 3)*

##### Detracting Evidence

*‘The road maintenance backlog remains high. A recent assessment by RA has shown that at least 900km of the paved network is in need of resealing and some 440km are in need of rehabilitation .... for the unpaved network at least €15m is needed for grading of some 8200km .... if no other donor will support this sub sector more government funds will be required to cover this maintenance backlog thereby reducing the budget available for routine and periodic maintenance’ (PIF MAI/002/09 Malawi Road Sector SPSP 2009)*

*The allocation for backlog maintenance in Development Budget for the year under review was 19.3% as opposed to the planned target of 35%; hence the achievement is 15.7% short of the planned target. Worth pointing out is that this could have resulted from the fact that the development budget is mainly funded by donors who are particular about which projects they would like to finance leaving Government with little choice in the matter. However, under the routine maintenance budget funded from the Roads Fund, there is always an allocation for backlog maintenance which underlines the importance government attaches to clearing the backlog maintenance program. It is important therefore that Budget Support Program should allocate more resources to support Government’s goal to preserve its road assets as is exemplified by its commitment to and acceptance of the performance indicators for periodic and rehabilitation projects for the paved road network (Draft Aide Memoire, 2<sup>nd</sup> JTSR, Feb 2011)*

### Indicator n° 4.3.3: Annual routine maintenance contracts in place on all maintainable roads

#### **Findings at indicator level:**

After noting a DFID study (HDM4 Analysis of the Malawi Road Network, March 2009) that ‘failure to carry out regular routine and periodic maintenance would result in rapid deterioration of paved and unpaved network’ and RSP recommends that ‘All paved roads in a maintainable condition should be put under routine maintenance contracts. All unpaved roads which are in a maintainable condition will be put under grading and routine maintenance contracts’ it is understood that not all maintainable roads are actually under maintenance contracts, some of the routine maintenance contracts are seasonal only, and from personal (and admittedly limited subjective) observation mainly in the south of the country, the only obvious evidence of maintenance activity was grass cutting)

**Data and sources:**

Supporting Evidence

*'For 2009 it is planned that 94% of the Main, Secondary and Tertiary roads will be routinely maintained ....' (RSP 2010-2020 p. 9)*

*'(projected road condition – routine maintenance is assumed to be implemented properly over 90% of the network' (RSP 2010-2020 p. 12)*

*'.... RA is committed to undertaking regular routine and periodic maintenance in a systematic way .....*' (RSP 2010-2020 p. 15)

Detracting Evidence

*'... whilst most of the paved network is now under routine maintenance contracts, the unpaved network is not fully maintained .....*' (RSP 2010-2020 p. 8)

*'Until recently financial constraints on the recurrent budget have meant that it has not been possible to carry out all the required routine maintenance and periodic maintenance (resealing) on the paved network has got behind schedule ....' (RSP 2010-2020 p. 10)*

*'A study carried out by DFID examined how the condition of the network would evolve under different maintenance strategies. It demonstrated very clearly that failure to carry out regular routine and periodic maintenance would result in the rapid deterioration of both paved and unpaved networks' (RSP 2010-2020 p. 14)*

**Indicator n° 4.3.4: Perceptions of road users regarding level of service provision of road network**

**Findings at indicator level:**

There has been little concerted effort to consult road users and thus this issue was covered during the course of the field visit interviews. Main road service levels were found to be generally acceptable but concern was expressed in rural areas as to the maintenance of reasonable accessibility and road conditions during the rains. Maintenance was claimed to be poor in some areas whilst the concept of spot improvements was widely misunderstood.

**Data and sources:**

Supporting Evidence

*'Formulation of sector policies is done by having ..... members from ..... private operators .... thus ensuring that knowledge and expertise of the main stakeholders is integrated in the work and outputs are owned by all' (SPSP Formulation Study 2009 p. 8)*

*'Civil society (in particular road users) and the private sector .... are represented on the RFA and RA Boards....' (SPSP Formulation Study 2009 p. 42)*

Detracting Evidence

*'There is little organized involvement of users of transport infrastructure and services in the monitoring of sub-sector wide or sector wide performance and the result of monitoring is seldom communicated to the public in other forms than general statistics with little focus' (SPSP Formulation Study 2009 p. 24)*

#### **Judgement criterion n°4.4: EC interventions contributed to improving rural access.**

The condition of publicly maintained unpaved roads (and lower category roads are unpaved) has not significantly altered over recent years (reduced % in good condition, increased % in poor and fair condition)<sup>21</sup>. Such roads are notoriously susceptible to rapid (and even catastrophic) deterioration in case of maintenance neglect and such reduction in passability and service levels has an immediate impact on (mainly rural) access. VOCs escalate rapidly as road conditions deteriorate such that freight costs and passenger fares are dis-proportionally higher for rural road transport and often public transport services do not go further than the end of a better quality road. Conversely there is much evidence of transport services returning to a rehabilitated road as long as better road conditions endure. Thus all rural dwellers are acutely aware of the frequency and cost of access that they have to social services or markets, as such access (or denial of access) impacts directly on transport of produce or agricultural inputs, availability of food, educational and social services. IGPWP (and the evaluator's own experience) confirm the significance of rural accessibility to a large proportion of the population. Obviously all improvements in rural road conditions increase the proportion of the population living within the corridor of an all-season road but, whilst project documentation examined mentions prioritisation of rural road rehabilitation on socio-economic criteria (which usually include data on population served by a road) no statistics of spatial distribution of populations along road corridors have been examined.

Overall EC interventions have made a significant and continuing contribution to improved rural access (whilst EC support to routine and periodic maintenance has contributed to continuation of that access).

#### **Indicator n° 4.4.1: Trends in all-weather transitability on lower category and feeder roads**

##### **Findings at indicator level:**

Network condition is covered under I 3.1 above. EU has supported rural accessibility by various interventions over the years. 9 ACP MAI 035 Rural Feeder Roads Programme had the objective of restoration of 2457km of feeder roads to maintainable all-year passability by 2WD vehicles, plus training and capacity building at DA level (as highway authority responsible for district roads). 2010 figures report that for unpaved roads 17% are in poor condition, 61% fair condition and 22% good condition. Unpaved roads are susceptible to rapid deterioration in case of maintenance neglect and a rapid result of ineffective maintenance (grading, routine maintenance, periodic re-gravelling) is worsened road condition, service levels and impassability (at critical 'spots' during the rains).

##### **Data and sources:**

###### Supporting Evidence

*'... EC's objectives are to: ..... upgrade and maintain the rural feeder roads network through a high labour intensive PWP and improve the infrastructure providing links between Malawi's internal, regional and global markets' (EDF9 CSP p. 22)*

*'NAS has identified support for out-growers as one of the crucial areas ... this includes development and rehabilitation of feeder roads....' (EDF10 CSP Annex 11 p. 4)*

###### Detracting Evidence

*'To date very little has been done to directly address rural accessibility despite the fact that 85% of the population live in rural areas' (Evaluation of EC Country Strategy 2003 p. 45)*

*'RF revenues are already insufficient for budgeted needs of routine maintenance of the maintainable part of the CRN .... and comprises mainly the surfaced, higher category roads, thus ignoring the rural feeder road network' (Evaluation of EC Country Strategy 2003 p. 49)*

*'Whilst the paved trunk road network in Malawi is generally of adequate standard to fulfil its function, the rural feeder road network is not. The typical rural feeder road is only passable by 4WD vehicle and (pushed) bicycles especially during and after the rainy season (which is also the peak of agricultural activity)' (RFRP Final Report 2006 p. 23-24)*

<sup>21</sup> But this assessment is based upon IRI criteria, not all-weather transitability. On this basis a road may be in generally good condition but still not have all-weather transitability



*'The unpaved part of the classified road network (74% of total) is generally in poorer condition and much may be impassable at certain periods in the wet season since drainage is often inadequate and maintenance resources may not be sufficient to deal with the worst sections and keep the roads open to vehicles' (Financing Proposal, RFRP 9ACP MAI 035)*

*'...few operators wish to take their 5-10 ton trucks to inaccessible rural destinations leaving only pickups operated or hired by intermediaries to deliver seeds and fertilisers at very high prices. They also buy the produce at very low farm-gate prices claiming that their transport costs are very high' delays' (Final Analysis of Constraints to Economic Growth, MCA, Malawi p30)*

#### **Indicator n° 4.4.2: Trends in public transport provision, fares and freight costs in rural areas**

##### **Findings at indicator level:**

There is limited public transport in rural areas and most services that are available are ad hoc rather than regulated (or regular) services. Rural road conditions are generally poor and thus transporters are reluctant to venture off better quality roads as VOCs will be much higher on bad roads and journey times will be longer. Thus services are intermittent and freight charges and passenger fares are dis-proportionally high. There is ample evidence that transport services rapidly spread along rehabilitated roads only to withdraw if the road condition deteriorates due to lack of maintenance.

##### **Data and sources:**

###### Supporting Evidence

*'... RSP has been formulated ..... has 4 priorities ..... improve rural access through infrastructure investments and transport services' (EDF9 CSP p.10)*

###### *Taxi sub-sector:*

*Taxis in Malawi require to be registered with the Road Traffic Directorate (RTD) and pay an annual road tax of MK 15,000. In addition to this they are also required to have Road Act Insurance which covers not just the vehicles but passengers as well. Registered taxis are required to have a "red number plate" to show that they are for commercial use. The main regulator for this sub-sector is the RTD and a taxi operators association exists but is not active. The number of registered taxis in Malawi is currently unknown with estimates ranging from 400 to 1500. In terms of taxi rates, there was an effort to have all registered taxis have meters that record distance covered with the client but this was abandoned due to fact that most owners could not afford it. Currently the industry uses an agreed zone charge system where fares are charged according to the zone (as determined by distance) that the customer is going to. The registered taxi sub-sector is fairly competitive and is dominated by indigenous Malawian operators often with 2-3 vehicles. The main anti-competitive practice existing in this sector is the operation of taxis, which are not formally registered or insured to include passenger liability. The existing structure of the taxi sub-sector which has legal and registered taxis competing against un-registered taxis has a very major implication on service standards and quality as well as prices charged to passengers. Un-registered taxis are not subject to Certificates of Fitness (COF) and often have no or inadequate insurance cover and thus pose a safety and insurance liability risk to passengers. Thus for purposes of public safety and quality of service, it is necessary that the Road Traffic Directorate and traffic police should enforce existing road safety regulation laws that apply to operation of vehicles for commercial passenger traffic. In terms of setting of prices, the fact that these unregistered taxis have no transparent pricing system mean that passengers are charged prices that have no basis ( the only advantage is that passengers can often haggle on these prices unlike with registered taxis). While the zone charge system is the most cost efficient in the absence of a metered system, a metered system is the most transparent and best system since passenger are charged on actual mileage. Unregistered taxis charge rates lower than registered taxis which use an agreed zone charge system because these unregistered taxis incur lower overhead costs as they don't have offices where they can operate from hence do not employ staff, and they do not pay tax or packing fee. The cause of the existence of these un-registered taxis is lack of enforcement of the Road Traffic Directorate and traffic police of relevant laws that prohibit unregistered taxis from picking up passengers for commercial purposes. Another kind of anti-competitive practice prevalent in the taxi sub sector is the use of parking space to foreclose the market and drive out competition. Most registered taxis in Malawi need to register and in some cases pay a fee for parking at designated places such as hotel and airports. The process of allocating which taxis can use these places and*

monitoring use is not transparent. In a number of cases, it was observed that this power was used to drive out competitors by particular taxi owners who colluded with the owners or administrators of these parking places. The need for registered taxis to park at particular designated places such as hotels and bus-stops etc., in order to pick up passengers, is brought about by the fact that this was previously the most effective and only way to find passengers. With the spread of mobile phones, most taxi operators have mobile phones and are able to communicate with potential passengers through mobile phone although the majority of passengers are walk in, i.e. actual walk to use the taxi.

#### *Car-Hire sub-sector:*

The regulatory framework for the car-hire sub-sector is similar to that of registered taxis. According to the Malawi Tourism Association, there are currently more than 20 car-hire operators with a fleet of more than 20 vehicles. This sub sector is fairly competitive with number of companies ranging from Avis to medium sized companies such as SS rent a car, SIKU car hire ((these large and medium sized companies have in recent years purchased brand new vehicles which are eligible for reduced import duty rates which were designed to promote the tourist industry) to smaller companies which mostly use reconditioned vehicles imported from Dubai, Durban and Japan. As in the taxi sub-sector, the main anti-competitive practice in the car-hire sub-sector is unregistered car-hire vehicles which are not formally registered for commercial use and thus not insured to include passenger liability. In addition these unregistered vehicles are owned by individuals and companies who are not tax compliant and thus in effect they often charge lower prices due to the fact that they do not include such taxes as value added tax in their invoices. Again, these unregistered vehicles operate because of lack of enforcement the Road Traffic Directorate, traffic police and Malawi Revenue Authority of relevant laws. While the appropriate law to charge this type of mal-practice would be under the taxation law (i.e. avoidance of paying taxes), under the Competition and Fair Trading Act, use could be made of section 32 (2) (a) which prohibits predatory behaviour (use of cost pricing to damage, hinder or eliminate competition).

The main impact of the existing structure and behaviour on performance in the car-hire sub sector is that of the unregistered operators have on safety standards. Most often, these unregistered operators use vehicles which have inadequate insurance cover as they are not registered for commercial purposes and which are often re-conditioned and not regularly serviced, hence unreliable. Registered operators tend to operate newer fleets, taking advantage of taxation laws that allow lowered import duty for imports on brand new vehicles for commercial tourism related use such as car hire and also regularly service their existing fleets. In terms of prices, unregistered car-hire operators, because of the fact that they do not pay taxes such as VAT (which at 17.5%, represent a significant price advantage), often charge lower prices (at the expense of lower service standards). While these lower prices are in the short run to the benefit of the consumer, the safety, reliability and liability aspects far outweigh any cost saving in the medium and longer term.

#### *Mini and Large Buses sub-sector:*

As with all modes of transport in Malawi (except air), this sub-sector is fully liberalised in terms of price setting and entry and exist. The regulator is the RTD which enforces safety and permit requirements such as road service permits, certificates of fitness etc. (this applies to both mini and large buses).

#### *Minibuses:*

For mini buses, route allocations are jointly regulated by the RTD and the Minibus Operators Association. There is a requirement that only mini-buses with double rear tyres should operate long distances (more than 150 kilometres), although this requirement is rarely enforced. In terms of pricing, fares for minibuses are set by the minibus association.

Minibus operations are fully liberalised and is very competitive and in some cases saturated. Estimates of the total number of minibuses in the country is 2000-3500. There are no barriers to entry except that the Minibus Operators Association jointly with the RTD register minibuses. The two main types of anti-competitive practices in this sub-sector relate to setting of fares by the regional and national minibus associations and the route allocation system (which is in effect, a barrier to entry). Regarding fare setting by the minibus association, this is clearly a contravention of section 34 (1) (b) (i) of the Competition and Fair Trading Act which prohibits the making have a route allocation system which allows operators to operate only on selected routes. In terms of the impact of existing structure and behaviour of the minibus sub-sector on service quality and prices, the setting of prices by the Mini bus Association has the effect of constraining lower cost operators from charging lower prices to consumers. The argument from the association is that this arrangement leads an ordered system of

setting prices which, in the end, benefits consumers. But evidence has shown that if left alone, competition should lead to a reduction in fares as is the case with intra city minibuses in the commercial city of Blantyre where fares are pushed downward to lure passengers in highly competitive routes. Countervailing power of consumers has in some cases, in the cities of Blantyre and Lilongwe, reduced the powers of the minibus association in setting high fares as passengers have often boycotted the services thus forcing the Association to back down. The route allocation system administered by the Minibus Association does from a competition aspect, lead to, in effect, a barrier to entry. Ideally market forces of demand and supply should be allowed to determine the servicing of routes by operators. The Minibus Owners Association is also responsible, in consultation with the Road Traffic Directorate, for route allocation for minibuses. The rationale for this route allocation system is that there need for route allocation to avoid saturation of certain routes and ensure order of operations. Once approved, minibuses are allocated and display specific route numbers for only which they can operate on. Section 33 (3) (c) of the Competition and Fair Trading Act does make it an offence to engage in market or customer allocation agreements, if the route allocation arrangement can be labelled as such.

#### *Large Bus:*

The Companies operating large buses (over 45 seats) are free to operate on any route of their choice and fare setting is fully liberalised. There is free entry and exist with the only barriers being the high cost of purchasing new buses. However, as a result of new tax measures announced in the 2007/08 budget, duty on new buses over 45 seats has been removed and VAT has been zero-rated. The anticipated barrier to entry into this sub sector shall be excess capacity of incumbent operators resulting from many buses being put on the road to take advantage of decreasing cost of investment. Cross border operators of buses are subject to bilateral transport agreements. Malawi currently has such agreements with South Africa, Zimbabwe, Tanzania and Zambia. Under these agreements, carriers from both countries are only allowed to pick up passengers from designated points in each country and transport them to designated points in the other country and they are not allowed to drop off and pick up passengers within each other's countries. This is normally called Cabotage Agreement whose major problem has been enforcement. On the competition perspective, such agreements have impacted negatively on consumer welfare as inefficient local transporters are shielded from competing with efficient foreign bus operators on the local market.

#### *Domestic Operations:*

In terms of degree of competition in the domestic operations of large buses, there are no barriers on entry or exist, no route allocation requirement and fare setting is fully liberalised. Because of the relatively high capital costs of acquiring a large bus, apart from Shire Bus Lines, there is no bus company with a significantly large fleet. On city to city routes, these large buses do also compete with minibuses, but they offer lower prices and better safety as opposed minibuses which have an edge competition wise in terms of speed and frequency.

In the domestic luxury coach bus service segment of the market, there are two companies, Shire Bus Lines and Axa Coach Services. Axa is a relatively new entrant in the market and continues to expand its routes and number of buses (taking advantage of the recent removal of duties for buses that carry more than 45 passengers) announced by the Minister of Finance during presentation of the 2007/08 national budget. There are no overtly anti-competitive practices in the domestic large bus sub-sector. The majority of operations are between towns with few rural large bus operations. The limited number of large bus companies is more due to the high capital need to purchase new or used large buses as compared to the cheaper minibuses. The recent removal of import duty for large buses is already resulting in the purchasing of new bus units. Axa Bus Services, a new entrant into the luxury coach segment of the market, has just significantly expanded its new bus fleet due to the lowering of duty on large buses. There is no route allocation system and no trade association. With the fair degree of competition on domestic operations, no barriers to entry and competitive setting of fares, the market structure and behaviour relating to large buses is good in terms of service quality and price. The major barrier in terms of improvement in quality is the low number of reliable and roadworthy buses as most buses in use are fairly old often breakdown. Operators, including the country's major bus operator, Shire Bus Lines, cannot afford the high cost of new buses especially now that competition with minibuses is so intense that it would be difficult to recover costs and often resort to using broken down buses for spares. It is hoped that the recent reduction in import duty on new buses will lead to re-capitalisation of the country's large bus fleet and improved levels of service.

#### *International Operations:*

There are a number of bus companies that operate services from Malawi to various destinations in

*the region and vice versa. The Malawi-South Africa route is serviced by a number of coach services in the luxury coach segment of the market. There are a number of South African companies operating into Malawi including Linking Africa, Vaal and City to City while at present, Shire Bus Lines is the only Malawi company running regular services between the two countries. On the Zimbabwe route, there is currently only one Zimbabwe bus company, Mononorama operating while there are no regular Malawi bus companies serving the route. On the Tanzania route, a number of Tanzanian companies service the route while no Malawian companies operate on the route. International service with Zambia and Mozambique is irregular. In terms of degree of competition on the international routes, while bus operators from other countries operate regular services in and out of Malawi, Malawian operators do not take advantage of existing bilateral arrangements for such bus passenger traffic. This is attributed to lack of aggressiveness on the part of Malawian. The most common anti-competitive practice on international operations is the picking up and dropping off of passengers at unauthorized points in Malawi by foreign operated bus services, especially Tanzanian owned buses. This practice is a clear violation of contravention of existing bilateral agreements on carriage of passenger which clearly state that passenger operators from both sides can only pick and drop passengers at authorized points in each other's countries. This provision was designed to prevent foreign carriers from competing with domestic carriers and is a common provision in bilateral transport arrangements. The malpractice is currently occurring due to non-enforcement of the existing bilateral transport agreements by the Road Traffic Directorate who have stated that this is the case because of the fact that they have no legal power under existing statues to enforce these provisions. The main impact of the existing structure and behaviour of the international operations of large buses is the same as that outlined above relating to international operations i.e. that of poor reliability of services brought about by the use of old and unreliable buses.  
(Competition Issues in the Transport Sector in Malawi 6.0 Analysis of Road Passenger Transport Sector in Malawi (edited by evaluator))*

*'... more needs to be done to reduce the overall costs of transport to and within Malawi ..... (EDF9 CSP p. 11)*

*'... many rural areas are cut off from the outside world during the rainy season hampering economic development by lack of infrastructure and non-availability of public transport' (EDF9 CSP p. 21)*

*'Transport is expected to contribute to ..... improved mobility and connectivity of rural communities to markets' MGDS*

*Changes in production and the cost of food – which in turn is influenced by transport costs – will affect the population's accessibility to food over time' (EDF10 CSP p. 24)*

#### Detracting Evidence

*'... the network of motorized public transport, either for passengers or goods, as well as collection and distribution points of the major traders, does not normally reach beyond the major market centres along the paved trunk road network' (RFRP Final Report 2006 p. 24)*

*'..... (poor condition of unpaved roads) hinders access by agricultural buyers and sellers of farm inputs. It also hinders access to such services as ...education, health and microfinance. It should be noted that more than 85% of Malawi's population lives in rural areas and they are dependent upon secondary and tertiary roads for transporting their goods.....These roads are not well maintained. This results in high transport costs and renders certain regions in the country inaccessible during the rainy season.....Rural accessibility and mobility is seriously compromised by the poor condition of the rural road network. During the rainy season accessibility to collection points can be extremely difficult and delivery or collections can take up to 5 days of vehicle delays' (Final Analysis of Constraints to Economic Growth, MCA, Malawi p. 30)*

### Indicator n° 4.4.3: Perceptions of people living in rural areas regarding access

#### **Findings at indicator level:**

Rural roads in Malawi are predominantly poor with many impassable during the rains making market access (and access to social services) difficult or impossible. Poor drainage structures and bridges are particular problems and often impassability is due only to a short critical section in an otherwise usable road. Access to food can be impeded and prices increased, high local transport costs raising local food prices even further in exactly those locations with the least capacity to bear such high prices. Access to social services and markets is an important issue for the rural poor but many farmers are unable to transport inputs and evacuate produce to/from markets.

Reports on IGPWP II (which has a rural roads component) found that impacts of improved rural access can be huge and that improved road access to markets and social services can rapidly impact on the living standards of beneficiaries (although conventional cost/benefit analysis often struggles to justify such investment on roads carrying little daily traffic).

There has been little concerted effort to consult road users and thus this issue was covered during the course of the field visit interviews. Main road service levels were found to be generally acceptable but concern was expressed in rural areas as to the maintenance of reasonable accessibility and road conditions during the rains. Maintenance was claimed to be poor in some areas whilst the concept of spot improvements was widely misunderstood.

#### **Data and sources:**

##### Supporting Evidence

*'More recently attention has been paid to rural access in line with government aims in MGDS with earth and gravel road rehabilitation and repair and replacement of wooden bridges ...' (EDF10 CSP p. 16)*

*'In particular rural access of agricultural importance has been considered to reinforce government food security aims' (EDF10 CSP p. 16-17)*

*'One significant challenge lies in improving the unpaved network and rural access notably during the rainy season' (EDF10 CSP p. 24)*

### Indicator n°4.4.4: Trends in percentage of rural population living within 2km of an all-season road

#### **Findings at indicator level:**

In proposing this Indicator it was understood that ongoing digitization of special distribution of population statistics now permitted identification of population clusters within 2km of roads. However, later information cast doubt on this premise. It is noted that RFRP identifies the catchment area of rural roads, on average, as consisting of a corridor of 5km each side of the road (RFRP Final Report 2006) and on this basis consideration was given to amendment of the Indicator to accommodate a wider corridor (in the event it was decided to retain the original indicator). No statistics of spatial distribution of roads (e.g. km/sq. km or km/n° people in rural areas) have been examined.

#### **Data and sources:**

##### Supporting Evidence

*'Agriculture continues to employ over 85% of the population ....' (EDF9 CSP p. 5)*

*'85% of Malawi's population living in rural areas .....' (EDF9 CSP p. 20)*

*'Malawi is one of the continents least urbanized countries with 80-85% of the population living in rural areas ....' (EDF10 CSP p. 8)*

*'... Only 54% of the rural population having access to formal health services within a 5km radius ...' (EDF10 CSP p. 9)*

*'... if anything they (grain distribution systems) may have deteriorated with the rural population being served by fewer traders and consequently less competition' (Evaluation of EC Country Strategy 2003 p. 22)*

*'... there has been limited engagement on the non-core network that includes most rural roads serving many of the 85% of the national population who are rural dwellers...' (Evaluation of EC Country Strategy 2003 p. 30)*

### **Judgement criterion n°4.5: EC interventions have contributed to improving axle load control and road safety.**

It is normal engineering good practice to carry out a road safety audit as an integral part of the design process (of major works; it is not normal practice for smaller value and maintenance works) although local consultants are not experienced in this process. From documentation examined it appears that recent EC-supported capital works interventions have included such an audit and certainly INSTAP has included coverage of road safety issues, but it is not possible at this stage to state whether such activities were carried out under earlier interventions.

RSP 2010.2020 makes reference to identification of accident black spots and remedial measures to be taken but no evidence has been examined of such systematic wide spread activities yet having been carried out on the major road network.

The importance of axle load enforcement is widely recognised (to avoid accelerated deterioration of road pavement) and national legislation is compliant with regional norms (COMESA and SADC). Weighbridges have been installed (some financed by EC) at various border and inland locations but, whilst all stations are operational, it is reported that only one inland station is actually functioning (and even then enforcement does not go as far as off-loading trucks). Tellingly not one of the border stations is operating. It is understood that funding and manpower is not available for such operations but given the relatively good condition of many major roads it is an attractive commercial decision for a haulier to overload a truck if the chances of apprehension and penalty are slight. In the meantime the damage caused by overloading to the road structure can be significant<sup>22</sup> and in the case of unpaved roads can lead to collapse in wet conditions (e.g. timber trucks).

Accident levels in Malawi are among the highest in the world (accidents per vehicle) despite low traffic conditions and good climatic conditions.

EC interventions have, in principle contributed to improved axle load control and road safety but operational and enforcement issues appear to be denying the effectiveness of such support.

#### **Indicator n° 4.5.1: Road safety audits as integral part of design process**

##### ***Findings at indicator level:***

Good engineering practise demands that the design process should routinely include preparation of an ESIA (and ESMP) and safety audit. In practise this is usually only carried out for capital works such as new construction and upgrading works, the majority of rehabilitation and maintenance works not being covered on an individual project basis, although usually a sector-wide or thematic assessment/audit will provide guidelines. Local consultants are reportedly little practised in specific safety audits.

##### ***Data and sources:***

###### Supporting Evidence

*'... along with road safety audits on rehabilitation, upgrading and new construction projects to assist the design process to reduce the potential for accidents' (RSP 2010-2020 p. 26)*

*'A Road Safety Master Plan will be developed' (RSP 2010-2020 p. 26)*

*'The design review (of MABRAM) currently undergoing with technical support by the EC has taken key attention to include engineering measures that promote road safety .....' (JAR 2008 p. 12)*

*'Main results (of INSTAP) have been identified as follows: .....Establish and improve enforcement of road traffic and safety regulations .....(JAR 2008 p. 13)*

*'Particular areas requiring support are road safety ....'(EDF10 CSP p. 25)*

*'It is planned that RTD will merge with NRSC to form the RTA providing a firmer base to plan and enforce safety issues ....' (EDF10 CSP Annex 14)*

*'RSP has been formulated ... to facilitate ..... acceptable levels of traffic safety .....' (EDF9 CSP p. 10)*

*'The major policy measures to be taken by government are ..... improving traffic safety' (EDF9 CSP p. 27)*

<sup>22</sup> (it is not a linear relation, but to the power of 4 or even 5)

*NRSCM with financial support from EU through INSTAP and working in close cooperation with other sector bodies such as RTD and Traffic Police will lead efforts to develop a Road Safety Master Plan. In the absence of the RTA the master plan is expected to better align the 3 agencies involved in road transport regulation, address concerns of duplication of effort and ensure better utilisation of resources available for road safety' (1<sup>st</sup> joint Transport Sector Review, June 2010)*

#### Detracting Evidence

*'One key outstanding issue remains the creation of the proposed RTA .... Despite a draft bill being prepared and some pronouncements made .... progress towards implementation has been slow and somewhat unclear. A major consequence of this has largely been stalled implementation of initiatives as the sub-sector and development partners wait for the implementation of this important institutional and policy reform' (1st JTSR 2010 p. 11)*

### **Indicator n° 4.5.2: Network road safety surveys identify accident 'black spots' and mitigation response**

#### ***Findings at indicator level:***

RSP notes that a 'Road Safety Master plan' will be developed to identify and address issues of 'physical measures at places on the network of high or potentially high roads accidents, such as improved signing, speed restriction initiatives and road markings along with road safety audits on rehabilitation, upgrading and new construction projects to assist the design process to reduce the potential for accidents'. Interestingly RSP discusses 'Accident Black spots' under the heading 'Dealing with Past Mistakes'. In this context RSP notes that there is provision for analysis of black spots to enable physical improvement measures to be implanted at the worst sites in the country (i.e. physical state of the road at that point even if the root cause is driver-related e.g. excess speed). Also, (unspecified) measures to improve driver behaviour are mentioned.

In urban areas (and main road junctions) low cost measures are proposed to manage traffic without recourse to large scale construction.

Suggested action areas include: safety audits, black-spots treatments, signs and markings, NMV protection measures, speed reduction measures, awareness campaigns, education and enforcement.

#### ***Data and sources:***

#### Supporting Evidence

*'RSP contains provision for measures to be implemented by RA to improve road safety. These will be a combination of physical measures at places on the network of high or potentially high road accidents such as improved signing, speed restriction initiatives and road markings ....' (RSP 2010-2020 p. 26)*

*'Accident Black spots: Concentrations of road accidents at specific links or junctions on the network can often be attributed to the physical state of the road at those places even if the root cause of accidents is driver-related. RSP contains provision for analysis of black spots to enable physical improvement measures to be implemented at the worst sites in the country' (RSP 2010-2020 p. 27)*

*'The programme (MABARM) is based on five results areas ..... road safety improved on repaired sections ....' (JAR 2008 p. 11)*

*'In order to reduce the accident rates in FY2009/2010, RTD undertook several initiatives under the EDF9 funded INSTAP TA including: preparation of a multi-sector National Road Safety Master Plan for Malawi with the aim of providing a safe, efficient and sustainable road network – draft completed December 2010' (Draft Aide Memoire, JTSR, Fen 2011)*

### n° 4.5.3: National strategy and implementation of plan for axle load control measures

#### **Findings at indicator level:**

RSP notes the importance of enforcement of axle load weight limits but goes on to imply that existing operational weighbridges are not fully functional and overloaded trucks, if detected, are often not off-loaded. Additional weighbridges 'close to heavy vehicle generators' are suggested and note is made that 'resource implications are relatively small'.

EC has over the years (especially under EDF8 RMSP) provided considerable support to installation of weigh stations (fixed and mobile) but this equipment, whilst still reportedly operational, is not fully functional due to insufficient funds being made available for operation. During the field visit it was determined that none of the border weigh stations have been operational for over 9 months whilst the single inland weigh station is only partly functional.

#### **Data and sources:**

##### Supporting Evidence

*'Axle load control is very important for preservation of the road network and it is critical for the success of RSP that the loading of vehicles below allowable weight limits is strictly enforced. This needs to be done by ensuring the full operation of existing weighbridges, by unloading overloaded trucks and by ensuring that the legal maximum fines for overloading are paid .... (RSP 2010-2020 p. 26)*

*Particular areas requiring support are: .... axle load control....' (EDF10 CSP p. 25)*

*'It is intended that RTD take over responsibilities for axle load control from NRS (RTD currently has the responsibility for approval of standards with relation to axle load limits ....). It is planned that RTD will merge with NRSC to form RTA ....' (EDF10 CSP Annex 14)*

*Currently, the Road Traffic Directorate is operating five fixed weighbridges at Songwe border, Mwanza border, Mchinji border, Muloza border and Balaka (inland) weighbridge. There are four portable weighbridges that are used in the three regional offices and headquarters. In FY2009/10, the number of trucks weighed at fixed weighbridges was targeted at 42,000, but the actual number achieved was 38,971 leaving. In addition the percentage variance from the target was -2.5%. (Draft Aide Memoire, 2<sup>nd</sup> JTSR, Feb 2011)*

##### Detracting Evidence

*'Axle load control is yet another key challenge facing sector bodies .... challenges range from: insufficient equipment, inadequate private sector participation to developing adequate capacity for axle load control management and monitoring,..... adequate capacity to cover both border and inland axle load control, quality of infrastructure .... manpower requirements and financial resources....' (1st JTSR 2010 p. 11)*

*'Creation of RTA .... progress .....has been slow and somewhat unclear. A major consequence has been stalled implementation ....' (1st JTSR 2010 p. 11)*

*Malawi has adopted SADC and COMESA standards on GVM and axle loads .... However road sector regulation remains weak due to insufficient enforcement of axle loading ....' (Evaluation of EC Country Strategy 2003 p. 23)*

*'National policy regarding .... axle load control includes strategies for enforcement of weight limits .... and EC funded studies have been directly supportive of these policies but enforcement effort is practically nil and the legislative position – remains unclear' (Evaluation of EC Country Strategy 2003 p. 30)*

*'There are quite a lot of challenges that evidently distort the number of vehicles that are supposed to be weighed. The challenges range from human to system functions and some noted are:*

*Trucks have chosen to use alternative routes where there are no weighbridges. The routes include amongst others Dedza border post, Biriwiri border post and Mkanda in the central region, and Chiponde border post in the Southern region and Mbalachanda in the Northern region. At Balaka, vehicles use a secondary road at Nsipe off M1 road and join the M1 road at Chitseka;*

*Software is outdated and as such allows human interfering and therefore not equipped to hinder fraud;*

*Trucks deliberately pass weighbridges as there are no enforcement vehicles;*



*Monitoring has not been adequately carried out due to shortage of human, equipment, transport and financial resources.*

*As a priority there is a need to install axle load control infrastructure at Dedza border post and another on the M1 Road to Chikhwawa and a further two in the northern region on the M1 and M5 roads to check vehicle overloading'*

*(Draft Aide Memoire, 2<sup>nd</sup> JTJR, Feb 2011)*

#### **Indicator n° 4.5.4: Trends in road accident and mortality statistics**

##### **Findings at indicator level:**

The accident rate per vehicle in Malawi is regarded as one of the highest in the world despite low traffic volumes and good climatic conditions. The high number of people killed in road accidents adversely impacts on the country's economic and social development significantly.

*In FY 2009/2010 RTD undertook initiatives under INSTAP:*

##### **Data and sources:**

###### Supporting Evidence

In FY2009/10 fatal accidents exceed target limit by 129 while the person/accident ratio for fatal accidents exceeded the expected target by 0.14. The person/accident ratio for serious accidents varies from the targeted ratio by 0.24 manifesting an increase in the number of people injured through serious road accidents (Draft Aide Memoire for 2<sup>nd</sup> JTJR)

#### **Judgement criterion n°4.6: EC has contributed to improving mainstreaming of crosscutting issues (gender, HIV/AIDS, environment) in the road sector.**

EIAs are carried out for all capital works investments as a matter of routine. EMPs are prepared and the contractor should undertake the works programme in accordance with the EMP although supervision of compliance can be patchy as national consultants are reportedly not well experienced in such issues. All donor-supported interventions are compliant with such engineering good practise. However, routine and periodic maintenance and minor works are unlikely to be subject to a project-specific EIA although there are plans to undertake a strategic EIA for the sector as a whole, which could be expected to result in generic guidelines for environmentally sensitive maintenance activities.

Despite the existence of a National Gender Programme, road sector policies, strategies and programmes make little or no reference to gender issues (rather more reference is made to HIV/AIDS with which gender is often bundled as a cross-cutting issue). Also, at project intervention level there is usually little specific reference to gender considerations, the exception being in rural road interventions (e.g. IGPWP, RFRP) where there is a history of women's involvement, especially in labour based road rehabilitation and construction. Baseline data collection, if it takes place at all, often does not include gender disaggregated data although INSTAP activities are widening the scope of such data collection to include gender-specific indicators. Many interventions in rural roads include efforts to maximise the proportion of labour (as opposed to plant and equipment) including encouragement of engagement of women as a high proportion of the labour force. No project specific data on this issue has been examined but a conventional target is for women to make up at least 25% of the total work force. It is understood however that some rural interventions (e.g. IGPWP) have achieved considerably higher percentages of women's participation.

All capital works contracts have BOQ provision for HIV/AIDS sensitisation activities to be carried out along the road corridor and for the contractor's work force but it is understood that such activities are not routinely undertaken for maintenance and smaller works activities.

Overall EC has contributed to increased mainstreaming of cross cutting issues in the road sector (although no efforts appear to have been made to judge the effectiveness of such activities)

## Indicator n° 4.6.1: EIA/EMPs prepared and implemented for all capital works projects

### **Findings at indicator level:**

In accordance with the 1996 Environmental Management Act RA has provision for an environmental department to ensure that social and environmental aspects are systematically covered in all phases of project cycle management.

It is standard practice to undertake an Environmental Impact Assessment for all capital works (including those supported by EC and other sector donors) and to produce an Environmental Management Plan to manage and mitigate potential environmental impacts during the course of construction. However, it is unusual for such EIAs to be carried out for routine or periodic maintenance works (which are predominantly within the existing road alignment and do not alter the nature of the road or its impacts on its surroundings or population. Whilst environmental impacts are likely to be small (and usually benign) subject to good engineering practice (especially regarding surface water drainage so as to avoid erosion) an emerging issue is the growing shortage of reasonable quality gravel for unpaved roads.

Under EDF10 support (SPSP) it is proposed to carry out a strategic environmental assessment of the roads sub-sector

### **Data and sources:**

#### Supporting Evidence

*'NRA has had an environmental planner since 2003 and they are making progress with the integration of environmental and social processes into their operations' (1st JTSR 2010 p. 18)*

*'NRA will demonstrate more integrated management of environmental and social issues by June 2011' (1st JTSR 2010 p. 12)*

*'... the ministry is considering a sector-wide environmental impact assessment which may be funded by EU in 2 years' time ....' (1st JTSR 2010 p. 19)*

*'NRA will continue to address key .... environmental issues where road construction or improvement has impact. In particular social and environmental mitigation measures will be incorporated into the design process ....' (RSP 2010-2020 p. 26)*

*'... Environmental and social issues for this project (Golomoti-Monkey Bay) have been dealt with through a small programme estimate implemented by the NICE project unit' (JAR 2008 p. 9)*

*'Environmental.... issues have been incorporated in the urban roads contract in Lilongwe....' (JAR 2008 p. 12)*

*'Achieved – environmental concerns ... have been addressed (Final Evaluation of Phase I IGPWP, p17)'*

*'...the Ministry is considering establishing a desk ...by July 2011 that: i) provides leadership and direction on environmental and social issues relevant to the sector acting as point of contact on those issues for internal and external stakeholders; ii) advises on sector policy, regulation and standards to aligning transport sector law with the laws governing cross cutting issues; iii) oversees the implementation and enforcement of environmental and social provisions in laws governing the transport sector and compliance of the executing agencies with national environmental law; iv) initiates and coordinates activities for improving environmental and social performance of the transport sector; v) collaborates with institutions external to the sector to achieve performance improvements (Draft Aide Memoire for 2<sup>nd</sup> JTSR, Feb 2011)*

#### Detracting Evidence

*'For all cross cutting issues which fall under the broad category on 'environment' there is currently no function at Ministry level acting as the authoritative voice with responsibility for policy, planning and implementation oversight. The existing regulatory framework governing environmental issues in the sector has gaps and is not aligned with national environmental law and the sector obligations under multi-lateral environmental agreements. Most of the executing agencies do not have environmental and social management systems in place' (1st JTSR 2010 p. 18)*

*'There is still room for improvement in implementing impact mitigation measures in design and construction of roads ....' (1st JTSR 2010 p. 18)*

## Indicator n° 4.6.2: Evidence of gender specific considerations in project design

### **Findings at indicator level:**

Malawi has a National Gender Programme 2005-2010 which examines and targets gender issues in various social sectors but not in transport. The National Transport policy does not address gender issues in depth but does recognize the benefits of improved rural access and the need for gender-neutral technologies.

Most project intervention designs typically note the role played by women in the agricultural sector and their limited access to markets because of denied or constrained access to transport (due to cultural reasons and high cost of transport). Reference is also made to the successful participation of women in (especially) labour based works of rehabilitation and maintenance (e.g. IPWP, IGPWP, RFRP) and the intention to establish baseline data to monitor impacts on women. However, little evidence has been examined by the evaluator of such impacts either due to an absence of baseline data collection or monitoring data during the course of implementation.

The 2000 National Gender Policy proposes to mainstream gender into national development practices and reduce inequality in decision making and economic activities. Up to 2008 the Malawi Rural Travel and Transport Project championed improved accessibility and mobility for women with impacts on maternal health.

EDF10 support to 'Promotion of Gender Equality and Gender Empowerment' will assess the opportunities for mainstreaming gender in various sectors (including transport) and will carry out related training.

### **Data and sources:**

#### Supporting Evidence

*'With respect to gender issues the HIV/AIDS & Nutrition Officer is acting as the focal point but he structure across departments and agencies is not as strong (as that for HIV/AIDS). Under INSTAP 15 officers across the ministry attended gender mainstreaming training .... and a process is being initiated to collect disaggregated gender data .... (which) will be available by October 2010' (1st JTSR 2010 p. 18)*

*'The programme is based on .... result areas:..., accompanying measures for increased ... gender awareness (MABARM)' (2008 JAR p. 11)*

*'... gender issues have been incorporated ... the community will be sensitised on ...gender related issues (MABARM)' (2008 JAR p. 12)*

*'Result 5 (RFRP): Gender issues and benefits of feeder roads understood .... An analysis will be made of the impact of this programme on women' (2008 JAR p. 14)*

*Gender issues are promoted through the various PWPs operating at district level' (RFRP Final Report 2006 p. 7)*

*'... support will be given to complement and reinforce the country's endeavours to mainstream .... gender aspects in all GoM and EC funded programmes' (EDF10 CSP p. 27)*

*'The stated intention to focus on rural feeder roads and accessibility for poverty stricken areas is likely to have a positive gender impact' (EDF10 CSP Annex 12 Gender Situation)*

#### Detracting Evidence

*RSP 2010-2020 appears not to contain the words 'gender' or 'women'*

*'NRA has no policy on affirmative action concerning gender issues including the participation of women in works contracts ....' (RFRP Final Report 2006 p. 7)*

### Indicator n° 4.6.3: Numbers of women employed under routine maintenance contracts and labour based reconstruction projects

#### **Findings at indicator level:**

Many individual project interventions have rural road components (e.g. IGPWP, PWP, RFRP) by which feeder roads are rehabilitated using predominantly labour based methods. Although no specific reports have been examined which quantify the proportion of women's' participation in road maintenance and labour based works, there is long experience of women's' successful involvement in such works (going back at least as far as the DRIMP programme in the 80s) with a usual target figure of around 25% of the work force.

#### **Data and sources:**

##### Supporting Evidence

*'All construction activities have generated short term employment during the contract period and to a lesser degree long term employment through maintenance and operation. Most works have been undertaken by plant based methods which .... generates less opportunities for employment of local unskilled persons than labour intensive technologies (and there is usually a gender imbalance in that most skilled workers in the civil engineering industry are men). There is a history of labour intensive methodologies in Malawi stretching back to the 80s, particularly in rural road rehabilitation and maintenance (with more equitable gender balance) .....'* (Evaluation of EC Country Strategy 2003 p. 29)

*A recommendation of the 2003 Country Strategy Evaluation p58 was 'specify minimum percentages of women workers to be employed on labour based contracts with incentives for contractors to exceed this figure and penalties in case of default'*

*Achieved – issues of gender have been addressed..... Gender equity defined as 30% has been achieved but a target of 30% is assessed as unambitious' (Final Evaluation of Phase I IGPWP, p17)*

*'44% of the beneficiaries were women' (Final Evaluation of Phase I IGPWP, p. 29)'*

### Indicator n° 4.6.4: Specific BOQ provision for HIV/AIDS sensitisation in all road construction contracts

#### **Findings at indicator level:**

MTPI launched the Transport Sector HIV/AIDS policy and Strategic Framework of Action in 2008 which is compliant with the 2008 National HIV/AIDS Policy and 2005-2009 National Action Framework. This sector policy was developed by the National Transport Committee on HIV/AIDS (NATAC) and focuses on external mainstreaming actions for the sector.

All MDAs are expected to commit 2% of the recurrent transactions budget (ORT) to HIV/AIDS programmes in the work place but in practice it is reported that this programme is under-funded.

All capital works contracts (supported by EC and other sector donors) have budget provision for sensitization activities along the course of the road works (including the contractor's work force) to be carried out by a service provider (e.g. NGO) – usually covered by a lump-sum BOQ item.

#### **Data and sources:**

##### Supporting Evidence

*The ministry is most active in responding to the national HIV/AIDS policy .... There is an HIV/AIDS coordinator for the transport sector .... All departments and executing agencies have HIV/AIDS committees and MDAs are required to commit 2% of their other recurrent transactions (ORT) budget for HIV/AIDS workplace programmes.... The HIV/AIDS Policy and Strategic Framework of Action for the Transport Sector was developed ... NRA has developed its own HIV/AIDS workplace policy ... the ministry is in the process of developing a proposal for a transport corridors HIV(AIDS programme)' (1st JTSR 2010 p. 18)*

*'... NRA will continue to play its role in combating the spread of HIV/AIDS ....' (RSP 2010-2020 p. 26)*

*'Both in implementation of programmes and in institutional support will be given to HIV/AIDS in the form of implementation of awareness campaigns – this concerns not only backlog maintenance and*

*rehabilitation but also rural roads' (EDF9 CSP p. 22)*

*'The construction industry is seen as a high risk area for transmission of HIV/AIDS .... The implementation of HIV/AIDS awareness activities under NRA contracts is normally carried out by service providers engaged by the contractor. Larger contractors are generally able to manage this responsibility though the requirements must be clearly specified in the works contract. Experience has shown that provisional sums should be provided in the BOQs to cover the cost of such activities rather than leaving pricing to a competitive process. Monitoring of activities should be included in the TOR for supervisory consultants' (RFRP Final Report 2006 p. 7)*

*Achieved – issues of ...HIV/AIDS have been addressed.....Men, women and youths are empowered through club membership and their socio-economic status has been enhanced. Club members are better informed to assist and HIV/AIDS affected are benefiting economically and socially' Achieved – issues of gender have been addressed..... Gender equity defined as 30% has been achieved but a target of 30% is assessed as unambitious' (Final Evaluation of Phase I IGPWP, p17)'*

*The HIV/AIDS policy and Strategic Framework of Action for the Transport Sector were developed with the support of the ILO project. The Road Authority has developed its own HIV/AIDS workplace policy' (Draft Aide Memoire for 2<sup>nd</sup> JTSR, Feb 2011)*

#### Detracting Evidence

*'No sector wide programme of HIV/AIDS awareness has been initiated although some sensitization has been carried out on individual construction projects but these are uncoordinated efforts with local coverage only. Interviews with sector management revealed that this issue was seen as of only peripheral importance (or interest) that should be covered by a health sector initiative' (Evaluation of EC Country Strategy 2003 p. 29)*

*'Due to limited resources available to MDAs most programme have been focussed on sensitisation workshops and nutritional support for employees' (Draft Aide Memoire for 2<sup>nd</sup> JTSR, Feb 2011)*

## 1.5 Regional Connectivity

***Evaluation Question n°5: To what extent has EC support to the road sector in Malawi contributed to improved regional connectivity?***

***Judgment criterion n°5.1: EC support contributed to development of integrated multi-modal national transport and road sector policies and programmes which are coherent with regional transport policies and with transport sector policies and programmes of neighbouring countries.***

National transport sector policies of all countries in southern Africa are broadly similar and all make reference to the desirability of improved regional connectivity concentrating on the physical connectivity that is expected to be brought about through infrastructure provision as a contribution to wider regional integration. However, until recently, consideration of 'transport' has concentrated almost entirely on roads as the transport mode for the vast majority of freight and passengers across Africa.

It is important to appreciate that national programmes, even when making reference to regional transport needs, are essentially just that, national. Prioritisation of limited national programme resources is strictly in line with national interests and strategic regional routes of high priority in a neighbouring country are not necessarily of equally high priority to the country through which those links might pass. For Malawi this is a critical issue as virtually all of its regional connection routes (road and rail) to the Indian Ocean ports lie outside of Malawi (and thus in another country's priority list and at that country's expense in terms of capital investment and operating costs).

Also, given the very high (and escalating) cost of major infrastructure investment, the means available to carry out such works have not been available. Regional programmes have had relatively small budgets and major investment has come from national budgets, which in turn have been dedicated to solving in-country problems. Only recently are the means to realistically address aspirational regional linkages becoming available through instruments such as the EU-Africa Infrastructure Partnership.

There is broad coherence between national and regional programmes in that most recognise essentially the same priorities of network management (i.e. maintenance of existing maintainable network before expansion or upgrading of that network, the importance of axle load control, user pays principle etc.) and the importance of corridor development leading to lower transport costs and reduced transit times for imports and exports but again, there is concentration on almost entirely road transport.

Convergence of regulatory and planning systems has taken great strides in the past decade despite the complications of some countries (such as Malawi) being members of different regional and international groupings. However, ratification of agreed protocols continues to be partial and implementation or enforcement of such regulations (which cannot go ahead anyway until national legislation is in place) continues to be inconsistent and patchy.

The conclusion at this stage must be that EC support to the road sector in Malawi has contributed only to maintaining and improving service levels of regional corridor routes in Malawi, but have contributed little or nothing to wider regional connectivity.

**Indicator n°5.1.1: Malawi national sector policies, strategies and programmes are in line with similar sector strategies in Mozambique, Tanzania, Zambia (and Zimbabwe and RSA) regarding international connectivity**

**Findings at indicator level:**

All countries have national transport sector policies, although quality of these policies and strategies and implementation situation vary across the region. All such sector policies are subordinate to national poverty reduction and/or national development strategies (in Malawi's case MGDS) which all recognize the importance of transport for poverty reduction and economic growth, although until recently there has been little attention given to transport needs other than roads. All such national strategies/policies recognize the essential role of rural connectivity and most support the explicit development of regional/international corridors but, not surprisingly, national priorities are not necessarily coincident.

Almost all investment in national transport networks is from national budgets (whether government or donors) and prioritization of this is in strictly national interests. From Malawi's international linkage point of view high priorities would be, say, the Zambian road link from the Zambia/Malawi border (Great East Road) or the Mozambican rail link to Nacala. These are indeed priorities in the neighbouring countries but as the eastern section of the Great East Road and the rail link Cuamba-Entre Lagos are of much greater utility to Malawi than to Zambia or Mozambique, these links are not rehabilitated, developed or operated at the same rate, standard or urgency.

However, the situation whereby regional programmes (SADC and COMESA) had deficient capital investment programmes for truly regional infrastructure interventions is now changing. AU with EC partnership has prepared the 2009-2012 Strategic Plan which includes an infrastructure agenda which contributes to regional and continental integration, further defined in the AU/NEPAD African Action Plan 2010-2015 which includes a matrix of priority actions including the transport sector under the EU-Africa Infrastructure Partnership. This includes a programme for preparatory action and studies including the Beira and Nacala corridors. Thus a study has recently been launched for a feasibility study for the western section of the Beira-Lobito Corridor. In parallel to this development the EU-Africa Infrastructure Trust Fund (managed by EIB) is preparing projects for the rehabilitation of the Great East Road from Luangwa Bridge to the Malawi border. Funding for construction will be co-financed by EIB, EDF, AFD and AfDB.

**Data and sources:**

Supporting Evidence

*'In December 2005 the EC agreed an EC Strategy for Africa .... rests on 3 pillars .... Supporting regional integration, trade and inter-connectivity to promote economic cooperation ....' (EDF10 CSP (Malawi) p. 2)*

*Better regional connectivity entails improving the current state of transport infrastructure and facilitating institutional improvements to optimise the efficiency and capacity of road, rail, water and air transport' (EDF10 CSP (Malawi) p. 24)*

*'The purpose (of the EDF10 Support to the Transport Infrastructure Sector) is to develop for the road transport sector .... connectivity. There are four anticipated results ..... Great East Road meeting national and regional transport quality requirements' (EDF10 CSP (Zambia) p. 36)*

*'... rehabilitation of the Luangwa Bridge to Chipata road is considered as a national priority (FNDP) for the purpose of regional connectivity and trade (Nacala Corridor to Malawi and Mozambique)' (EDF10 CSP (Zambia) p xx)*

*'.... also supporting Tanzania's participation in regional ICT/connectivity initiatives ....' (EDF10 CSP (Tanzania) p. 38)*

*'Transport: EC will address the special needs of Tanzania as a coastal country by promoting network connectivity. The EC will enhance its support to international, regional and sub-regional organisations to deal with the issue of transit transport facilitation' (EDF10 CSP (Tanzania) p. 80)*

*The main objective of EDF support is .... improving the inter-modal connectivity (i.e. with railways, waterways, maritime and aviation transport) of the productive sectors both inside the country and outside with their regional neighbours by developing corridors....' (EDF10 CSP (Mozambique) p. 32)*

*'... the current strategy will be opened to support activities to achieve full coherence between regional and national transport regulations .... the response strategy also looks at complementarity and opportunities for integration of activities to be financed within the EU-Africa Partnership on Infrastructure, in particular with activities focussed on inter-connectivity with railways, waterways, maritime and aviation sectors, missing links and regional networks necessary to accelerate economic growth..... e.g. rehabilitation of the Beira-Machipanda road is actually part of the Beira Corridor' (EDF10 CSP (Mozambique) p. 39-40)*

*At their meeting on the development of the Beira and Nacala Corridors on 16<sup>th</sup> December 2008 the Ministers responsible for transport in the Governments of the Republics of Mozambique, Malawi, Zambia and Zimbabwe agreed upon a firm commitment to encourage and support the entire railway network in Malawi in genera' (Draft Final Report, TA to Rail Sector Development, May 2009).*

## **Indicator n°5.1.2: National strategies demonstrate coherence with regional strategies and programmes**

### ***Findings at indicator level:***

There is reference to regional issues and strategies at various levels in the Malawi national strategies and policies. Under MGDS reference is made to the provision of road infrastructure as a key policy element particularly on main corridors leading to reduced times for export, lower costs of cross border and transit trade with neighbouring countries and lower cost to reach international and regional markets (supply and distribution). MGDS strategies to this end include provision of roads to 'meet agreed sub-regional standards'.

On the other hand the TSP, which emphasizes the importance of economic efficiency in the transport sector, has only limited reference to regional strategies. The national Road Sector Programme 2010-2020 has no reference to regional strategies or programmes. The only regional proposal which has manifest Malawi advocacy is support for the development of the Shire-Zambezi Waterway although it appears that Mozambique, in which most investment, works and operation would take place, is less enthusiastic.

More recently the preparation of the Malawi Transport Sector Multi-modal Development and Potential PPP Study, 2010 is based upon regional connectivity strategies.

### ***Data and sources:***

#### Supporting Evidence

*'...assistance (trade negotiations) .... will be in the context of all-ACP programmes and regional cooperation' (EDF9 CSP p. 23)*

*'EC is prepared to support Malawi in carrying out trade negotiations on a regional and multi-lateral level ....' (EDF9 CSP p. 23)*

*An annex on regional cooperation funded by EC (EDF9 – to be coordinated by SADC) outlines cooperation as broadly supportive of the Malawi NIP and recognizes Malawi's land-locked position and its dependence for access to the sea on development of transport corridors through neighbouring countries. The regional programme specifically mentions two priority projects: rehabilitation and management of the Nacala railway corridor and completion of the rail link into Zambia' (Evaluation of EC Country Strategy for Malawi, 2003 p. 7)*

*In the medium term efforts are intended to concentrate on improving mobility and accessibility to key road corridors....' (EDF10 CSP p. 3)*

*' ... the private sector would like to see specific plans and actions taken to rehabilitate and upgrade the Beira and Nacala corridors which are more competitive than Durban port that the private sector is currently forced to use' (1st JTSR 2010 p. 3)*

*'The maintenance plan must give priority to RM/PM and rehabilitation needs of the main connecting corridors of the regional road network' (EDF10 CSP p. 25)*

*'A conceptual leap from a local orientation to a regional one is the core of the new transport strategy....' (Malawi Transport Sector Multi-modal Development and Potential PPP Study, 2010 p. 12)*

#### Detracting Evidence



*'... substantial elaboration of government policies and intervention logic are available .... though limited emphasis is placed on the Nacala corridor (which has the potential to cut 50% off current transport costs .....). This may be because the regional programming exercise had not yet been carried out at the time of CSP preparation' (Evaluation of EC Country Strategy for Malawi, 2003 p. 8)*

*'... the EDF9 /strategy papers for SADC and COMESA) .... establish no link between the regional priorities for the country (Malawi) or its place in the overall regional economic cooperation and strategies and policies determined under the NIP. Regional and national strategies are compatible as far as they both concentrate on the same focal sectors. However, no complementarity between the different actions undertaken under national programmes on the one hand and the regional are clearly spelled out' (Evaluation of EC Country Strategy for Malawi, 2003 p. 9)*

*'GoM attaches high priority to the development of this corridor but its feasibility remains to be evaluated .....Most of this corridor would be in Mozambique and the Government of Mozambique has stated that it will await the results of the detailed feasibility study before making any decisions on this corridor' (Draft TSIP 2011)*

*'Regional and national programmes are substantially coherent and provide a strong basis for complementarity that is however not supported by explicit linkages between regional and national levels. Actual coordination remains weak' (2008 Evaluation of EC Support to the Region of ESA & IO)*

*'...linking the network ....along the Shire River ... does not answer to the coal transport demand (from the Mozambique point of view' and clearly discards the Nsanje inland port project (from the Malawi point of view)' (Malawi Transport Sector Multi-modal Development and Potential Public Private Partnership Study' 2010)*

**Indicator n°5.1.3: Regional and national convergence of planning, regulatory and management systems**

**Findings at indicator level:**

Regional integration is to a large extent dependent on progress towards FTAs, customs unions, trade protocols, EPA and Doha Development Agenda negotiations, progress being complicated by overlapping membership of countries in the various regional and international groupings which do not necessarily have the same objectives. In this context it is important that African countries such as Malawi harmonize relevant transport regulations and protocols. Issues relevant to the transport sector are listed below:

**Table 30: Relevant Regional Regulations for Transport Sector**

RIO	Trade policies	Transport related policies	Strategies
SADC	FTA, customs union	Customs procedures; Private Sector Development	Infrastructure Tourism
COMESA	FTA, customs union	Customs procedures; Private Sector Development Movement of Persons Air Traffic Liberalisation	Infrastructure Tourism
EAC	FTA, customs union	Customs Procedures, Private Sector Development Movement of Persons	Infrastructure Tourism

Although the Bangui Declaration of AU calls for coordination and harmonization of regional and national programmes it can be seen that there are possibilities of overlap or discrepancy although there are attempts being made to contribute to coordination and consistency of national and regional policies including: i) technical committees of RIO which contribute to national policy formulation bodies; ii) establishment of working groups regarding trade negotiations; iii) definition of national Joint Assistance Strategies by some countries (apparently not Malawi) to contribute to coordinated coverage of regional integration policies and donor development support; iv) regional mechanisms to enhance coordination of regional integration policies (e.g. COMESA/EAC/SADC Tripartite Mechanism); v) analysis by the IRCC of all national CSP/NIPs and agreement that all NAOs and

RAOs will meet annually to monitor coordination and implementation of CSP/NIPs and RSP/RIPs.

EC has provided support directly or indirectly to regional and national planning, regulatory and management systems in the transport sector in most, if not all SADC and COMESA countries.

**Data and sources:**

Supporting Evidence

*'... measures .... include .... Improvements to regulatory instruments, procedures for customs clearance, regional integration and standardization of freight tariffs' (Malawi Transport Cost Study 2005)*

*Malawi has adopted SADC and COMESA standards on GVM and axle loads. Road safety legislation is in line with regional norms – however, road sector regulation remains weak due to insufficient enforcement ....' (Evaluation of EC Country Strategy for Malawi, 2003 p. 29)*

*There has been .... action on harmonization of legislation and standards relevant to the transport sector with regional and international norms covering such issues as .... national railway policy and restructuring and in connection with restructuring of the road sector, road infrastructure policy, institutional and legislative frameworks, RF and dedicated user charges, road agencies, transport legislation and liberalization, model road safety regulations .... however, implementation of revised norms by GoM is somewhat patchy and the reform process remains incomplete' (Evaluation of EC Country Strategy for Malawi, 2003 p. 30)*

Detracting Evidence

*'Ratification and implementation of national and regional protocols affecting transport and communication are important because there are possibilities of overlap or discrepancies in consideration of T&C-related issues. At the national level, national policy reform and alignment .... is in progress but strategies are often incomplete and implementation tardy as is also ratification and implementation of many international and regional agreements and protocols' (Evaluation of EC Country Strategy for Malawi, 2003 p. 35)*

*'All RIOs recognise the need for coordination and harmonization of sector policies and programme and have frameworks for convergence of T&C sector policies and strategies although time frames for convergence are unconvincing. The greatest progress thus far has come about in air transport and maritime transport services although not all barriers have been removed due to equivocal political commitment and protectionism' (Evaluation of EC Support to ESA-IO 2008 p. 35)*

*'The SADC Protocol on Transport, Communication and Metrology (PTCM) has been ratified by all MS and is as such legally binding. Most MS have a transport policy in place but inter-modal cooperation is generally weak and the regional perspective is not well established' (Evaluation of EC Support to SADC 2007 p. 33)*

**Judgement criterion n°5.2: EC support contributed to streamlined and improved border formalities to facilitate sustainable trade relations with neighbouring countries.**

A number of 'one stop' border posts have been established in southern Africa but almost all continue to operate in the traditional 'two stop' manner. The reasons for this situation are not entirely clear but red tape, procedural, managerial and inertial issues are all contributory factors (sector governance appears to be weak). Given that most delays in international freight transport (proportionally less so for passenger transport, but even so, delays can be significant) are due to delays at border crossings, this lack of action has obvious negative impacts on trade and passage of persons. Other delays (and consequent costs) are due to 'check points' at various locations. Some are valid/official (such as in-country immigration, customs or weighbridge controls); some are nothing more than free-lance toll collections. These informal check points seem to be diminishing in number these days but unrecorded payment continues to be necessary for onward progress at some of these check points.

Malawi has agreed to various procedures and protocols for immigration and customs but many have not been ratified by Malawi (or some of its neighbours). The result is that passage and (especially) clearance of loads continues to be a drawn-out and complicated process even with the best broker and haulier services. Such excessive time obviously adds to transport costs and delivery times.

All these factors combine to prolong delays at border crossings over what could be achieved. With a few exceptions there has been little or no improvement in border crossing times for more than a decade and, with the continuing increase in road traffic, any marginal procedural improvements have been swallowed up by the volume of transit passengers and freight.

**Indicator n°5.2.1: 'One stop' border crossing facilities on the borders between Malawi/Mozambique, Zambia and Tanzania; Zambia/Zimbabwe/RSA set up and functioning**

**Findings at indicator level:**

There are reported ([www.silobreaker.com](http://www.silobreaker.com)) Overview of one-stop border posts, Regional Trade Facilitation Programme) to be plans to establish 'one stop' border posts at many international crossings including for Malawi Calamue (Malawi/Tete province Mozambique) to be followed later by Zobue and Kuchamano (Mozambique/Malawi) and Forbes/Machipanda (Tete Province, Mozambique/Zimbabwe). Some others have already been developed (e.g. Beit Bridge (RSA/Zimbabwe), Ressano Garcia/Komatipoort (RSA/Mozambique) and Chirundu (Zimbabwe/Zambia) but only one is reportedly fully functional (Chirundu).

Of delays to transit travel 25% is reportedly due to poor quality of infrastructure and 75% due to delays at border crossings (as can be attested by the evaluator noting lines of trucks stretching for kilometres waiting to cross the Malawi/Mozambique border at Zobue – September/October 2010). There have been reductions in what used to be large numbers of other check points on international transit routes, some of which were no more than free-lance toll collection enterprises.

**Data and sources:**

*Further data collection was carried out during the field visit (as conflicting reports had been received concerning which Malawi border posts are scheduled for reconstruction including funding sources). During the course of interviews with WB and AfDB it was confirmed that WB and AfDB are planning support construction of 'one-stop' border posts at Karunga, Mchinji and Mandimba but there are no such plans for Mwanza/Zobue, which is the busiest of the border crossings*

**Indicator n°5.2.2: Malawi ratification and implementation of agreed procedures for facilitating cross border transport**

**Findings at indicator level:**

Transport sector policies are converging nationally and regionally but implementation of such policies and strategies is another matter altogether with many regional and internationally agreed protocols and regulations not having been ratified, whilst application/enforcement of such rules and regulations is patchy at best. Malawi is not alone in not ratifying or enforcing such accords. Issues include:

**Integration Activities**

Customs union Customs Management Act, customs, procedures, legislation, documentation, administration

Trade facilitation: African Trade Insurance Scheme (cross border payments and settlements), e-commerce, regional carriers licenses, road user and transit charges, axle loading, vehicle dimensions, driving licenses, regional vehicle insurance, customs bond guarantees, tracing systems for transit freight, procurement and competition policies, trade facilitation instruments

Private sector development: Regional private sector development programmes

Trade in services: liberalization – air traffic, telecoms

**Data and sources:**

Supporting Evidence

*'There have been significant achievements such as the COMESA insurance card scheme and some degree of integration in the trucking sector. More problematic has been the non-uniform application of road transit charges to foreign trucks (Mozambique applies charges twice as high as the agreed target). Regional trade facilitation measures include:*

**Table 31: Regional Trade Facilitation Measures**

<i>Simplification and harmonization of customs procedures and legislation</i>	<i>COMESA/SADC ongoing</i>
<i>Single admin document for customs</i>	<i>Effective in COMESA</i>
<i>Harmonised IT systems and electronic customs management systems</i>	<i>ASYCUDA++ in Malawi, Tanzania, Zambia, Mozambique and SADC have other system</i>
<i>Axle loading</i>	<i>Harmonised COMESA/SADC (56T GVM)</i>
<i>Road transit charges</i>	<i>Objective US\$.10/km</i>

*Malawi Country Economic Memorandum WB 2010*

*Carriers license Regional carrier's license (which, in principle allows freedom of loading including 5th freedom (which in practice has not benefited Malawian truckers)*

*Yellow card COMESA Yellow Card scheme covers 3rd party and medical expenses. Not valid in SADC (Malawi Country Economic Memorandum WB 2010 p. 47)*

Detracting Evidence

*Overall transit procedures are lengthy and have yet to be fully harmonised in the region. The SADC Transit Guarantee Scheme between Durban-Beit Bridge-Mwanza is at a pilot stage. The one-stop border post at Songwe on the Malawi/Tanzania border is not yet operational. Harmonised road user charges for transit were agreed by COMESA but it appears that in practice the harmonised rates are not applied (World Bank (2009c), Viol 1; Trade Policy Review, Malawi 2010)*

*'Malawi's implementation-related concerns are inter alia in customs, valuation, safeguards, and countervailing measures, SPS, TBT and TRIPS. Malawi Customs authorities are still having difficulties in fully implementing the Customs Valuation Agreement. Discussions with the authorities indicate that this was mainly due to problems of under-invoicing of imports. ....However, the benefits arising from the implementation of the Agreement on Customs Valuation cannot be fully realised without capacity building in the area of enforcement and installation and enhancement of customs-related infrastructure. Customs has not yet installed scanners and needs to establish laboratories to support classification; cargo verification and examination is currently done manually.....Customs has indicated the need for training in ....valuation, tariff classification, interpretation of rules of origin, post clearance audits, investigation, prosecution and enforcement (Trade Policy Review Malawi 2010 p56)*

*In Southern Africa borders remain thick as major obstacles to regional trade remain..... some barriers are so restrictive that preferential trade is effectively prohibited and --- others which affect all trade and not just individual products...'. .... Five main types of barrier can be broadly identified: Inefficiencies in transport, customs and logistics raise trade costs; cumbersome fiscal arrangements necessitate borders; restrictive rules of origin limit preferential trade; poorly designed technical regulations and standards limit consumer choice and hamper trade; other non-tariff barriers restrict opportunities for regional sourcing (Deepening Regional integration to Eliminate Fragmented Goods Market in Southern Africa, Nov 2010*

### Indicator n°5.2.3: Trends in border transit times

#### **Findings at indicator level:**

Delays at border crossings in Africa are a perennial feature of international land transport exemplified by the long queues of trucks at both sides of typical border crossings. There is increasing awareness of the effects of such delays which now make a significant and increasing proportion of overall transit times between Malawi and ocean ports (and thus costs), and this awareness has resulted in various initiatives to reduce red tape and streamline procedures. However, ratification and implementation of regional and international protocols has been very dilatory.

There has been little or no reduction in procedures or necessary cross-border documentation but in recent years (2008-2010) transit times have reportedly reduced very slightly (<10%). This trend is due more to improved road infrastructure condition and more rapid turn-round at (some) ports than to any improvement in border crossing times which have not changed in more than a decade. Typically a truck can spend more than 24 hours at an international border crossing. Any marginal improvement in processing times has tended to be swallowed up by increased traffic volumes and congestion at the borders while documents are processed (multiple times). Potentially the greatest time saving could be achieved by 'one-stop' border posts of which, despite agreements in principle, few are actually operational.

#### **Data and Sources:**

##### Supporting Evidence

*'... reducing bureaucratic requirements, streamlining border management procedures and implementing trade facilitation measures including one stop border posts have significant potential to lower border crossing times and reduce transport costs, at least along the main corridors .... There is also increasing political willingness among member states for this type of reform to go ahead sooner rather than later' (Deepening Regional integration to Eliminate Fragmented Goods Market in Southern Africa, Nov 2010*

##### Detracting Evidence

*'The current transit system does not facilitate Malawian access. Although there is harmonization of documentation within COMESA there are no 'gate to door' procedures allowing movement of a container from port to clearance centre in Blantyre or Lilongwe.*

*Durban – Malawi: The same information is declared 7 times and in the same format (except through Mozambique)*

*Beira/Nacala: Transit procedures are manual, different from SADC/COMESA formats and inconsistent from one corridor to the other*

*Truckers are dependent on the brokers and the degree of professionalism of small brokers is low. Brokers are not allowed to use AYSCUDA.*

*Bonds are country specific attached to the broker not the trucker*

*National transit procedures in Malawi from the border to the inland depot are not part of AYSCUDA and not in a format compatible with final clearance and international transit (Malawi Country Economic Memorandum WB 2010 p. 45)*

*An OECD study found that reducing delays at borders by 6.3% or the number of documents required for trading by 11% could increase trade flows in Africa by 10% (Wilson, 2009, Doing Business 2010 Report p50). Currently 11 documents are needed to export and 10 to import. Reducing the number of documents required during trade is already part of the implementation of the Doing Business Memoir between WB and GoM' (Malawi PFM Eligibility Report 2010)*

*The implication of the current system and the barriers remaining to regional trade in Southern Africa is that it imposes unnecessary costs for producers that limit trade and raise prices for consumers. Many of these barriers are simply wasteful and do not serve any real purpose. Import bans and border delays create uncertainty over market access and limit investment. Thick and fragmented borders limit possibilities for regional production chains in which countries can exploit their comparative advantage in specific tasks and intra-industry trade. Finally, the heavy burden imposed on all regional trade flows ties up regulatory and customs resources limiting their attention on achieving the most pressing public policy objectives such as effective border management to ensure security. Instead of scrutinising all consignments border checks should be focussed on those for which the risks are greatest for circumventing national trade policy measures (Deepening Regional integration to Eliminate Fragmented Goods Market in Southern Africa, Nov 2010.*

**Judgement criterion n°5.3: EC interventions contributed to reduced transport costs between internal, regional and global markets.**

VOCs are largely governed by the operating costs of fuel and lubricants, maintenance and spares, labour, registration, licensing and taxes. Of these, poor road conditions have an immediate impact resulting in higher fuel consumption and increased travel time (due to lower speeds over bad roads) plus dramatically increased maintenance, tyres and repair costs. All these factors have an immediate and obvious impact on freight charges and passenger fares over and above costs resulting from the long distances that separate Malawi from accessible ports. The physical condition of road corridor routes has steadily improved over the past 15 years since the end of the war in Mozambique (even sections but not all of the Nacala corridor) such that the condition of road routes to Durban and Beira are not a serious impediment to transport (as opposed to roads in the Nacala corridor between the Malawi border and Nampula which are in bad condition). Rail routes for Malawi are either precarious (Nacala), denied (Sena line to Beira corridor) or tortuous (rail link to Zambia and Tazara) whilst the condition of the national rail network in Malawi is poor. Rail operation costs are thus high and reliability in doubt.

Although road conditions may have improved, transport costs remain high and there appears to have been little real change over the years (the conventional argument being that increased costs of fuel have balanced savings in time and VOCs).

EC support to the road sector has undoubtedly reduced VOCs on rehabilitated and better maintained sections of national roads and on similar sections of road subject to EC interventions in neighbouring countries. However, although there is evidence of reduced freight charges and passenger fares in specific locations nationally (especially on rural unpaved roads) following rehabilitation [although there is also evidence of transport costs rising once again if road condition subsequently deteriorates] there does not seem to be a similar reduction in costs on international routes.

**Indicator n°5.3.1: Trends in VOCs (Vehicle Operating Costs)**

**Findings at indicator level:**

Despite large capital investment programmes over more than two decades, regional transport systems continue to provide inefficient land transport services due to poor infrastructure (now most pronounced in rail and lake transport services), complicated immigration and customs procedures leading to delays at borders and ports, poor inter-modal and international linkages between national transport sectors and incompatibility of national regulations, protocols and physical infrastructure (e.g. different axle load regulations for trucks). The result is that Africa, and Malawi is an, if not the, extreme manifestation of this situation, having among the highest transport costs/km of passengers of freight in the world – some indicative costs are noted below:

**Table 32: Indication of Transport Cost per Country**

Country	Transit costs (as % of value of exports)
Swaziland	3%
Developing countries (average)	9%
Landlocked countries (average)	14%
Zambia	17%
Burundi	24%
Ethiopia	25%
Rwanda	48%
Malawi	56%

UNCTAD 2007

However, there are on the other hand, multiple reports of improved accessibility and reduced VOCs resulting from improved serviceability of rehabilitated road infrastructure which thus permits improved transport services at lower cost, although this improved serviceability soon erodes when roads are not adequately maintained.

**Data and sources:**

Supporting Evidence (see also 4.2 below)

*'Mozambican ports were the traditional outlets for Malawian trade because of their proximity and the efficient railway operations on the Sena line from Beira. During the civil war the Beira and Nacala routes collapsed and Durban and Dar es Salaam became the gateways for Malawian trade. Currently after 14 years of peace in Mozambique and the increase in transportation costs (principally due to the increase in fuel) Malawi can again transit through the Mozambican ports' (Malawi Country Economic Memorandum WB 2010)*

*'...trading through Durban is the more reliable; it is also the most expensive. Railway freight to Nacala ... is the cheapest route although only marginally to the sea but it is also the least consistent while Beira offers mid-levels of price and reliability' (Malawi Country Economic Memorandum WB 2010 p. 42)*

*Malawian truckers on long haul routes are operating under competitive conditions and have good operational performance (120000km/year, US\$2/km of operating costs) (Malawi Country Economic Memorandum WB 2010 p. 45)*

*Currently the cost savings of rail compared to transit by road are minimal (at US\$10-40/T compared with Beira) and rail is only attractive to bulk and time-sensitive goods such as sugar' (Malawi Country Economic Memorandum WB 2010 p. 47)*

Detracting Evidence

*'The factors contributing to the high fuel price in Malawi include the multiple levels of levies and surcharges imposed by various agencies including Malawi Energy Regulatory Authority, Road Fund administration, Bureau of Standards etc. on the FOB price of fuel' (Malawi Country Economic Memorandum WB 2010 p. 34)*

**Indicator n°5.3.2: Trends in passenger fares and freight charges (road and rail)**

**Findings at indicator level:**

Malawi is land locked but then so are many other African countries, none of which have such expensive transport costs. There have been various studies of Malawi's transport logistics in the past decade (USAID 2001; WFP/WB 2002; DTIS 2003; WB 2004; TERA 2005; MCA 2009; JICA 2009) and conclusions were drawn that there does not appear to have been much change in transport prices over these years (although actual prices can differ significantly from quotes as large discounts are available for bulk shippers; for small traders and new start-ups such discounts are not available). According to AER (2008) Malawi's transport costs were reduced from 56% of import/export costs in 2006 to 53% in 2007, but this still leaves Malawi as one of the highest in the world (for African comparison in order of decreasing cost: >40% - Malawi, Rwanda; 20-40% - Mali, Uganda, Burundi, Niger, Burkina Faso, Central African Republic; 10-20% - Zambia, Botswana, Zimbabwe, Lesotho).

In terms of average shipping costs of a standard 20ft container to a port of final destination and from an origin in Africa it shows that Malawi is about average for exports but very considerably more expensive for imports (i.e. ~\$1600 and ~\$2450 respectively). According to TERA 2005, the high cost of transportation is due to the means Malawi uses to transport imports/exports i.e. predominantly by road. Nacala (at present unreliable rail services only; roads are still to be upgraded) and to a lesser degree, Beira (road only) may be cheaper and are certainly shorter than the current usual choice of Durban. Comparing certain corridor characteristics:

**Table 33: Malawi Shipping Costs**

Corridor/port	Distance from Lilongwe	Transit time from Lilongwe
Beira	948km	3 days (road)
Nacala	989km	10 days (rail)
Indicative costs/import times (from India)		
Corridor/port	Cost/ton	Transport time
Nacala	\$4000	12 weeks
Beira	\$4800	12 weeks
Dar es Salaam	\$6000	6-8 weeks

TERA 2005

A further factor is that many exports are low-value commodities such that the transport costs as a proportion of export value are high. This situation is compounded by the fact that most such exports and some imports have seasonal peaks which do not coincide (e.g. import of fertilizer and export of produce are at different times of year) resulting in trucks running empty one way. It is sometimes but not always possible for exporters to take advantage of discounted freight charges in these situations but only in the case of such commodities not being sensitive to transport time or logistics.

A widely reported assertion is that 'rail is capable of transporting large volumes of goods approximately 20% more cost effectively than road' obviously depending upon adequate functionality of the rail services. Compared to railways, external costs and energy consumption for road transport are, in general, at least twice the amount (whilst lake transport is even cheaper than rail) (TA to Rail Sector Development, Final Report, May 2009, GOPA Consultants).

**Data and sources:**

Supporting Evidence

*'Transportation costs of Malawian trade are not especially high but differ considerably by goods traded and by corridor used. The total cost of transport and logistics per ton from Malawi is given (below):*

**Table 34: Total Cost of Transport and Logistics per Ton from Malawi**

<b>US\$/T (2004)</b>	<b>Nacala</b>	<b>Beira</b>	<b>Durban</b>
<i>Tobacco (LLW to NWC)</i>	314 (58)	314 (62)	349 (149)
<i>Sugar (Blantyre to NWC)</i>	122 (31)	138 (48)	
<i>Tea (Estate to NWC)</i>	164 (45)	192 (82)	228 (127)

\* (Inland freight charges)

\* Sugar transport costs via Beira are the average of costs with and without backloads

*Sugar transporters pay an additional 14% to route sugar through Beira rather than Nacala and tea exporters pay an additional 17% for Beira and an extra 39% to route through Durban' (Malawi Transport Cost Study, Tera Int. Group, 2005 p. 45)*

*Transport costs imply that the additional costs are due to being landlocked average around US\$120/T or about 12.5% of the value of imports<sup>23</sup> (Malawi Country Economic Memorandum WB 2010 p. 45)*

*'The long haul trucking markets are liberalized and operate reasonably efficiently' (Malawi Country Economic Memorandum WB 2010 p.45)*

<sup>23</sup> NB – different sources give widely different figures



#### **Judgement criterion n°5.4: EC interventions contributed to increasing use of Beira and Nacala Corridors by Malawian freight and passenger transport.**

The civil war in Mozambique cut Malawi off from its traditional import/export routes to Beira and Nacala both of which were served by rail and road links to/from Nacala<sup>24</sup>. During the war years all links were severed and conditions of undamaged infrastructure deteriorated due to neglect. Since the mid-90s the road link to Beira has been adequate and is currently undergoing further upgrading (under EC funding and that of other donors). Also road links within Malawi linking to national borders have been upgraded with support of EC and other donors. However, the rail link to/from Malawi via the Sena line remains cut (inside Malawi) even though the direct rail link between Beira and the Zimbabwe border remains open although not in very good condition (the Mozambique rail link from the Beira corridor line to Moatize has recently been upgraded to service huge investments in the Moatize (Tete) coal reserves). The Nacala road corridor remains problematical. The paved section from Nacala to Nampula was restored to reasonable condition by the late 90s but the unpaved sections between Nampula and the Malawi border remained in very poor condition although it is reported that at least some sections of this road are planned to be upgraded shortly<sup>25</sup>. The rail link from Nacala through to Lichinga has been rehabilitated (although little used)<sup>26</sup> but the rail link from Cuamba to the Malawi border (Entre Lagos) remains in dire condition and the rail network on the Malawi side is also in poor condition.

These trends in physical condition of the transport infrastructure have a direct bearing on levels of service provision of the corridors, but service provision also depends upon performance of the port and delays due to border crossings. At opposite ends of the scale regarding port performance are Durban (very good) and Nacala (awful) such that judgement of service provision on a corridor is a balance between infrastructure conditions, transit time (and cost) port reliability and delays. As traders value reliability of service there is an inevitable trade-off between all those factors which converts into a decision being taken on routing of exports/imports on the basis of cost. Many traders will re-route into higher costs simply to ensure reliability and predictability. Thus, trends in corridor usage in terms of Malawian trade<sup>27</sup> reveal an increasing use of Beira (at the expense of Durban) whilst usage of the Nacala and Northern corridors remain static.

Thus EC interventions can be said to have increased use of the Beira corridor and held constant the use of the Nacala corridor (but only marginally as a result of EC support to Malawi, more impact arising from EC funding of the Mozambican transport sector programme).

#### **Indicator n°5.4.1: Trends in condition of rail and road infrastructure operating on Beira and Nacala corridors (and road condition on Tete corridor)**

##### **Findings at indicator level:**

The civil war in Mozambique effectively cut off transit traffic from Malawi, Zambia and Zimbabwe. The peace accord in the early 90s theoretically re-opened access to these traditional post linkages but Mozambican road and rail infrastructure was largely wrecked and the ports were barely functional after little or no investment for over 20 years.

Before specific details of current conditions of each corridor a brief summary. Both Beira and Nacala corridors have road and rail access to an ocean port, but Nacala is a natural deep water port whilst Beira is shallow and even with continued dredging, the draft of vessels is limited. Thus, long term development possibilities are much greater at Nacala than Beira. Nacala road links were never good but the rail link connected to Malawi (the Malawi/Zambia link was not completed). Beira had good road links (directly to Zimbabwe and to Malawi and Zambia via Tete corridor) plus rail links to Malawi and Zimbabwe. Thus, the much longer road link from Malawi to Durban (via Mozambique, Zambia, Zimbabwe and RSA) carries the vast majority of international freight (and passengers on shorter segments).

<sup>24</sup> Although at least 50% of the Nacala road corridor was unpaved

<sup>25</sup> Planned upgrading works for the Milange (Malawi border) – Mocuba road could constitute a 'short cut road link to Beira now the Zambezi Bridge at Caia is completed (as long as the EN1 road refurbishment north of the bridge is completed)

<sup>26</sup> possibly a good example of national priorities taking precedence over regional connectivity

<sup>27</sup> although it is noted that there are wide statistical differences between different sources

### Durban

4200km road link (Malawi/Moz/Zim/RSA or Malawi/ZAM/ZIM/RSA) – one week transit time

No direct rail link but possible by various national linkages

Durban is the main intercontinental shipping hub of southern Africa with all cabotage from Beira and most from Nacala trans-shipped here.

### Beira

948km (2-3 days transit time) - road is in good/fair conditions via Tete (and has been since mid-90s)

The Sena line (between the Beira corridor and Malawi) remains closed.

The main rail line Beira/Zimbabwe is operational (albeit not in good operating condition). The Sena line is being rehabilitated to service huge investment in the Moatize coal deposits in Tete Province, Mozambique. This capital investment is investigating means of export of coal for which the projected quantities are such that export will not be possible by road, whilst Beira would only be a temporary stop gap (maybe up to 2018) until major investment in the Nacala deep water port (and connecting rail link to the Nacala corridor)

### Nacala

989km (10 days transit time but unpredictable). The rail line between Cuamba and Entre Lagos (77km) is in poor condition necessitating low speeds and causing many derailments).

Road links were until recently in poor condition on both sides of the Malawi/Mozambique border.

An interesting insight into generated benefits accruing regionally from essentially national investment on infrastructure comes from the economic analysis of potential upgrading of the Nacala corridor (which would involve capital investment in Mozambique (36%) and Malawi (64%) with virtually no investment in Zambia). Gross benefits are calculated at 62% Zambia, 38% Malawi, almost zero Mozambique. Hardly an incentive for national investment for regional benefit. (Draft Final Report TA to Rail Sector Development, 2009.6.7 Economic Appraisal pp62-65)

### **Data and sources:**

#### Supporting Evidence

*'1960 – 1979: The condition of transport infrastructure was relatively good and 95% of Malawi's exports were routed via the Mozambique ports of Beira and Nacala*

*1979 – 1989: .... Civil war in Mozambique between 1985 and 1993 .... damaged transport infrastructure and blocked the ports of Nacala and Beira which raised transport costs (Malawi Country Economic Memorandum WB 2010 p. 1 p. 2)*

*1989 – 2011: Major rehabilitation of the Beira road corridor, Tete corridor and the link between these corridors (Changara – Vanduzi) were carried out in the mid-90s although further rehabilitation and upgrading has been undertaken, is on progress or planned. Road access to/from Beira port has been adequate for some 15 years*

*Evaluator's personal records.*

*Beira: The Sena railway line to Beira has not operated since the civil war in Mozambique .... the road condition of the Beira corridor is fair to good. Beira is a shallow port in urgent need of capital dredging; currently only operating at 40% capacity and for only 6 hours/day (unless vessels take the risk of grounding).*

*Nacala: .... Delays are caused by the poor condition of its infrastructure and performance of its concession and customs .... The CEAR (railway) concession is operating well below its operational level and is facing problems with the condition of tracks and rolling stock. The railway line between Nacala and Cuamba was upgraded in 1993; however, the .... track between Cuamba and the Malawi border remains in poor condition requiring rolling stock to travel at 10km/hour.<sup>28</sup>*

*.... road traffic between Nacala and Malawi is low due to the poor condition of the road west of Nampula and the need for trucks to take long detours which results in a doubling of the distance to the Malawian border. Moreover, during the wet season, the road is not passable' (Malawi Country Economic Memorandum WB 2010 p. 44)*

<sup>28</sup> Anecdotally, CEAR has the world's highest derailment rate

*'...Beira's storage and handling capacity is already congested ..... all agree on the total lack of organisation and performance of Nacala' (Malawi Transport Sector Multi-modal Development and Potential PPP Study 2010 p. 25)*

#### **Indicator n°5.4.2: Level of service provision on corridors**

##### ***Findings at indicator level:***

With the closure of the traditional routes to Beira and Nacala, RSA, which anyway was the largest trading partner of Malawi, was only accessible by road. The trucking firms developed dramatically on this route during the 80s and 90s and, despite restoration of good road links to Beira in the mid-90s, the level of service at Beira port meant that despite the much longer travel distances, the largest proportion of trucking traffic continue to use the Durban route. The trucking industry is undoubtedly a powerful economic force with anecdotally political interest/influence. Other modes of transport could not compete either practically or economically and thus have declined with little investment or usage over many years such that service levels declined further. Only with rehabilitation of rail and some road links across Mozambique together with improved service quality and reliability of the corridors, plus accompanying investment in port services, will the Mozambican corridors become competitive enough to begin to make inroads into the trucking status quo (in international terms lake services can only be a contributory service linking to the Tanzanian corridor although still potentially providing national freight and passenger services).

The quality of service provision of road corridors has improved and now the main constraint for most corridors is that of port services (Nacala has problems with port and road service levels). Rail services are poor or non-existent for most corridors

There has been little involvement or dialogue with transport associations (e.g. hauliers or PSV operators) or private sector in transport sector management at regional level, although transport associations were reportedly brought in to dialogue in connection with SSATP. Despite COMESA identification of insufficient dialogue or involvement of stakeholders as a constraint, no evidence has been examined of effective COMESA initiatives to address this constraint. At national level there has been increasing stakeholder dialogue in preparation of CSP/NIP and there are sector institutional fora for such dialogue (e.g. RA and RF Board) although private sector representation is a minority compared with public sector representation on these bodies.

**Data and sources:**

Supporting Evidence

*'The port and shipping industry is increasingly structured in hubs and spokes which reinforces the role of Durban as a hub and Nacala and Beira as spokes' (Malawi Country Economic Memorandum WB 2010)*

*'Reliability of ports and corridor transit times*

**Table 35: 'Reliability of ports and corridor transit times**

<b>Port</b>	<b>Transit mode</b>	<b>Infrastructure condition</b>	<b>Port reliability</b>	<b>Port delay</b>	<b>Transit time</b>
Beira	Road	Good/fair	Medium	2 weeks	2-3 days
Durban	Road	Good	High	1 day	1 week
Nacala	Rail/road	Poor	Low	> 3 weeks	Unpredicted.
DES	Road	Good/fair	Medium	4 weeks	

*(Malawi Country Economic Memorandum WB 2010 p. 43)*

<b>Port/Corridor</b>	<b>Availability storage</b>	<b>Documentation Problems</b>	<b>Adequacy Infrastructure</b>	<b>Frequency Ships</b>	<b>Overall Efficiency</b>
Durban	High	Medium	High	High	High
Beira	High	High	High	Medium	High
Nacala	Medium	High	Low	Low	Low/medium
DES	High	High	High	Medium	High

*(Draft TSIP 2011, Tera International, Malawi Transport Cost Study)*

*'Just under 45% of Malawi's trade is overland trade, mainly with RSA, which moves by road. Of the just over 55% moving via Indian Ocean ports, 35% is via Durban, 26% via Beira and 30% via Nacala. The remaining 9% moves via DES. Access to Durban involves greater distances and higher transport costs than via Mozambique ports but higher levels of service and ready availability of inter-continental shipping services have enabled it to maintain its importance for Malawi trade because freight forwarders have suffered from poor infrastructure and erratic levels of service at Beira and Nacala and the transport corridors leading to them' (Draft TSIP 2011)*

Detracting Evidence

*'The pattern of corridor usage reveals a preference among traders for reliability. In particular the unreliability of the Nacala corridor both in terms of its transit time and port delays has caused traders to re-route through more predictable and costly routes ..... With the exception of Durban .... the elapsed time for a cargo from Malawi to be loaded on board ship is more affected by the time it takes to initiate transit at the port than the time taken to transit to the port' (Malawi Country Economic Memorandum WB 2010 p. 43)*

*'There is widespread perception .... that the costs of trade transport are excessive and that the solution lies in infrastructure (at the centre of MGDS that poor infrastructure limits the country's productivity .... NTP 2004 reinforces the thrust of MGDS in putting investment in infrastructure at the centre of growth strategy). For the last decade the focus of attention has been the Nacala corridor as the primary gateway for Malawi ..... Yet it is the reliability of transport which causes exporters and importers to re-route into higher costs and these higher costs which de-incentivise trade (WB 200/). This is confirmed by the UN 'Almaty Programme of Actions' which concludes that corridor reliability eventually becomes more important than the cost of transport itself .... The performance of supply chains depends upon a combination of hard and soft constraints and factors, many of which cannot be addressed in Malawi alone but need regional or bilateral cooperation' (Malawi Country Economic Memorandum WB 2010)*

*The findings of the UN initiative on landlocked countries, the 'Almaty Programme of Actions' concludes that corridor reliability eventually becomes more important than the cost of transport itself'*

(Malawi Country Economic Memorandum WB 2010 p. 46)

#### Detracting Evidence

*'In the case of the Nacala Corridor rail concessionaires on both sides of their border are part of the same commercial group but the coordination of rail service operations has still been poor' (Draft TSIP 2011)*

*Malawi's road and rail networks are part of international networks serving the transport corridors to the Indian Ocean ports. The main corridors are:*

- i. The Durban Corridor to / from South Africa via Mwanza, Tete, Harare and Johannesburg and the port of Durban. This is a road corridor and handling 20% of sea exports and imports.*
- ii. The Beira Corridor to / from Beira. Presently, a road only corridor because the relevant rail sections in southern Malawi between Bangula and the Mozambique border at Marka have not been in operation. Although the rehabilitation of the Sena railway in Mozambique has almost been completed, there remains a missing link between the Sena line at Dona Ana and the non-operational Malawi rail links terminating at the border at Marka. This corridor is handling 19% of Malawi's exports and 14% of its imports of sea exports and imports.*
- iii. The Nacala east-west corridor extending from the port of Nacala to Chipata in Zambia. This has been nominally a road-rail corridor, but the Mozambican part of the road corridor has long been in very poor condition. The condition of the rail infrastructure has been rather poor as has the quality of service of rail transport. Although Nacala has the finest natural harbour of all the Indian Ocean ports, its operating standards have failed to match the port's physical attributes. Nacala port handles around 17% of Malawi's imports and exports*
- iv. The Dar es Salaam north-east corridor mainly serves the northern part of Malawi. It extends northward from Karonga to the border with Tanzania and thence on to the dry port of Mbeya and Dar es Salaam. The corridor between northern Malawi and Mbeya is a road-only corridor, but at Mbeya it joins the TAZARA railway and the TANZAM highway to / from Dar es Salaam.*
- v. Another corridor of emerging importance is the road corridor from Dedza to the Mwanza – Tete road east of Tete. This offers a short cut for road traffic between Tete and Lilongwe and the centre and north of Malawi.*

*The potential feasibility and importance of the Shire – Zambezi inland water corridor to the Indian Ocean coast is to be the subject of a detailed feasibility study and its potential importance cannot be properly evaluated until the results of this study are available (Draft Aide Memoire 2<sup>nd</sup> JTSR, Feb 2011)*

### Indicator n°5.4.3: Trends in traffic usage of corridors

**Findings at indicator level:**

It is clear that there is increasing usage of the Beira corridor despite the shorter distances to Nacala at the expense of Durban. This is linked to the improving infrastructure condition over recent years and the relatively lesser distance to be trafficked. Also, only a single border crossing has to be traversed. However the port services are not so efficient as for Durban.

**Data and sources:**

Supporting Evidence

**Table 36: Estimation of Transport Costs from 2010**

Corridor Northern	Distance Malawi to Port	Tonnage/1000T	% share
	Mzuzu 1300km	251	18% (<5%)
	Lilongwe 1667km		
	Blantyre 1976km		
Road to Mombasa		5.25	0.5%
Nacala (rail)		285.6	20% (20%)
Nacala (road)	Lilongwe 989km Blantyre 815km Chipata 1138km		
Beira (road)	Lilongwe (via Tete) 1108km	848.7	60% (20%)
Beira (rail)			
Durban	Lilongwe (via Tete) 3709km Lilongwe (via Lusaka) 4085km	91.4	6.5% (>50%)
Road to Jo'burg		15.75	1.1%
Road to Zimbabwe		25	1.8%
Other		14	1%
Walvis Bay		0.5	-

*Latest estimates of transport costs are around 18.6% of total export and import costs' (Malawi Transport Sector Multi-modal Development and Potential PPP Study 2010 p. 72)  
 (figures in brackets are equivalent percentages from around 8 years ago – other sources)*

### **Judgement criterion n°5.5: EC support has adequately responded to development of national integrated multi-modal transport sector policies**

Only recently has EC support to Malawi (and neighbouring countries) considered transport modes other than roads. Given that the vast majority of movement of freight and passengers is by road then the 'traditional' EC sector approach could be considered to be a pragmatic response to the situation as it is (and most PRSPs to which CSPs should respond reflect the 'here-and-now' mono-modal roads-based approach) especially considering the continuing poor condition of the road network. However, Malawi has other transport services (air, rail, lake transport), some of which are dysfunctional but which merit consideration. In the last few years EC has given (modest) support to the rail sub-sector leading to the development of a master plan for the rail sub-sector and very recently EC/WB support has delivered the 'Malawi Transport Sector Multi-modal Development and Potential PPP Study' in 2010. This study should enable an update of the 2004 TSP and a TSIP is at draft stage. This all has potential impact on more realistic (or at least holistic) development of international corridors which, through improved service provision could reduce import/export costs. However, the time scale for implementation of individual measures will take years to deliver (and that still leaves un-addressed the issue of rural road transport and accessibility which is the root of the international flow of agricultural produce, as well as a service to around 80% of the Malawi population living in rural areas).

Thus, EC support has inadequately responded to development of national integration of multi-modal transport sector policies and there are now very recent signs of addressing this issue more effectively.

### **Indicator n°5.5.1: Evidence of EC supported multi-modal studies for freight and passenger transport and/ or results of such studies being taken into account in overall EC sector support**

#### **Findings at indicator level:**

EC is, after many years of support to the transport sector dedicated almost entirely to roads, supporting studies into other transport modes (e.g. TA to Rail Sector Development, May 2009) and a Railway Master Plan has been developed which forms a component of the National Transport Sector Programme.

However, overall there has been little progress in integrating inter-modal transport at national or regional levels (nor has there been much interest expressed until recently). Road transport continues to carry almost all land transport of passengers and freight although in most cases, given the large distances between nodes and increasing demand, transport of bulk goods by rail (and/or by pipeline) must be becoming increasingly viable and competitive (and with less environmental impact). However, huge investment will be necessary in neglected modes (especially port and rail facilities), in improved operational management, rolling stock and equipment together with real implementation of revised multi-modal transport sector policies (for all transport modes) to enable a realistic move from mono-modal (road) to multi-modal transport systems.

The UN International Convention on Multi-modal Transport (1981) is not yet in force as few countries ratified the convention (reportedly only 5 African countries) and even fewer have enacted compliant legislation (covering issues such as ratification and accession to international treaties and conventions, operation of international container terminals, corridor development, encouragement of national and regional inter-modal transport operators). It can only be concluded that multi-modal transport issues are low on national transport sector agendas.

#### **Data and sources:**

##### Supporting Evidence

*'... the government is currently spearheading initiatives that include ..... development of a multi-modal transport system .....(1st JTSR 2010 p. 4)*

*'Under the focal sector of transport infrastructure the main lessons learned are:..... a balanced multi-modal transport sector policy and programme is required to foster competition and reduce transport costs' (EDF10 CSP p. 16)*

*'EC and GoM bilateral cooperation will focus on ..... studies and assistance to develop the multi-modal transport sector programme, in particular to ensure improved performance of the rail network and concession holders ..... (EDF10 CSP p. 25)*

*'The global objective ....was to design an overall strategy for multi-modal development in the transport sector in Malawi with emphasis on private sector participation on regional and international corridors with an aim of reducing import/export costs ..... The performance of a corridor can be appraised from two perspectives:*

*1. An infrastructure perspective which considers the physical capacity of links and nodes in the corridor as well as their use. This approach is often used when deciding requirements for additional capacity but provides little insight into the effect of corridor performance on trade.*

*2. A quality of service perspective which examines the quality of service provided for the goods moving on the corridor. Performance is increased in terms of average transport time and/or costs for transport units moving through the corridor.*

*In terms of trade facilitation the second perspective is the most appropriate'. (Malawi Transport Sector Multi-modal Development and Potential PPP Study 2010)*

#### Detracting Evidence

*'Generally the performance of each corridor is measured by a number of factors including accessibility i.e. the availability of multiple routes and feeder services to a port; port statistics; travel times (transit times, shipping times etc.); the modal mix and proxy of economic activities within the corridor. For land locked countries like Malawi corridor performance needs to be measured by multiple factors such as accessibility to ports often means more than just having transport routes' (1st JTSR 2010 p. 15)*

*'There is still need to fast track establishment of a regulatory Framework for PPPs. The Privatisation Commission (PO) is promoting the PPP Development Bill 2008. The proposed legislation will establish a PPP Development Agency, set out the powers of GoM authorities and enter into PPP agreements, prescribe the types of PPPs permitted and the sector in which PPPs may be established. The Bill gives very wide ranging powers to the Agency to plan, manage, implement and control PPPs. However, there is need to state clearly what role would be left for various ministries and statutory corporations in each sector. (Draft Aide Memoire for 2<sup>nd</sup> JTSR, Feb 2011)*



## 1.6 Regional Integration

**Evaluation Question n°6: To what extent has EC support to capacity building in trade negotiations of Malawi and related reforms complemented support to regional integration?**

**Judgement criterion n°6.1: Complementary EC support benefiting Malawi's capacity to mitigate, implement and benefit from an EPA negotiated at regional level.**

MGDS has a much stronger focus on trade (private sector growth, mining, agriculture, tourism) than the earlier MPRSP which had overall less focus on economic development. As EDF9 CSP was responsive to MPRSP it is perhaps not surprising that EC support to trade facilitation has a weaker programme than is proposed under EDF10.

EC support to national development and support of trade has suffered from implementation problems and delays over recent years including the specific support to increasing national capacity to participate in EPA negotiations (9 ACP MAI 022). This project was eventually discontinued as a result of irregularities after suffering problems in implementation (programme estimates), the net result being non-delivery of expected results (which included negotiating position papers and assessment of mitigation costs). However some support was provided under some Intra-ACP programmes (such as ProInvest, Trade.com<sup>29</sup>)

Thus EC support to Malawi's trade policy formulation and negotiations capacity at national level comprises only ad hoc support from technical assistance (technical cooperation facility) to the Malawi National Development and Trade Policy Forum. Overall EC support has given little benefit to Malawi's EPA negotiations.

**Indicator n°6.1.1: Evidence of synergies between EC support to national development and trade (Policy Coherence for Development – PCD)**

**Findings at indicator level:**

- The relationship between development and trade policies is of paramount importance to an LDC such as Malawi and EPA negotiations are particularly important (see I2.1 for a summary of the pros and cons for Malawi of EPA compared with EBA).
- EU Sugar Reform (2005) will significantly impact on Malawi's economy as sugar represents a large percentage of national exports. EU support to the sector includes: review of the regulatory framework for the sugar sector, efforts to increase out-grower production by increasing yields, expansion of cropped areas and infrastructure investment and initiatives to reduce production costs and increase competitiveness.
- Agricultural research activities are to be supported by twinning arrangements between research centres in Malawi and EU. Also efforts will be made to improve compliance with SPS standards.
- Mitigation of climate change effects on major national issues such as agricultural production, food security and natural resource management can have significant impacts on Malawi's economy and living conditions of the rural population. EC support will include studies on identification and mitigation of likely impacts.
- Migration and 'brain drain' have economic and social consequences of a high order. EU GoM dialogue is expected to result in studies to identify and mitigate the problems caused in social and technical sectors.

MPRSP aimed at 'sustainable poverty reduction through empowerment of the poor' based on 4 pillars: sustainable pro-poor growth, human capital development, quality of life for the most vulnerable and good governance. There was some comment that MPRSP lacked focus on economic development which MGDS has addressed. MGDS has 5 themes: sustainable economic growth, social protection of the most vulnerable, social development, rehabilitation and provision of infrastructure and good governance. Trade related components of MGDS include:

<sup>29</sup> E.g. Proinvest project "Rebuilding the National Trade and Information Centres in Malawi, Mozambique, Zambia and Zimbabwe" or Trade.com "Review, Analysis and Drafting where appropriate of Malawi's trade and trade related legislation, regulations and procedures for WTO compliance"

*Private sector growth* – increasing numbers of Malawian firms producing goods for export to regional, international and domestic markets which are competitive in terms of quality and price (including laying the ground work for manufacturing 'take off').

*Mining* – new extraction enterprises, increased production and value added processing.

*Agriculture* – improved output to promote food security and rural incomes and employment; agro-processing (especially tea, cotton, tobacco, sugar); increasing production of garments made from locally produced cotton.

*Tourism* – increased tourism especially eco-tourism and domestic/regional tourism.

**Data and sources:**

Supporting Evidence

*The European Union has been supporting GoM participation in the ongoing EC-ACP EPA negotiation under the EDF9 funded project, "Support to the National EPA Secretariat" (Financing Agreement FED/2009/022-040 Capacity Building Towards Trade and Private Sector Development)*

*Under EDF10 – Capacity building towards Trade and Private Sector Development. The programme has three distinctive components, each with its own expected results and activities. Result 3: Development of Malawi's mineral sector and improved private sector investment in mining. (FED/2009/022-040)*

*The President of Malawi announced in his 'State of the Nation' address in June 2009, a set of 9 Priorities within Priorities'. Amongst these priorities is energy, mining and industrial development. (Government of Malawi, State of the Nation Address, by HE Ngwazi Dr Bingu wa Mutharika, President of the Republic of Malawi, June 2009)*

*The CSP envisages support for the revision of the mining sector framework and, at a later date, assistance with geological mapping. (EDF10 CSP/NIP)*

*Achievements cover a wide area including a full training programme, improved approach to training, improvements in the strategic approach to the beneficiary institution, improvements in planning and public finance management, provision of equipment, strengthened DOECC to help upgrade the training of economists, improved documentation and dissemination from beneficiary institutions and improved coordination both internally and externally with development partners .....In broad terms it can be said that the project reached its goals.....Quality of outputs was reported to be high and recipients reported favourably on the quality of courses' BCS MR 1140.02 05/03/2010 Capacity Building for Economic Management and Policy Implementation 8ACP MAI 027*

*GoM continues to negotiate for a full EPA with EU as part of the ESA grouping. To date GoM has not initialled or signed the interim EPAs as it continues to negotiate with EU at regional level with the focus on its defensive interest on treatment of development trade assistance and supply side constraints in the Agreement. (Main Conclusions, MTR, EDF10, October 2010)*

## **Indicator n°6.1.2: Increased capacity of national EPA Secretariat**

**Findings at indicator level:**

9ACP MAI022 Support to the National EPA Secretariat aimed at support to the Malawi National Development and Trade Policy Forum for effective coordination and organization of EPA negotiations. With the deadline for finalization of negotiations in 2007 and the approval of the first programme estimate in late 2006 there was little time for intended activities of developing trade negotiation positions, impact assessment studies, stakeholder consultations and capacity building in negotiation techniques, trade analysis and assimilation of technical issues. However, implementation of this PE1 was delayed (funds were hung up in the Reserve Bank of Malawi and there were delays in recruitment) and eventually only €156000 (out of PE1 value €671000) was disbursed. PE2 apparently fared little better with €134000 disbursed (out of PE2 value of €554000) [Detailed Decision Form 04/10/2010] and the project was reportedly suspended due to irregularities in implementation control. Thus expected outputs in support of Malawian EPA negotiations were not delivered. While there were apparently important administrative problems with the EPA support programme, and certainly not all results were achieved, it should be noted that Malawi in 2007 tried to join the ESA EPA and had the demonstrated capacity to table a market access offer to that effect.

**Data and sources:**

Supporting Evidence

*The project aims to support the Malawi NDTPF .... the major risk as far as the sustainability of the forum is that of human resources limitations .... the focus from 2008 onwards should be towards strengthening of the already formulated national and regional positions .... The Specific Objective is ..... effective EPA negotiations to provide support to NDTPF through MOTSPD to enable it to carry out effectively its main objectives in the context of Malawi's preparation for EPA negotiations.*

*NDTPF's main role is: i) determine the optimal development and trade negotiating position for Malawi; ii) prepare briefs outlining these positions ....; iii) oversee the development of national positions as regards the EPA negotiations in Malawi and, as such, to supervise any ongoing or foreseen national impact assessment studies. Expected results: 1. Trade negotiating position(s) and impact assessment studies for Malawi developed; 2. Increased competence of national negotiators and stakeholders in negotiating process, trade analysis and assimilation of technical issues; 3. Stakeholders and the general public consulted, informed and notified at all stages of the EPA negotiating position.*

*Technical and Administrative Provisions 9 ACP MAI 022 Support to National EPA Secretariat (NDTPF).*

**Judgement criterion n°6.2: Impacts and adjustment costs of EPA process are identified**

Many studies have been carried out considering possible impacts of EPA on Malawi with widely differing perspectives although most come to a conclusion that Malawi was not likely to be a beneficiary of such an agreement without substantial donor support to mitigation measures<sup>30</sup>. Despite the stated opposition of the President of Malawi (currently Chair of AU) many businesses are broadly in favour. However, at present negotiations are stalled whatever the pros and cons of the argument and despite EC efforts to move the debate forward (e.g. Seminar in Blantyre in 2010). It can thus be concluded that impacts and adjustment costs of EPA have been identified but not as a result of EC support.

**Indicator n°6.2.1: Studies and position papers setting out Malawi's negotiating position regarding such issues as market access, rules of origin, tariff reduction timetable, sugar, regional rules regarding trade, services, investment, competition and customs procedures**

**Findings at indicator level:**

There have been various studies carried out which investigate Malawi's situation regarding the issues listed above but the trade negotiation positions and impact assessment studies which were planned to be developed under 9 ACP MAI 022 appear never to have been produced. The conventional EU position is that EPA offers potential benefits for Malawi: i) consolidating the current EBA access to EU markets (see 11.2 above); ii) simplified rules of origin; iii) reduction of tariffs on imports from EU boosting the competitiveness of Malawi's industries using capital goods or raw materials from EU; iv) increased access of sugar to EU markets; v) harmonization of rules at regional level in areas such as services, investment, competition or customs procedures. The most important aspects of EPAs are that they establish access to affordable quality services, create a predictable, transparent and credible business environment helping countries to attract investment, they support regional integration and the creation of large regional markets allowing companies to realise scale economies, and they promote a coordinated, synchronised approach with development assistance to support these reforms.

On the other hand other studies raise considerable differences of opinion about the impact of EPA on Malawi (although the 2004 [Imani] study commissioned by GoM to assess and analyse the fiscal, economic and social effects of an EPA on Malawi concluded that 'a meaningful impact assessment of the productive sectors was not possible' due to data limitations). Other studies were able to form an opinion of EPA drawing on lessons learned from past trade reforms and outcomes of a sample of

<sup>30</sup> Some 15 studies were encountered by the evaluator in the background to this evaluation and it is certainly not suggested that this is an exhaustive list

those studies which have been scrutinised by the evaluator are summarised below.

Trade liberalization in the 80s was as a result of IMF and WB structural adjustment policies followed by WTO multi-Lateral trade negotiations. As a result Malawi tariffs were reduced from an average of 30% in 1994 to an average of 13% in 2001 whilst agricultural marketing policies were liberalized by removal of price controls and subsidies for farmers. The rationale was that lower tariffs would lead to increased competition, production and economic growth. The results were different – manufacturing shrank by almost 50% between 1991 and 1998 as did exports of manufactured goods (UNCTAD 2002 stated 'This is a reflection of the negative impact of liberalization on local manufacturers who failed to compete with imports in the domestic market and did not have enough capacity to produce for exports. Consequently most of them were forced to close down). Factories closed, jobs were lost (estimated 40000 jobs in the textile sector) and farmers lost markets for crops, leading to proportionally greater dependence on export of low-value unprocessed commodities as noted by WB (WB 2003 'The full macro-economic stability and sustainable growth proved elusive. All the social and education indicators deteriorated).

At present Malawi has duty free and quota-free access to EU under the EBA initiative. However, there appears to have been no consequent improvement in Malawi's competitiveness in export markets, remaining dependent on export of low cost agricultural commodities (tea, sugar, tobacco). Reasons quoted include loss of manufacturing capacity noted above, non-tariff barriers, supply-side constraints (including high transport costs) and production inefficiencies. However, these could be addressed through EPAs that tackle NTB, supply side constraints and production inefficiencies.

Against this history Malawi is addressing EPA negotiations. Possible impacts of EPA have been identified as follows:

#### *Livelihoods, jobs and industrial development*

EU exports to Malawi are likely to rise due to lower import duties thus negatively impacting on national producers without the capacity for competitive production as a result of economies of scale. Logically therefore at least some imported goods (mainly manufactured goods) would be cheaper although it is not clear how widespread that benefit might be among Malawi's population which is predominantly rural poor. It is also not clear to what extent these imports would impact upon the national producers in terms of job losses. MGDS identifies manufacturing and industrialization as key development issues in order to transit from exporting raw low-value commodities to manufactured and processed added value. EPA would allow Malawi to protect infant industries, either by excluding the respective tariffs from the outset, or by using the infant industry safeguards to shield these sectors during their genesis.

#### *Agriculture*

Malawi already has quota and duty free access to EU for agricultural produce under EBA. Unless EPA in some way mitigates some of the existing supply side constraints noted above, EPA offers nothing new although rules of origin are more favourable under EPA, whereas SPS standards are not variant with respect to tariff regimes. Also, there is no possibility of import of farm produce (grain and dairy produce) entering Malawi (in a similar manner to manufactured goods noted above) to the detriment of local producers since these sectors can be and are usually excluded from liberalisation – whereas the tariff reduction on important agriculture inputs (fertilizers and machinery) can be highly beneficial to farmers.

#### *Asymmetry*

EU<sup>31</sup> will allow for an asymmetrical approach to calculating 90% of the total average value of trade and ACP countries will be granted a longer period to adjust/liberalise. Thus GoM (and other ACP countries) can opt to protect certain sectors from liberalization but unless all countries in a region opt to protect the same sectors then this will have an effect on regional trade (as countries opting for different sectors will have a comparative trade advantage relative to others) although the intended effect of the EPA consolidating regional integration would be that countries in a region agree to exclude the same products from liberalisation with the EU.

<sup>31</sup> ACP Guidelines on EPA Negotiations 'Given the possible adverse effect of reciprocity on domestic production and fiscal stability in ACP states the latter cannot, a priori, accept to provide reciprocity in EPAs with EU'

### *Regional integration*

Given the relative lack of competitiveness of Malawi's (and other ACP countries manufacturing base) there is a risk that increasing entry of EU goods will supplant imports from regional partners (UNECA 2005). Also, unless a customs union of FTA is established EPAs may result in countries reinforcing rather than eliminating barriers to trade (ODI 2006). Regional integration is a key component of the Cotonou Agreement and yet there is doubt as to whether EPAs will help or hinder this process (the EU position is that EPAs will 'lock in' ACP countries to regional economic groupings and proposed reforms on customs unions and FTA)<sup>32</sup>. However EPA is being proposed with a region that has established a FTA among the participating countries and that has already launched a Customs Union – so the risk of creating additional trade barriers does not exist (cf. ODI). The EPAs could help countries to clarify to which regional integration scheme to belong, as it is impossible to be part of two Customs Unions. It is the overlapping memberships of countries in several RECs rather than EPA negotiations that hinder further progress towards continental integration. EPA commitments are foreseen to be adaptable in the light of progress towards inter-regional integration.

### *Reduced government revenues*

Import duties represent around 12% of Malawi's revenue base of which EU trade is around 5%. As a result of EPA such revenues are estimated to fall by ~€6m/annum. In addition there would be adjustment costs (and mitigation measures - fiscal adjustment, trade facilitation and export diversification, production and employment adjustment programmes, skills development and productivity enhancement programmes). It is not clear to what extent these costs might be covered by donor funding although taxation reform, could help compensate for fiscal losses:

Finally, EC is seeking to include in EPA negotiations service sectors, trade-related areas (investment and public procurement and competition policy) which have been resisted by AU ('...we shall not make services commitments in EPAs that go beyond our WTO commitments and we urge our EU partners not to push our countries to do so' and 'On issues of investment policy, competition policy and government procurement we reiterate concerns we have raised at WTO leading to their being removed from the Doha Work Programme. We re-affirm that these issues be kept outside the ambit of EPA regulations').

The overall EPA negotiation process may create problems for regional integration due to the complexity of the situation and EPA negotiation process (e.g. membership of multiple RIOs, separate ESA negotiations by different groups within COMESA). Certainly there is a lack of common interest among at least some of the COMESA (and ESA) MS and this situation has not been assuaged by EU pressure to advance negotiations. Overall however, whilst COMESA (ESA group) has provided institutional support for EPA negotiations the 'bottom line' is that these negotiations have been carried out on the basis of individual national interests rather than in the common interests of the ESA grouping.

The Evaluation of EC Regional Support to SADC notes that SADC MS are key actors for adhering to SADC regional integration and trade protocols and for development of their national regulatory frameworks. Membership of both COMESA and SADC and the further splitting of RIOs into sub-groups for EPA negotiations have made the process of regional integration more difficult. National perceptions of regional integration and trade as a strategic toll for development are not positive reportedly having little appreciation of national self-interest and that the EC Regional EPA Support Programme which provides intelligence on EPA negotiations at regional level will have no impact on decision making in MS.

A number of the recommendations of the evaluation are apparent in the EDF10 RIP and CSP/NIP for Malawi including:

- Integration of regional dimension in CSP/NIP;
- Adoption of regional perspective for focal and non-focal areas of CSP.

<sup>32</sup>

The AU position (2006) is one of concern that a result could be 'de facto reconfiguration of the RECs and their membership ..... which could disrupt the process of economic integration' and '...if different MS end up locked into obligations with the EU of an indefinite duration that are inconsistent with the programmes for building the African Common Market ..... the process of economic reform in Africa would be complicated'.

**Data and sources:**

*'MOIT commissioned a study on Malawi's participation in EPA negotiations and the outcome was positive enough. However, according to the study the signature of the EU-ACP EPA should be linked to the provision of additional resources by the EU to address the country's capacity constraints. It is clear that major industries are affected by the decision to trade under EBA. The tobacco industry is facing considerable difficulties especially due to EBA rules of origin.....'*

*'...where the private sector and (others).... attending the seminar seem to be by and large supportive of Malawi's participation in the EPA, the President ... appears to be .... against it. As a result there is very little prospect of Malawi changing its position....'*

*The presentation .....from COMESA reflected the recent AU/REC position paper. Main concerns raised were MFN, export taxes, development cooperation support and SAT .... Presentation had a negative spin....' (Mission Report, EPA Information Seminar, Blantyre, 2010)*

*'As an LDC and a land-locked country transport costs in Malawi are extremely high accounting for up to 50-60% of (our) total export value. The country also faces constraints that include poor public infrastructure, unreliable public utilities, low labour productivity, standards requirements, sanitary and phytosanitary measures and inadequate technological capacity to add value to its products. Malawi anticipates that these challenges will be addressed before full liberalisation' (Eunice Kazembe, MOIT, Information Seminar EU-ESA Partnership Agreement Blantyre 26-27 July 2010)*

*'The Malawi Chamber of Trade Unions (MCTU) ... expressed grave concern about the threat to jobs if Malawi was to undertake more trade liberalisation on European goods and services'*

*The extent to which Malawi and other developing countries liberalise their trade should be based on their development needs and be in line with their national development strategies; it should not be determined by imposed time frames and product coverage'*

*(Much to lose, little to gain, Assessing EPAs from the perspective of Malawi, Tearfund 2007 p34)*

*Achievements cover a wide area including a full training programme, improved approach to training, improvements in the strategic approach to the beneficiary institution, improvements in planning and public finance management, provision of equipment, strengthened DOECC to help upgrade the training of economists, improved documentation and dissemination from beneficiary institutions and improved coordination both internally and externally with development partners .....In broad terms it can be said that the project reached its goals.....Quality of outputs was reported to be high and recipients reported favourably on the quality of courses' BCS MR 1140.02 05/03/2010 Capacity Building for Economic Management and Policy Implementation 8ACP MAI 027*

**Indicator n°6.2.2: Detailed calculation of adjustment costs plus identification of mitigation measures**

**Findings at indicator level:**

There have been various estimates of adjustment costs and mitigation measures – the figures quoted below are from a study undertaken by the Commonwealth Secretariat (2006)

Adjustment Need	Estimated cost to Malawi over 10 year period
Fiscal adjustment	€40m
Trade facilitation and export diversification	€45m
Production and employment adjustment	€20m
Skills and productivity enhancement	€30m
Total	€135m

These estimates are costs include reduced revenues from import duties estimated at €6m/annum

**Data and sources:**

Supporting evidence

*'... programmes to mitigate adverse effects of four areas of adjustment:*

*Fiscal adjustment – costs arising from need to replace tariff revenue loss*

*Trade facilitation and export diversification – cost of re-deploying assets away from import-competing sectors towards new export activities*

*Production and employment adjustment programmes – assist with adjustment experienced by workers and firms*

*Skills development and productivity enhancement support programmes – to increase the competitiveness and productivity levels in preparation for full implementation of EPAs' (Economic Paper N°75, Commonwealth Secretariat Economic Affairs Division)*

*'... EPA threatens to, inter alia.... Lead to a significant loss of fiscal revenue and induce other major adjustment costs' (Much to Lose, Little to Gain: Assessing EPAs from the perspective of Malawi, Tearfund 2007 p. 5)*

*'... trade liberalization entails for ACP countries certain economic costs such as the fiscal impact and adjustment costs and capacity requirements need to be addressed. Unless these are addressed the benefits of an EPA for the ACP would be unrealizable and the EU would be the beneficiary of ACP trade liberalization' (ACP Guidelines for the Negotiations of EPA ACP/61/056/02 July 2002)*

### **Judgement criterion n°6.3: Upgraded capacity to promotion of exports and diversification of the economy including the mineral sector.**

Shortcomings in Malawi's capacity for facilitation of trade have been apparent for many years. For example, the shortcoming in trade information systems and statistics was identified at the time of preparation of EDF8 (i.e. mid 90s) and EC support under EDF8 was provided at national and regional levels. More recent studies have confirmed these (much) earlier findings as an unresolved problem and MGDS identifies deficient trade policy analysis and lack of capacity in data generation and analysis as key issues. Given the continuing shortcomings in these issues it is curious that there appears to have been a hiatus in support under EDF9 before EDF10 proposals to again provide such support.

Another issue that has been apparent for many years has been national weaknesses in SQAM<sup>33</sup> accreditation although this is proposed to be addressed for the first time under EDF10 NIP by means of a contribution agreement with UNDP (although it was intended to upgrade Malawi's MBS laboratory facilities under EDF9 RIP budgets were inadequate).

As issue of capacity weakness in the mineral sector has until recently not been considered as particularly urgent until, in the last few years, there has been considerable interest in prospecting leading to the major investment in Kayolokera Uranium Mine, which it is hoped will be the first of several such investments. National sector capacity and legislation is seriously deficient for negotiation and control of mineral exploitation such that under EDF10 support (to institutional capacity building, cadastre systems, laboratory facilities etc.) is proposed by means of an administration agreement with WB.

### **Indicator n°6.3.1: Trade information systems and infrastructure developed in key institutions to underpin policy formulation in trade and private sector development**

#### **Findings at indicator level:**

The lack of adequate information systems has been recognized for many years and a component of 8 ACP MAI 027 Capacity Building for Economic Management and Policy Coordination was to support enhanced monitoring and evaluation of economic programmes and policies leading to improved revenues projections and analysis (which received a positive ex-post ROM report in 2010 noting that planned results were achieved institutionally and individually). A contemporary regional project ( 8ACP RAU SADC Regional Statistical Training Project which concentrated on capacity building for production and utilization of statistics had a less successful history with the Final Evaluation report noting low to moderate effectiveness and sustainability, moderate/high efficiency and impact despite high relevance.

<sup>33</sup> SQAM – standardization, quality assurance, accreditation and metrology

More recently a number of studies have confirmed the earlier identification of weaknesses in trade statistics and information as impediments to informed policy decision making and thus detrimental to promotion of trade (DTIS 2004 – Diagnostic Trade Integration Study; EIF 2010 – Enhanced Integrated Framework, MGDS and MGDS Review 2009, draft Malawi Trade Policy Review 2010). Resulting weaknesses identified: deficient trade policy analysis and formulation, lack of capacity in data generation and analysis. There are strong echoes of the EDF8 projects of a decade earlier here. However there is now an added emphasis on increased business management skills regarding export and import.

EDF10 support proposed under FED/2009/022-40 Capacity Building towards Trade and Private Sector Development aims at the development of a Trade Statistics and Information System by means of support to NSO including capacity building, infrastructure provision (for the trade information system) installation of proprietary trade information services, and TA to the SWG-TPSD (which, given the potential move towards SWAp [EDF11] is possibly the most strategically important support component). Additionally a business information register will be produced (of small/medium businesses in Malawi). This support responds directly to GoM's stated request for EC cooperation (Letter from MIT to MOF 21/04/2009).

Although further investigation (and documentation consultation) is necessary it appears that there may have been a gap in support between the end of 8ACP MAI 027 and the start of the proposed support under EDF10.

#### **Data and sources:**

##### Supporting Evidence

*'DTIS (2004), MGDS (2009), EIF Review and the draft Malawi Trade Policy Review (2010) have all identified weaknesses in trade statistics and information intelligence as key barriers to GoM efforts to promote exports .... key weaknesses detected include .... lack of institutional capacity in terms of trade data generator analysis, compilation and dissemination .....* (Action Fiche AIDCO (2010/NNN Capacity Building towards Trade and PSD FED/2009/022-040 p. 3)

*'The RIP of EDF9 will continue support to statistics in the SDCA Secretariat under the heading 'Capacity Building for Regional Integration (€12.5m) which contains result area 5 'SADC Secretariat capacities for collecting and disseminating regional statistics increased'. In preliminary thinking for EDF10 this is continued as 'Statistical Capacity Building' under the proposed Regional Integration Support Programme. Obviously EC planners are aware that building well developed statistical system is a matter of persistent efforts to elevate staff capability over a long period of time' (Final Evaluation Report, SADC Regional Statistical Training Project 8ACP RAU 005, Nov 2007)*

##### Detracting Evidence

*A number of reviews including those on EIF and MGDS have highlighted a number of barriers to realizing a vibrant trade sector .....Key amongst these has been the issue of trade information and intelligence; with a requisite sectoral need to i) improve trade network and information for firms for exports; ii) maximise the benefits of trade through better knowledge. The identification of these two key issues is very critical as it is clear that in the absence of trade statistics and intelligence a) efforts to formulate effective policies and decision making are hampered and b) Malawi can hardly competitively trade hence hindering all hopes of economic growth' (Letter from Secretary for Industry and Trade, MIT to Secretary to the Treasury, MOF, dated 21/04/10)*



## **Indicator n°6.3.2: Standardisation, QA, accreditation and metrology (SQAM) infrastructure developed at national level is available to SMEs**

### ***Findings at indicator level:***

SQAM (standardization, QA, accreditation and metrology) issues are critical facilitation measures for Malawian exports which have featured in EPA negotiations. For many years MBS has been accredited only regionally and exports to other destinations demanded that samples had to be sent outside Malawi (usually to RSA) with additional costs and time involved, thus adding to the supply-side costs added to Malawi's export commodities. In 2008 the EDF9 Regional SQAM project identified MBS shortage of laboratory equipment as a serious constraint but the cost of equipment identified as necessary was in excess of the SQAM project budget. However, MBS laboratory facilities were deficient anyway such that rehabilitation and building work is necessary before new equipment can be installed.

Under EDF10 support is proposed by means of a contribution agreement with UNDP with activities including review of infrastructure, development of a business plan for MBS, development of technical regulations, capacity building of MBS (and NEPs – National Enquiry Points), strengthening of SPS infrastructure. This is certainly a comprehensive programme of support and further investigation and consideration of programme documentation is required but initial perceptions are of extremely ambitious targets going as far as ISO accreditation within a 5 year project period.

### ***Data and sources:***

#### Supporting Evidence

*'.... Improved marketability of products to international markets (meeting ISO standards and packaging standards). Key actions: strengthen MBS for national certification; start comprehensive SQAM capacity building programme; establish ISO 9001 enterprises; develop service, industry and technology in framework of international standards; improved compliance with international certification.'* (MGDS p. 91)

*'... activities would .... build on the actions taken under the EDF9 RIP in the areas of .... Technical barriers to trade – SQAM'* (SADC RSP/RIP (Part 2) p. 47)

*'The Development Plan will give particular attention to the development of sustainable financial self-sufficiency for MBS and give way for substantive. The main beneficiaries are the government and more particularly companies requiring SQAM service in Malawi, especially those exporting companies requiring certifications that are recognised internationally'* (Identification Fiche for Project Approach, Regional Integration, trade and Investment in Malawi, FED/2009/21-040)

#### Detracting Evidence

*'.... Missed business opportunities due to weak SQAM infrastructure, high cost of using foreign certifying bodies .... limited access of firms to conformity assessment services.....'* (MGDS p. 140)

*'Malawi is in the process of putting in place formal mutual recognition agreements with overseas standards bureaux (Kenya, Zambia, Zimbabwe and RSA) .... However, MBS does not have any accredited laboratories to assess conformity with technical regulations but efforts are being made to obtain accreditation (The authorities state that they are in the process of having laboratories and IQMS certificates accredited by the relevant ISO standards but that this is a 3 year process)'* (Trade Policy Review Malawi 2010 p26)

### **Indicator n°6.3.3: Improved national capacity to better negotiate and oversee development of the mineral sector**

#### ***Findings at indicator level:***

There has been growing interest in development of minerals in Malawi over a number of years, initially arising from prospecting in the extended Karroo series deposits in Tete and Niassa Provinces in Mozambique which straddle the Malawi rift valley but later extending to the north of Malawi. However, national capacity for management and administration of the mining sector is very deficient lacking almost all the resource and capacity requirements – staff, funding, facilities, resources, equipment, geological survey, data base. Recently the Kayelekera Uranium Mine (KUM) has opened large scale operations in the north of the country and other investments are at detailed feasibility stage. National capacity to license and negotiate mineral exploitation is critical for optimization of revenue generation, environmental and social impacts and longer term sector management.

EDF10 proposed support by means of an administration agreement with WB aims at institutional strengthening and capacity building (MNREE), establishment of a mining cadastre system and geological data bank, refurbishment of DOM and GSD laboratories and provision of equipment and promotion of environmental awareness. WB has undertaken a Minerals Sector Review (2008) and has developed a programme for TA to the sector.

#### ***Data and sources:***

##### Supporting Evidence

*'... the Malawi Polytechnic (one of the constituent colleges of the University of Malawi) has already drafted the multi-entry and multi-exit mining curriculum framework for the offer of mining certificates, diplomas and degrees upon completion of the mining training programme .....'* (Letter from Department of Mines to NAO Support Unit, MoF, 26/4/10)

*The existing EIA framework for managing environmental and social issues in the mineral sector in Malawi conforms in most respects to international good practice.....The existing decentralisation process that establishes a bottom up development planning system appears to have the potential to catalyse sustainable development out of mineral sector growth in villages and districts.....Unless robust environmental and social safeguards can be assured and benefit sharing and mining induced development at district and village levels promoted by the mineral sector reform and implementation of decentralisation policies it is unlikely that a major expansion of mining activities would set Malawi on a sustainable development path.....(Malawi Mineral Sector Review WB 2009 p12*

##### Detracting Evidence

*'In general the government is ill-equipped to negotiate with large investors and their position in receiving fair and equitable agreements with mining companies would be strengthened if a more model mineral agreement formed part of mining law'* (Malawi Mineral Sector Review WB 2009 p. 7)

*'Malawi's mining legislation has not kept pace with the rapid modernization of mining codes that has occurred throughout Africa over the past decade .... A preliminary assessment ..... indicates that the main issues to tackle are:*

- existing legislative arrangements for mining rely excessively on discretionary exercise of ministerial powers*
- many of the key terms under which a company would operate are subject to bilateral negotiation with GoM*
- mining legislation makes provision for numerous and in some cases redundant licenses*
- weaknesses in the licensing system can be addressed by strengthening both incentives for mineral rights holders to perform work and sanctions for non-performance to deter companies from holding license areas in the interests of speculation*
- to complement mineral sector policy goals on local content community development and vulnerable groups appropriate legislative provisions are need*
- with respect to artisanal and small scale operators changes to the mining legislation should focus on modifying the duration and size of mining claims .....'* (Malawi Mineral Sector Review WB 2009 p. 7-8)

*It will be important to ensure that Malawi obtains a fair share of mineral rents but in doing so it must strike the right balance between inducing investment and generating tax revenue.....The government*

*has made significant progress towards defining a coherent, standardised and globally competitive mining fiscal regime.....With the amount of revenue that could potential be generated from the mineral sector it is necessary that the government employs robust tax collection measures and adequately equips the revenue agencies to implement them.....Experience in many mineral-rich countries has demonstrated that revenue collection arrangements need to be underpinned by revenue transparency and accountability in order to be effective.....Both the magnitude and volatility of mineral based revenue flows must be factored into government policies for managing public finances to avoid dislocation of the economy through the 'resources' curse' (Malawi Mineral Sector Review WB 2009 p10)*

*There is scope to develop a better understanding of the geology and mineralization of Malawi through re-interpretation of previously acquired data with modern day techniques.... Modern techniques for storing geodata in digitised form are needed to optimise its value and provide ready access to users .... Aside from the value of geo-science in understanding mineral resources, geo-science is important for land use planning, management of water and other natural resources, protection of environmentally sensitive areas and risk assessments for seismic and other natural processes. The role of public institutions engaged in these activities has to be considered carefully as a basis for allocating public funds (Malawi Mineral Sector Review WB 2009 p19)*

*The policies, laws and institutions that presently govern the mineral sector in Malawi need significant reform if the sector is to grow sustainably and contribute to economic development and poverty reduction. The government recognises this but has yet to undertake many of the necessary reforms.....There is great sense of urgency to define the required reforms within government and among stakeholders .....The highest priority must be given to finalising the National Mineral Sector Policy which has remained in draft for years.....Malawi's mining legislation has not kept pace with the rapid modernisation of mining codes that has gone in the African region in the past decade – the Mining and Minerals Act of 1981 is now one of the oldest mining codes in sub-Saharan Africa; moreover the Act predates commercial, environmental and other legislation with which mining legislation should be harmonised....The institutions that govern the sector have been starved of resources for years and will face considerable difficulties in exercising their mandates as mineral sector activity gathers pace. Lack of resources is compounded by a lack of experience in regulating a sector that has been ignored for years. This problem is especially acute among institutions outside the core mineral sector agencies which nonetheless have critical roles to play in assuring that mining development generates benefits..... (Malawi Mineral Sector Review WB 2009 p33)*

#### **Judgement criterion n°6.4: National involvement in EC regional programmes for facilitation of trade and investment (COMESA and SADC).**

Although under EDF10 (in comparison with EDF9) there is greater reference to linkage and evidence of complementarity of national and regional programmes and strategies for both COMESA and SADC there has been little engagement of regional member states in the pursuit of regional objectives before national objectives and priorities. In general whilst regional and national programmes may be broadly complementary, there is little real coordination or mutual support. CSPs and RSPs make general reference to each other, usually expressing support for efforts to increase regional integration but without overt linkage of national programmes with regional programmes or national programmes of neighbouring countries.

Possibly a contributory factor to this situation is a lack of communication between regional and national levels by governments and EU DELs and a similar lack of real national consultation in preparation of regional strategies and programmes. There is thus a lack of national ownership of regional policies, protocols and programmes (which might to some extent explain the poor rate of ratification and enforcement of regional and international agreements).

Overall there has been only very limited national involvement in EC regional programmes for facilitation of trade and investment.

## Indicator n°6.4.1: National Interventions under RSP/RIPs which impact physically on Malawi's regional connectivity

### **Findings at indicator level:**

#### COMESA

EDF8 and 9 RSPs have general reference to MS CSPs (including Malawi) but there is only aspirational reference to coordinated implementation of complementary actions between RSP and CSPs. With regard to EDF9 only in the Transport and Communication sector is the need for synergies highlighted but in EDF10 there is a much greater focus on regional integration which, as far as the Malawi CSP is concerned, extends to both focal sectors (Agriculture and Food security; and Regional Integration with focus on Road Infrastructure) whilst Regional Integration, Trade and Investment (including support to EPA negotiations) is a non-focal sector.

COMESA has identified poor coordination with national programmes as a constraint to regional integration (and this was confirmed by the 2008 Evaluation of EC Support to the ESA-IO Region) because national programmes focus on national priorities before consideration of regional concerns. Although EDF10 CSPs (including Malawi) make much greater reference to national interventions having a regional context and potential impact it appears that with the possible exception of TCSPIP (Transport and Communications Strategy and Priority Investment Plan) there has been little 'buy in' by MS to regional priorities and even then, there is no evidence of such engagement being over and above national priorities.

With regard to regional integration and trade the CSP and RSP are complementary although there appears to be little or no coordination or mutual support. With regard to natural resource management regional and national strategies and programmes show complementarities and embed mechanisms for coordinated implementation (e.g. national NRM is in line with strategies developed regionally) although in the case of Lake Malawi little evidence has been examined of concerted conservation activities of Malawi, Mozambique and Tanzania. In general CSPs make only passing reference to regional and pan-African strategies without explanation of how national programme interventions make a contribution to these regional issues (e.g. reference is made in EDF9 and 10 CSP to the importance of corridor development and transport costs but there is no manifest statement of linkage of national programme interventions to those of neighbouring countries to ensure upstream and downstream connectivity).

After EDF9 efforts have been made to improve coordination and consistency of national and regional programmes. IRCC (Inter-regional Coordination Committee) analyses all CSPs to ensure coherence between priorities and objectives of NIPs and RIPs. All NAOs and RAOs of the ESA-IO group meet annually to monitor coordination, complementarities and implementation of CSPs/NIPs and RSP/RIP although these meetings focus on contributions to programmes with national regional components rather than joint monitoring of implementation.

#### SADC

Under EDF9 CSPs recognize regional integration but the 2007 Evaluation of EC Regional Support to SADC found that a) regional integration is not considered as a strategic tool to assist with achieving national objectives; b) the time taken to design a programme under CSP/NIP can take too long to be effective (in particular EPA negotiations). Overall there was little integration of regional agenda in CSPs (including Malawi). During the intervening period for EDF9 CSP SADC reorganized institutionally becoming more centralized (although with the principle of subsidiarity) and this process impeded implementation of most regional programmes. However, following reorganization RISDP was established (Regional Indicative Strategy Development Plan) which aimed to reinforce the linkage between national and regional policies and programmes including trade facilitation, investment harmonization and infrastructure development to reduce regional transaction costs). There are still reported to be gaps between regional and international policy decisions and implementation at national levels. There is also reported to be little connection between EUDs in SADC member states.

### **Data and sources:**

#### Supporting Evidence

*'The ongoing EDF9 regional SADC SQAM project .....has provided support to the development of national and regional SQAM regulatory frameworks in the areas of standards, metrology and product safety. In addition the project has conducted a number of training courses in all relevant areas of standardisation....'* (Annexe II to FA Capacity Building towards Trade and Private Sector

*Development FED/2009/022-040)*

*The most successful by far has been the programme of regional and national courses. These courses support a clear need for greater professional knowledge, and contribute to the acceptance of common statistical standards and methods in SADC countries. Regional courses do not just impart much needed professional skills; they also contribute to more statistical cohesion. National courses are relatively cheap, they emphasise the growing skills of local facilitators, and they do not have to overcome language barriers. The NSOs organising national courses within the context of the RSTP demonstrate a growing sense of 'ownership' in the project. The entire organisational work for regional training courses could potentially also be tendered. The objective would be to reduce the direct workload on the RSTP team, but there would be additional benefits in reinforcing the infrastructure for statistical capacity building. Regional training institutions would be well placed to replay to such tenders, especially during the breaks between teaching terms. (Final Evaluation Report, Project No. 2007/144362, SADC Regional Statistical raining Project (8 ACP RAU 005)*

Detracting Evidence

*Malawi Country Economic Memorandum, DFID, 2010 p. 29 'While much progress has been made to set up the institutions to deal with issues of regional integration most of them have remained under funded.....Except for the largest countries which have an incentive to supply themselves with these regional public goods, countries have tried to benefit from the investment of others or hoped for donors to step into the breach'*

*On March 1, 2005, the MTR mission has presented the results of the assessment of RICB implementation. It appeared that there were serious flaws and weaknesses in the design of the programme as well as related to the management of its implementation.*

*As was seen during the MTR assessment of the RICB, part of the weaknesses in the implementation process was also due to weaknesses on the side of the European Commission. During a good part of the implementation period the ECD staff has been occupied with the implementation of its internal "deconcentration" process. While this deconcentration will facilitate project implementation in the future with increasing responsibilities being located in the ECD, important resources were bound during this process, and the staff was for sometimes absent on training. In addition, the revised EDF procedures for implementation of EDF9 also had to be internalised. (Regional Integration and Capacity Building Programme Project 8 ACP RAU 013 Midterm Review)*

*The stated purpose of the project is "To enhance human resource capacity for the production and utilisation of official statistics..." The intervention logic can be summarised in four elements:*

- (a) Assess the statistical training requirements of SADC countries;*
- (b) Define a strategy that would satisfy these requirements;*
- (c) Produce the materials for training at various skill levels; and*
- (d) Conduct regional and national training courses.*

*The logic of these interventions is simple and compelling. But, over the extended lifetime of the project serious delays have occurred. These delays are mostly situated in interventions (c) and (d). Important training tools (Syllabus and training materials for short high-level courses) were not even fully delivered at the time of the Final evaluation. In the absence of the training materials, training courses went ahead without them. Lecturers and instructors used other available texts and education tools. But much time was lost, leading to the project becoming extremely back loaded. Nearly all the country courses took place in the final project year, 2007. The same is true for eight out of the sixteen regional courses. Statistical training is much needed, since SADC countries require competent statisticians to collect, aggregate and disseminate reliable information. The interventions programmed are well chosen. Therefore the relevance of the project can be qualified as High. Many of the delays were caused by a series of problems in the formulation of tender requirements, difficulties with the tendering procedures, and the award of contracts. The complexity of the process was a frequent cause of setbacks. Once awarded a contract the Contractors have mostly delivered on schedule. The quality of the products is usually judged as acceptable to good. With the procurement process itself excluded, the efficiency of the project has been Moderate to High. The fact that training tools were available much too late has severely affected the effectiveness of the project. Lecturers had to provide their own training materials, with as a result loss of time, lack of consistency, and, on occasion, insufficient compatibility with local conditions. The usefulness of the training materials produced by the project remains unproven as long as they have not been tested in practice. The understaffing of the PMU, reducing its capability to tackle problems energetically, did not help. The effectiveness of the project must be qualified as only Low to Moderate (Section 2.3). The project reaches beyond its immediate range of beneficiaries. The training materials can be used in other environments, such as universities, regional training institutions, and even for educational*

programmes on television. However, this effect has not yet been verified since products are only in the process of completion. Participants in regional training events bring home not only increased knowledge, but also a wider view and personal links with colleagues abroad. The impact of the project can be rated as Moderate to High (Section 2.4). Once the project expires on 31 December 2007, there is as yet no obvious mechanism to maintain the momentum. In the absence of pertinent action the course program is unlikely to continue. There are no formal provisions to update the teaching materials, which will gradually become obsolete. Still, they will maintain their usefulness for at least some time. The sustainability of the project is no more than Low to Moderate (Section 2.5).

The conclusions of the evaluators arrived at the following:

1. An analysis of the original logical framework as presented in the TAP (Annex 2) leaves no doubt that the project in its initial design was overambitious. Even after downscaling following the MTR, only part of the revised plan of Activities/Outputs has been realised.

2. One of the several reasons for this has been understaffing of the PMU. Project execution effectiveness improved after both the EC Delegation and Eurostat began providing intensive assistance and other stakeholders too became more involved. In the course of time the project has become extremely back loaded.

3. Relatively much has been accomplished in the last 18 months of the seven project years. This is especially true for the training courses. But the final versions of several major Activities/Outputs still need to be delivered before the year is over. Had there been more urgency and sense of purpose among stakeholders in the earlier years, then this last-minute rush could have been avoided. The weakness of the project resorts mostly in its effectiveness and sustainability. This is directly linked to the unavoidable cessation of project activities on 31 December 2007. Since several important Activities/Outputs are still to be finalised, there remains virtually no time to follow up on their acceptance by the Member States and the adaptation to national contexts. An abrupt end to the project also undermines the sustainability of the accomplishments. An important reason that the PMU has not sufficiently been able to move matters forward is that it is much understaffed. The same is true for the SADC Statistics Unit. Should these two offices be integrated, then the resulting synergy would enhance their combined capacity. For example, it could be made sure that always at least one professional officer is in the SADC statistics office (i.e. not travelling or on leave) to move day-to-day matters forward. But even then it should be made sure that any post-project activities do not overload the available management capacity. (Final Evaluation Report, Project No. 2007/144362, SADC Regional Statistical raining Project (8 ACP RAU 005))

#### **Indicator n°6.4.2: Evidence of consultation with Malawian institutions and GoM in preparation of RSP/RIPs**

##### **Findings at indicator level:**

RIOs have technical committees which contribute to national formulation bodies and conversely draft regional policies are considered by ministerial committees comprising national representatives (albeit that there are reports of national representatives having no delegated powers thus reducing the value of this interchange of information). However, this two-way exchange of information is presumed to contribute to convergence of national and regional policies. Under EDF10 further action is being taken to improve complementarity, coordination and consistency between CSP and RSP appears stronger with greater reference to regional context (as noted in I5.1 above). However the Evaluation of EC Support to ESA-IO Region found that communications between regional and non-regional EU DELs remains low and the only comments on the draft EDF10 RSP were reportedly from delegations acting as focal points for the RIOs.

The Evaluation of EC Regional Support to SADC found that the extent of MS participation (and participation of NSAs) in the preparation of RSP is limited at best and that there is a gap between regional policy statements and national level commitments to implementation. MS ownership of regional policies, protocols and programmes is limited as the regional perspective has historically not been well elaborated in national development programmes and EUDs have not set out strategies to pursue regional integration (in part because resources for regional integration issues was limited). A manifestation of this situation was that RIP and NIP (Malawi) make little or no reference to SADC implementation mechanisms (SADC implementation and financial procedures are not clear in any case according to the Institutional Assessment of SADC Secretariat, Ernst and Young 2007 which notes an absence of standardized reporting formats, QA checks on annual work plans and budgets, monitoring or control of implementation).

EDF9 CSP has a number of references to regional integration (as an issue to which EC brings added

value, in analysis of the economic situation, trade and EPA negotiations) but there is no reference to Malawian consultation in preparation of the RSP.

In contrast EDF10 CSP makes reference to regional integration and regional cooperation contexts with regard not only to trade and investment but also the focal sectors (i.e. Agriculture and Food Security in the context of regional development; and Regional Integration with focus on Road Infrastructure) plus the EU regional responsibilities (and regional leadership) and 'unique expertise in regional integration processes' (CSP p16). Also, Regional Integration – Trade is a non-focal sector whilst the regional context of energy supply and generation is acknowledged (EIB funding) but there is no reference to consultation in preparation of the RSP.

Recommendations of the 2008 Evaluation of EC Support to the Region of ESA-IO include: reinforcement of coordination mechanisms between national and regional programmes to ensure coordination of RSP and NIPs; and to identify the most appropriate intervention level as well as the most suitable financing and implementation modalities. Also EC should create a standard mechanism for adequate feedback from all EUDs (not only for those with regional responsibilities) and effort should be made to encourage greater commitment at national levels.

#### **Data and sources:**

##### Supporting Evidence

*'Key development partners in the sector (including WB, USAID, DFID, UNDP, ADB have formed the Donors Group on Private Sector Development (DGPSD). In order to improve policy dialogue between GoM and DPs in the spirit of the Paris Declaration GoM recently created 16 Sector Working Groups (SWGs). The SWG relevant to MIT is Trade, Industry and Private Sector Development (SWG-TIPSD). This is viewed as part of a process which will potentially lead to the creation of a SWAP' (Annex V, Capacity Building towards Trade and Private Sector Development, EDF10 CSP)*

*Record of the stakeholder consultation workshop on EDF10 Programming SADC-EC Regional Strategy Paper/Regional Indicative Programme 2008-2013 Gaborone 13 July 2006*

*The meeting took place in the framework of the programming of the EDF10 and in particular in order to ensure coordination between the SADC regional Strategy Paper/Regional Indicative Programme (RSP/RIP) and the SADC Member State Country Strategy Paper/National Indicative Programmes (CSP/NIPs). The Guidelines for the 10th EDF programming process require that national strategies be consistent with the regional strategy and that without necessarily being considered a focal sector, the trade and regional integration dimension should be integrated into national strategies and national indicative programmes. The main objective of the meeting was to consult with national stakeholders in order to facilitate the above mentioned coordination. (EC - SADC Regional Strategy Paper Annexes p. 141)*

##### Detracting Evidence

*Dissemination of best practice in price statistics and customs has not been institutionalised.....Dissemination of information concerning the regional integration process and related policies is not sufficient and is not done as part of capacity building.....The challenge of regional integration and networking did not receive the required attention and resources were not directed towards networking with MS institutions (Mid-term Review Regional Integration and Capacity Building Programme 8ACP RAU 013, March 2005)*

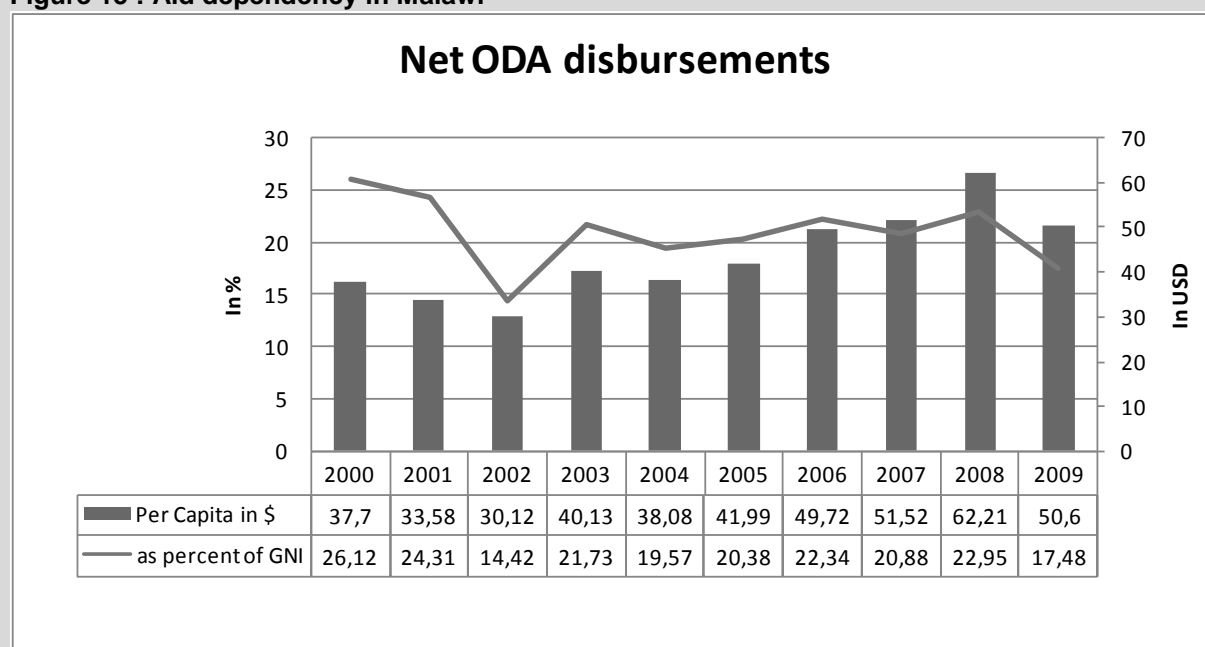
## 1.7 Budget Support

**Evaluation Question n°7: To what extent has EC budget support and associated policy dialogue contributed to stabilising the external and internal financial balances?**

**Judgement Criterion n°7.1: EC budget support contributed to strengthening the Public Finance Management system, which in turn positively affected the flows channelled through and managed by the Government Financial systems.**

Malawi is particularly aid dependant, as the transfers from the donors **represented** around 20% of the Growth National income between 2003 and 2009. In this context, the researched macro-economic outcome of Budget support will mainly be identified in the country's financial stabilization. The purpose of this JC is thus to check the relation between the BS funding (especially the disbursements from the EC) and the maintenance of Macro-economic stability by a contribution to the Country's foreign exchange requirements (I. 7.1-1) and the allocation of additional resources for the National Budget's execution (I.7.1.2).

**Figure 15 : Aid dependency in Malawi**



Data extracted from OECD DAC/Aid flow database

Among the different aid modalities, Budgets support is released to GoM in foreign currencies. The Funds in Euros are sold to the Reserve Bank of Malawi, which transfers the Kwacha Equivalent to the Government Treasury N° 1 Account<sup>34</sup>. In synergy with other forms of Aid given to the country (such as the debt relief) combined donors budget support played a crucial role in stabilizing the overall balance and in improving the country's net foreign assets. During the period under review, the donors' contribution to the budget under the various grant modalities (projects General Budget support and Dedicated grants) contributed to maintain the budgetary deficit within the agreed macroeconomic framework. After the resumption of the IMF led PRGF in FY 2004/05<sup>35</sup>, the donor's substantial increase in their commitments and actual disbursements helped loosening the constraint of domestic debt on GoM. Budget support in particular and dedicated grants to the social sectors contributed to secure and channel additional towards social sectors<sup>36</sup>

In particular, the disbursements under the European Budget Support, increased with the funds

<sup>34</sup> A comparative chart between the different disbursement procedures of the various aid modalities can be consulted in the sources for EQ 8.1

<sup>35</sup> Further analyzed in EQ7.2

<sup>36</sup> This aspect will be further analyzed in EQ 8.3



provided under the V.FLEX initiative, reached in 2010 an amount up to 80% of the total petroleum imports bill. They contributed to one month of imports i.e. one third of the expectations for the country's performance under the ongoing ECF agreement with IMF<sup>37</sup>.

Budget support was thus a necessary condition for achieving the financial stabilisation of Malawi but it is not sufficient as itself to prevent open economies like Malawi to absorb further exogenous shocks of a major scale, and the expected decreases in GBS disbursements for 2011 might further worsen the trade shock the country is currently experiencing.

### Indicator n°7.1.1: Reduction of the current account deficit, external debt stock and servicing and improvement of the foreign reserves during the period under review.

#### Findings at indicator level:

GoM is classifying with good reason Budget support as a Balance of Payment support, a vision echoed in the two first EC Poverty Reduction Budget Supports (PRBS) financing agreements that “*The program will contribute to the country's foreign exchange requirements for the import of goods and services , foreign debt servicing requirements, and the maintenance/build-up of international reserves*”<sup>38</sup>

*Sustained growth, combined with contained inflation and substantial debt relief (approved financial statement 2010/2011 fig1\*), strongly contributed to contain the external pressure on the country during the period under review.* After Malawi qualified for debt relief under the Enhanced HIPC initiative for an amount of US 1 billion in nominal terms, the share the debt stock to GDP kept decreasing from 148% in 2004 to 19% (est.) in 2009, with a simultaneously decreasing external debt service to export ratio from 22,9% in 2004 to less than 10% (est.)<sup>39</sup>. A positive trend for the expected improvement of the Balance of Payment through the Current Account and/or the Capital Account.

In 2008, thanks to record harvests, the country recorded a 9.8% growth in the context of the international food crisis. This however boosted the domestic demand on imports at a higher price, that outstripped the export growth, and led to a sharp deterioration of the Current Account balance (IMF Staff Report Jan 2009\*). A trend insufficiently balanced by positive capital flows to the country from officials and private transfers.

**Table 37 : Flows comparison ODA, FDI 2004-2008**

<i>in Million US Dollars</i>	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Foreign Direct Investment</b>	<b>18,58</b>	<b>53,79</b>	<b>60,07</b>	<b>52,34</b>	<b>72,19</b>	<b>92,04</b>	<b>90,67</b>	<b>54,76</b>	<b>58,24</b>
In Malawi	18,93	55,10	61,90	52,34	72,19	92,04	71,18	54,76	58,24
Abroad	0,35	1,31	1,83	-	-	-	(19,49)	-	-
<b>Disbursements of GBS*</b>	<b>13,00</b>	<b>42,00</b>	<b>67,00</b>	<b>93,00</b>	<b>110,00</b>	<b>58,00</b>	<b>72,00</b>		
<b>BS compared to FDI</b>	<b>68,67%</b>	<b>76,22%</b>	<b>108,24%</b>	<b>177,70%</b>	<b>152,38%</b>	<b>63,02%</b>	<b>101,15%</b>	<b>0,00%</b>	<b>0,00%</b>

*sources: FDI National Statistical Office BoP surveys*

*\*GBS disbursements for years 2002, 2003 CSP Malawi 2008-2013 Annex 8- Debt Sustainability Analysis; Years 2004-2008 DFID Pov. Reduction BS ODI Nov 2009*

*Note Data for 2009 and 2010 are available for the fiscal year but not the calendar year.*

Among the official transfers Budget support contributed to mitigate the adverse trend on the current account but could not fully balance it.

<sup>37</sup> where the current account norm is to stabilize net foreign assets at a level providing three months of imports

<sup>38</sup> FA PRBS I (Jul 2005) and II (Nov 2006) TAP specific EC contributions

<sup>39</sup> IMF Country Report N°6/94, March 2006, Table 1a and IMF Staff report Article IC Feb 2010, table 1a.

**Table 38: BS in the external balance**

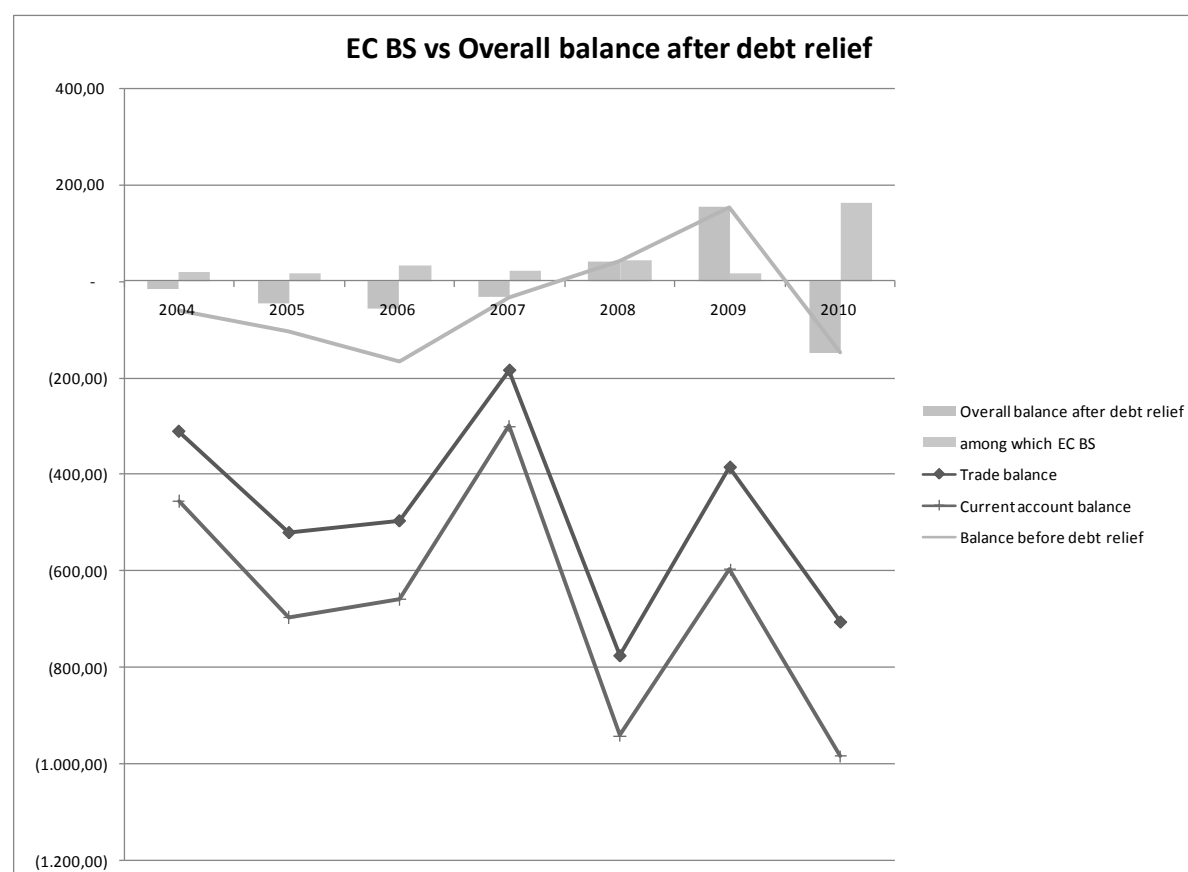
<i>in Million US Dollars</i>	2004	2005	2006	2007	2008	2009	2010
<b>Trade balance</b>	(310,91)	(520,64)	(496,29)	(184,41)	(775,60)	(385,24)	(705,93)
<b>Current account balance</b>	(455,60)	(695,99)	(658,27)	(300,15)	(940,96)	(597,11)	(983,41)
<b>Balance before debt relief</b>	(62,15)	(105,43)	(166,94)	(32,40)	41,88	153,97	(148,98)
<b>Debt Relief</b>	47,02	59,79	109,73	1,11	-	-	-
<b>Overall balance after debt relief</b>	(15,13)	(45,64)	(57,21)	(31,29)	41,88	153,97	(148,98)
<b>Change in NFA</b>	15,13	45,64	57,21	31,29	(41,88)	(153,97)	148,98
<b>Disbursements of GBS (indicative) *</b>	<b>67,00</b>	<b>93,00</b>	<b>110,00</b>	<b>58,00</b>	<b>72,00</b>	NA	NA
among which EC BS**	19,10	17,50	32,80	21,07	44,52	17,25	161,50
Exchange rate (K/USD, period avge)	109,00	118,40	136,02	139,98	139,98	141,00	150,49

\*sources for years 2002, 2003 CSP Malawi 2008-2013  
 Annex 8 - Debt Sustainability Analysis; Years 2004-  
 2008 DFID Pov. Reduction BS ODI Nov 2009 Not  
 available for the current table for calendar years after  
 2009

\*\* source : RBM (internal) unless 2005 IMF (internal)  
 with renewed thanks to the officials in charge

However with the additional disbursements of the V FLEX funds of (€25m in March 2010 and €19m in December 2010) the substantial EC contribution exceeded the Overall external Balance after debt relief and brought thus a substantial input for the country's external stabilization.

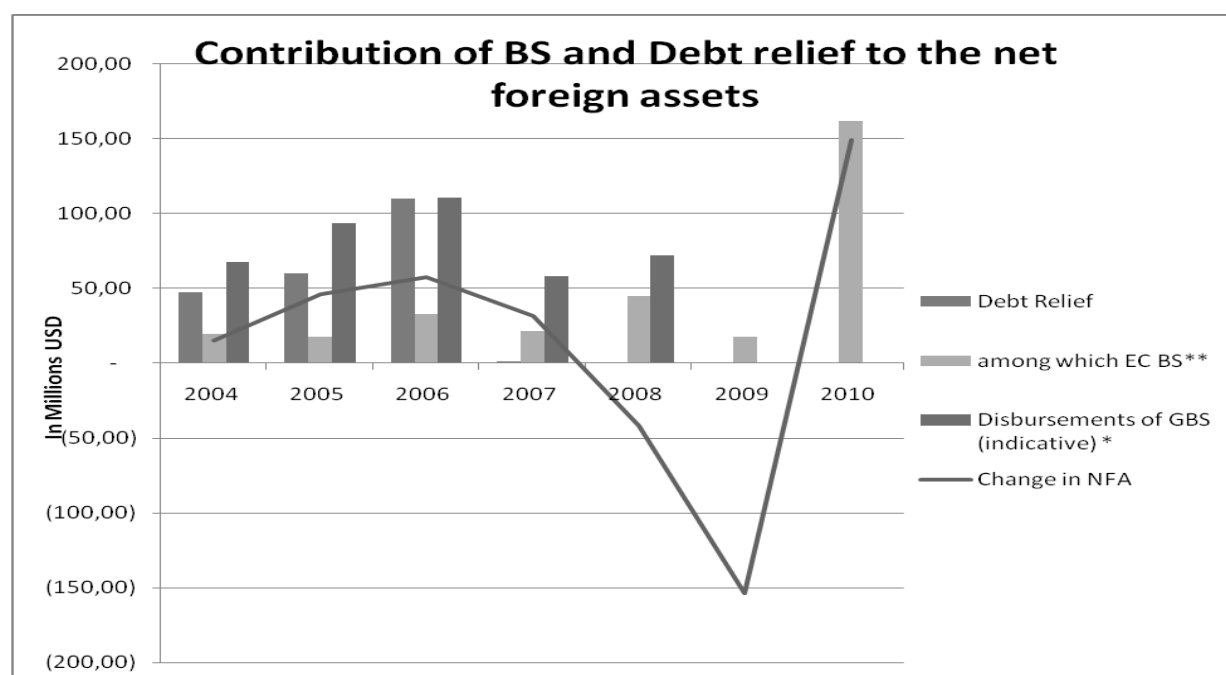
**Figure 16: Contribution of EC BS to the external balance**



The BS contribution to the external balance can also be accessed through to the Country's Net Foreign Assets (NFA): the combined debt relief and increased budget support, contributed to the NFA improvement particularly between 2004 and 2006.

Then the flow of debt relief decreased, but the burden of the external debt further eased as a result of the recomposition of the Disbursed and Outstanding Debt (DOD) with an increased share on concessional loans with multilateral creditors. With the degradation of the current accounts in 2007 and 2008, the Budget support flows could not alone prevent a renewed degradation of the net foreign assets of the country, that the Strong EC contribution in 2010 finally helped recovering.

**Figure 17: BS and Debt relief in the net foreign assets**



Source : refer to previous table : \* total disbursements of BS are not available for 2009 and 2010

The total Budget support funds disbursed in 2010 by the EC reached the equivalent 1 month of imports, a substantial achievement in the country's record of recent years, whose official reserves picked at 2,5 months of exports in Jan 2008<sup>40</sup> but remained most often below 2 months of imports between Jan 2006 and July 2009. (CABS 2009/10 Budget analysis figure 1\*). A contribution that also represent up to 80% of the total import bill for petroleum as indicates the table below.

**Table 39 : EC contribution to the country's imports**

<i>in Million US Dollars</i>	2004	2005	2006	2007	2008	2009	2010
<b>Import Value (c.i.f.) among which:</b>							
Petroleum products	94,62	104,69	110,82	133,99	186,68	165,08	180,70
Fertilizers	64,04	129,95	62,86	189,38	366,39	168,76	200,79
<i>Imports of Goods, job (including maize imports for free distribution and commercial sale)</i>	810,17	1.029,52	1.038,88	971,49	1.729,92	1.573,34	1.881,31
<i>Cost of imports per month</i>	67,51	85,79	86,57	80,96	144,16	131,11	156,78
<b>Disbursements of GBS (indicative) *</b>	<b>67,00</b>	<b>93,00</b>	<b>110,00</b>	<b>58,00</b>	<b>72,00</b>	<b>NA</b>	<b>NA</b>
among which EC BS**	19,10	17,50	32,80	21,07	44,52	17,25	161,50
<b>Share of Total BS disbursements /</b>							
..imports	8%	9%	11%	6%	4%		
<i>In months of imports</i>	0,99	1,08	1,27	0,72	0,50		1,03
..imports of fertilizers	105%	89%	99%	43%	39%		
<b>EC BS share in the total import petroleum goods</b>	<b>20,19%</b>	<b>13,47%</b>	<b>52,18%</b>	<b>11,13%</b>	<b>12,15%</b>	<b>10,22%</b>	<b>80,43%</b>
<i>In months of imports</i>	0,99	1,08	1,27	0,72	0,50	NA	NA

\*sources for years 2002, 2003 CSP Malawi 2008-2013

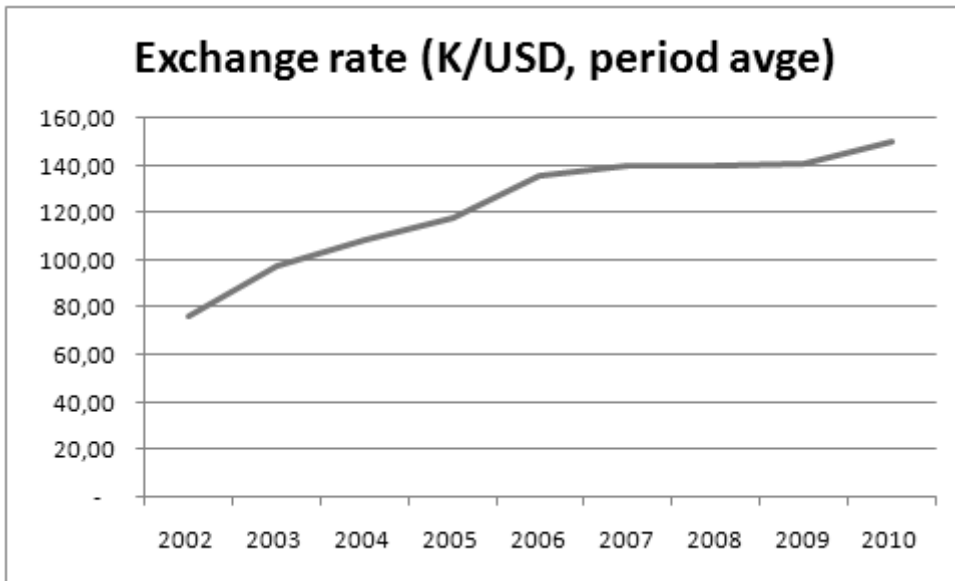
Annex 8 - Debt Sustainability Analysis; Years 2004-2008 DFID Pov. Reduction BS ODI Nov 2009 Not available for the current table for calendar years after 2009

\*\* source : RBM unless 2005 IMF

However the question of the sustainability of such achievements is to be raised: the Overall External balance remains very fragile as no further disbursements are scheduled for the EC in 2011 and some Budget Support programs might be delayed with the late review of current IMF program. In addition the major trade shock related to the sharp decline of tobacco exports threatens to put increased tensions on the Malawi Kwacha.

<sup>40</sup> The record staying at 2.7 months of imports in Dec 2004 after resumption of BS flows (JAR 2004)

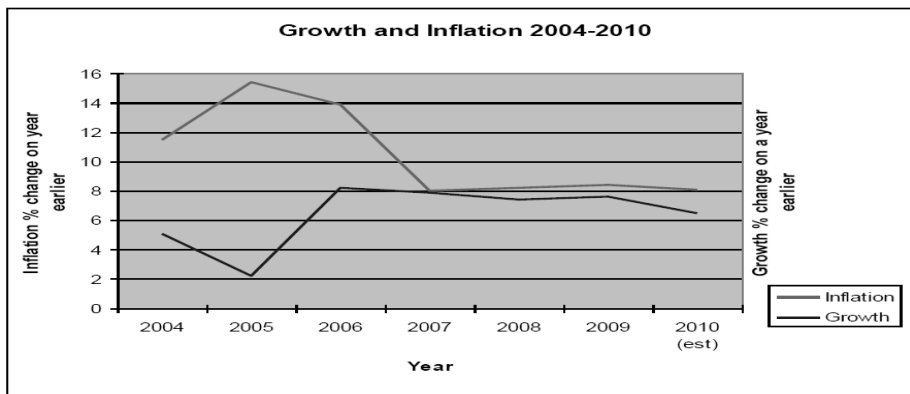
**Figure 18: Depreciation of Malawi Kwacha during the period under review**



Data Source National Statistical office, BoP Survey

**Data and Sources:**

**Figure 19: Ministry of Finance Approved financial statement 2010/2011 figure 1 p.5**

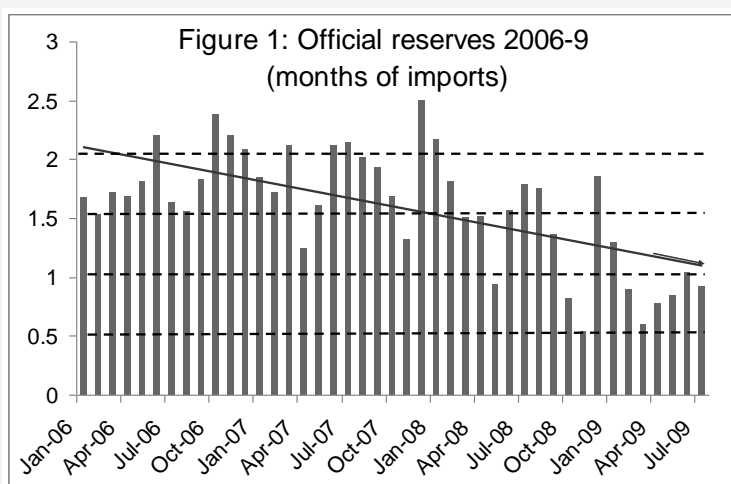


**Figure 20: CABS Budget Analysis 2009/10**

**CABS budget analysis 2009/10**

**Box 1: The history of the reserves position**

The nominal exchange rate has remained stable vis-à-vis the US\$ since 2006, but significantly gained value against other currencies resulting in an appreciation of the nominal effective exchange rate. As a result, the IMF recently reclassified the exchange rate regime as a de facto conventional peg, and estimates that the Kwacha may be overvalued by 10-28%. The overvaluation has contributed to the depletion of foreign reserves, and may constrain the medium-term objective of shoring up reserves to 3 months' imports cover. As at end-July, the peak of the tobacco marketing season, official reserves stood at just 0.9 months of prospective imports. One month's import cover requires approximately \$127 m.

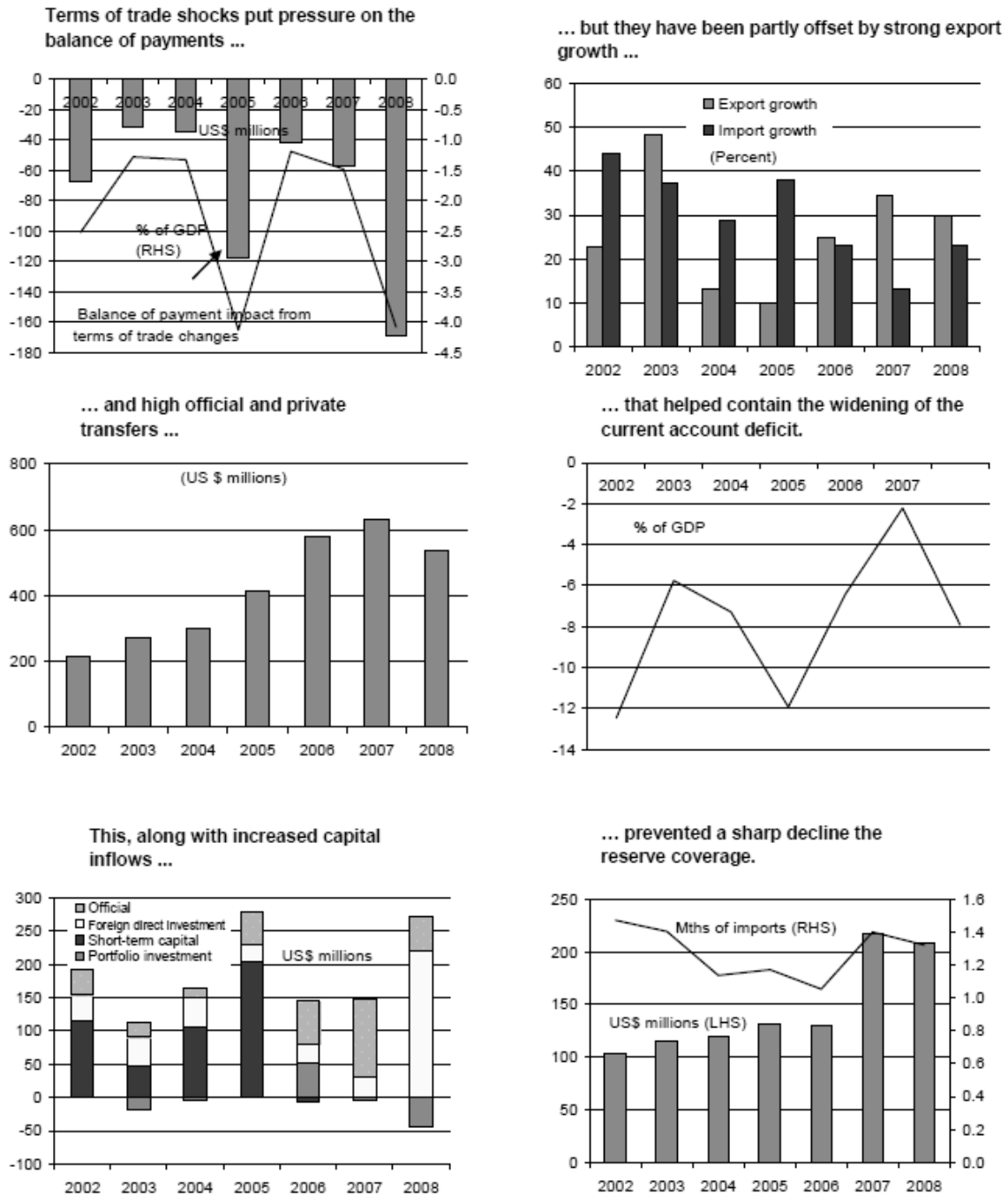


Under the current IMF-supported economic program, Malawi authorities committed to study options for adopting a more appropriate foreign exchange management framework that would introduce increased flexibility and ensure alignment with underlying fundamentals. This has not taken place. Further reflecting forex shortages and challenges in maintaining the current exchange rate framework, the spread between parallel and official exchange rates has been widening and is currently at about 20%. There are also signs of a build-up of unpaid import invoices. If this continues, it will constrain economic activity in import-dependent sectors, and could further expose the economy's vulnerability to such exogenous shocks as weather, foreign aid and terms of trade.

*IMF request for one year Exogenous Shocks Facility Arrangement, Staff Report, Jan 2009.*

**Figure 21: Malawi External Developments 2001-08**

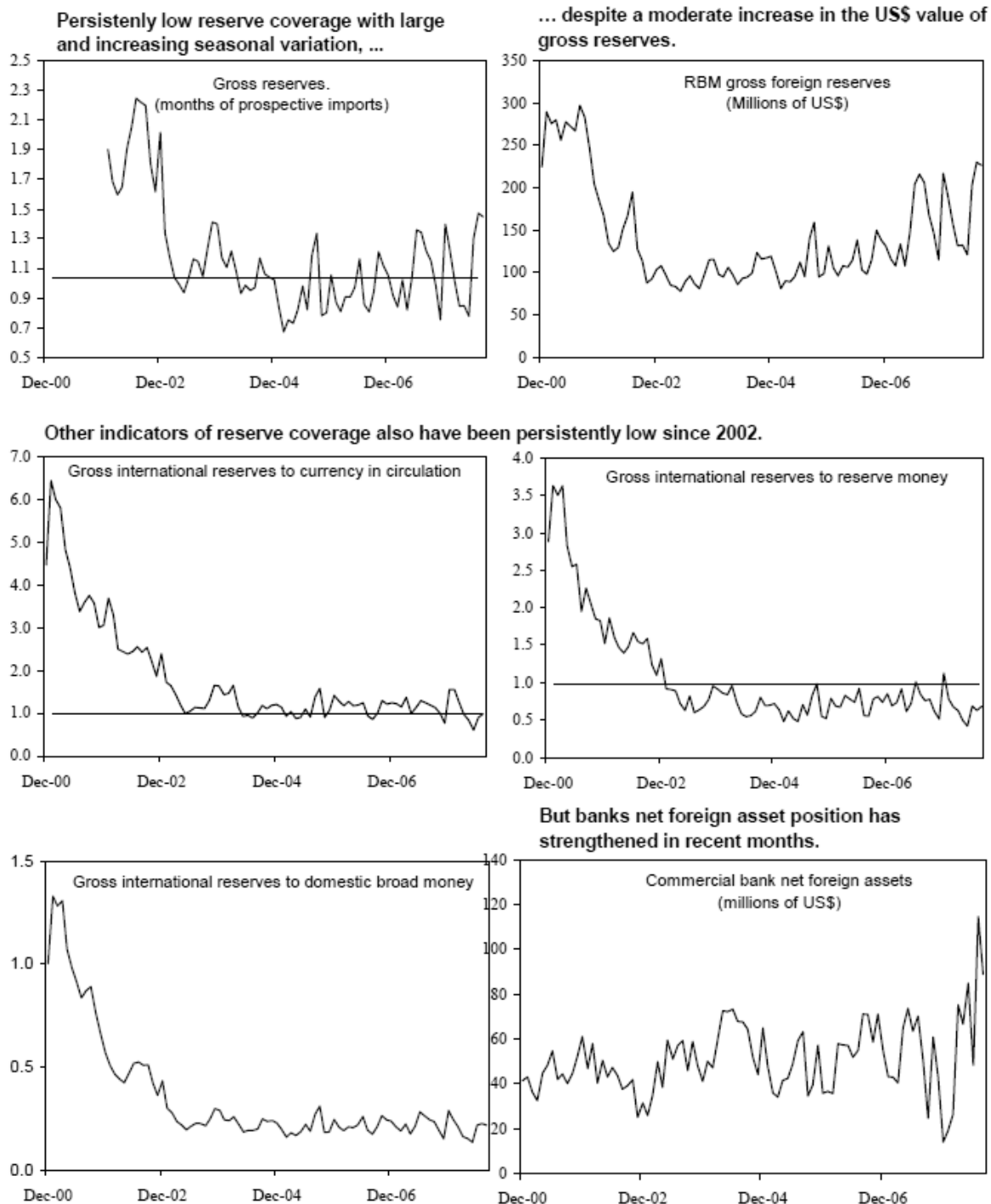
**Figure 1. Malawi: External Developments, 2001–08**



Sources: Malawi authorities and IMF staff estimates.

**Figure 22: Malawi International Reserves 2000-08**

**Figure 3. Malawi: International Reserves 2000–08**



Source: Malawi authorities and IMF staff estimates.

Ministry of Finance Aid and Aid report (2008):

**Table 40: Selected Aid Dependency Indicators for Malawi**

Table 1.8: Selected Aid Dependency Indicators for Malawi, Time Series

	2004/05	2005/06	2006/07	2007/08
<b>Aid/Nominal GDP(%)</b>	11	16	14	17
<b>Aid/Real GDP(%)</b>	13	16	16	21
<b>Aid/Total Government Expenditure(%)</b>	22	22	29	29
<b>Aid/Total imports(%)</b>	34	34	34	44

*Notes: Excludes humanitarian aid*

*Source: Debt and Aid Division, National Statistics Office*

**PRBS I (Jull 2005) TAP**

*the New PRBS1 supports the implementation of the GoM development programme In addition to providing external resources for the execution of the national budget and the maintenance of macroeconomic stability the programme supports the implementation of the Malawi Poverty Reduction programme with a particular emphasize on government effort in improving public Finance Management (METF II) and Public finance oversight (support to NAO) while contributing to the monitoring and evaluation endeavour of the Government. Government effort in improving public finance Management (PFM) and social sectors financing (TAP summary*

*The program will contribute to the country's foreign exchange requirements for the import of goods and services , foreign debt servicing requirements, and the maintenance/build-up of international reserves (TAP specific EC contribution p.3)*

**PRBS II Nov 2006**

*the New PRBS2 provides a continuity for the PRBSI and supports the implementation of the GoM development programme (MDGS) and its reform programmes with a particular emphasize on Government effort in improving public finance Management (PFM) and social sectors financing (TAP summary)*

*The program will contribute to the country's foreign exchange requirements for the import of goods and services , foreign debt servicing requirements, and the maintenance/build-up of international reserves (TAP specific EC contribution p.3)*

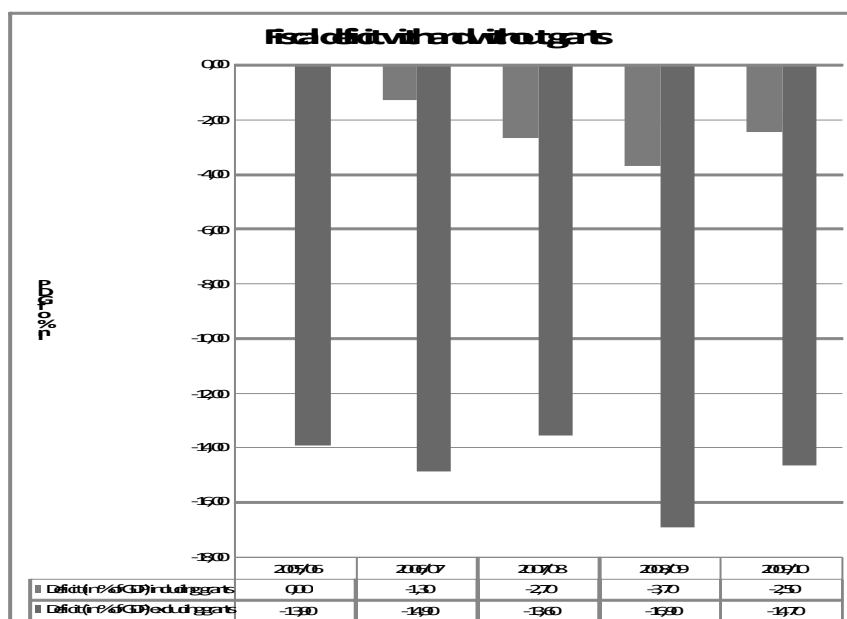


## Indicator n°7.1.2: Reduction of the fiscal deficit during the period under review with contained inflation and domestic interest rates

### Findings at indicator level:

The combined Donors' contributions to the Budget increased significantly over the period, helping to maintain the overall deficit at more sustainable levels in the country's macro-economic framework as indicated in the following figure.

Figure 23: Fiscal deficit with and without grants



Source: DFID Malawi 2009/10 Poverty Reduction Budget Support: Options Appraisal Report, ODI 11/2009

In a context of sustained growth and contained inflation after 2005 the domestic budgeted revenues to the national budget increased at an average yearly pace of 37%. However after their resumption in 2004/05 the budget support budgeted disbursements increased by 72% during the same period whereas the budgeted Projects grants<sup>41</sup> increased by 16% only.

Table 41 : Respective increase of domestic revenues and grants

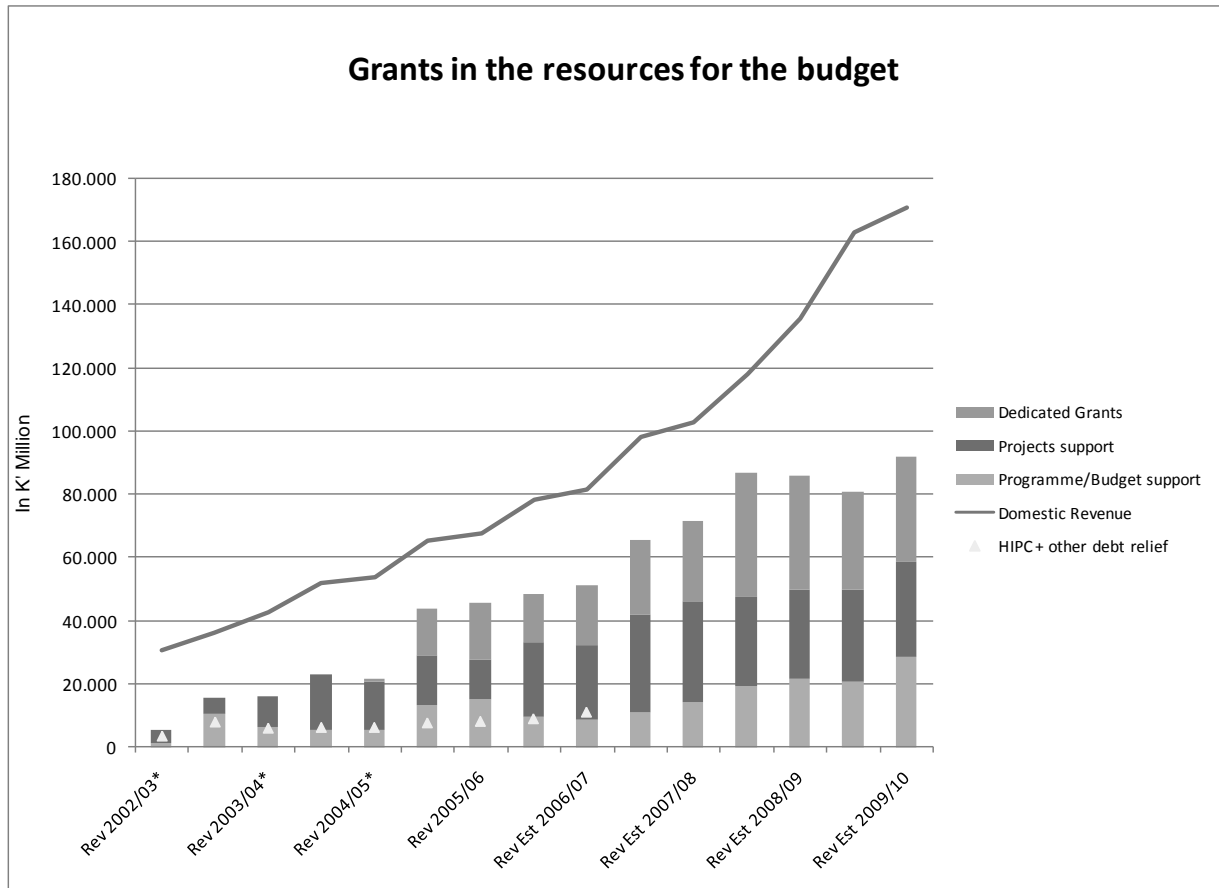
In K' million FY	Rev 2002/03*	Appr 2003/04*	Rev 2003/04*	App 2004/05*	Rev 2004/05*	App 2005/06	Rev 2005/06	App Est 2006/07	Rev Est 2006/07	App Est 2007/08	Rev Est 2007/08	App Est 2008/09	Rev Est 2008/09	App Est 2009/10	Rev Est 2009/10	Average yearly increase since 2004/05	
Total Revenue and grant*	39,468	59,973	65,366	91,083	94,028	116,796	121,620	135,900	143,902	163,862	174,922	208,071	224,112	244,293	263,217	37%	
Domestic Revenue	30,509	36,014	42,754	51,771	53,676	65,385	67,682	78,451	81,718	98,207	103,093	118,166	135,731	163,200	171,135	38%	
Grants	8,959	23,959	22,612	29,312	30,352	51,411	53,938	57,449	62,184	65,655	71,829	89,905	88,381	81,093	92,082	36%	
Programme/Budget support	1,329	10,835	6,573	5,418	5,418	13,238	15,245	9,542	8,665	11,120	14,527	19,440	21,849	20,643	28,819	72%	
Dedicated grants am. which:																	
Health SWAP					1,040	14,879	17,815	15,292	18,793	23,345	25,689	39,147	35,814	30,951	33,419	519%	
Support to NAC						5,466		7,142	7,143	11,565	10,623	16,314	15,528	14,229	15,555		
Food Security subsidy						5,262		3,283	5,820	8,772	10,280	12,628	18,271	15,285	12,513	14,344	
Education swap												4,562	5,001	4,209	5,446		
HIPC + other debt relief	3,232	7,719	5,751	5,995	5,995	7,445	7,922	8,763	10,875								
Projects support	4,398	4,925	9,635	17,899	15,404	15,849	12,726	23,852	23,851	31,190	31,633	28,318	28,318	29,499	29,844	16%	
Others		480	653		2,495		230					3,000	2,400				

\* source Budget document N°3 Financial Statement Table 1  
 \*\*source Financial Statement by the Accountant General

However the increased amount of donors' grants registered in the budget did not much change the respective shares of domestic versus foreign sources in the total resources of the budget.

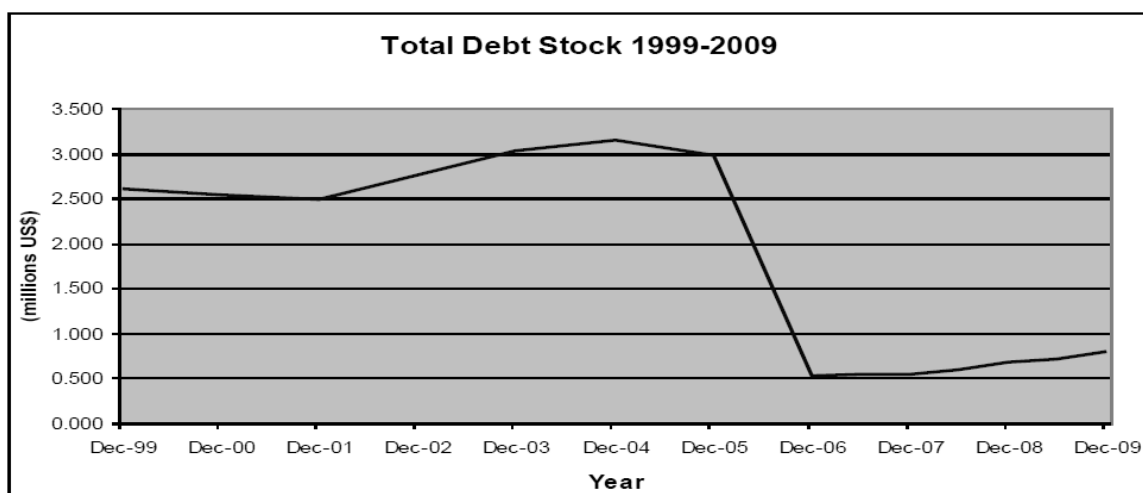
<sup>41</sup> This aspect will be further analyzed in EQ 8.1

**Figure 24 : contribution of BoP support to Resources of the Budget**



But this sustained donors contribution, facilitated the financing of GoM expenditures, helping the Government to stabilise its domestic borrowing and reduce the expenditure related to its debt servicing. A valuable performance after the domestic debt explosion of the previous decade. (PFM Reform in Malawi: Sida Country Economic Report 2005:1 \*)

**Figure 25: evolution of debt stock over the last 10 years**



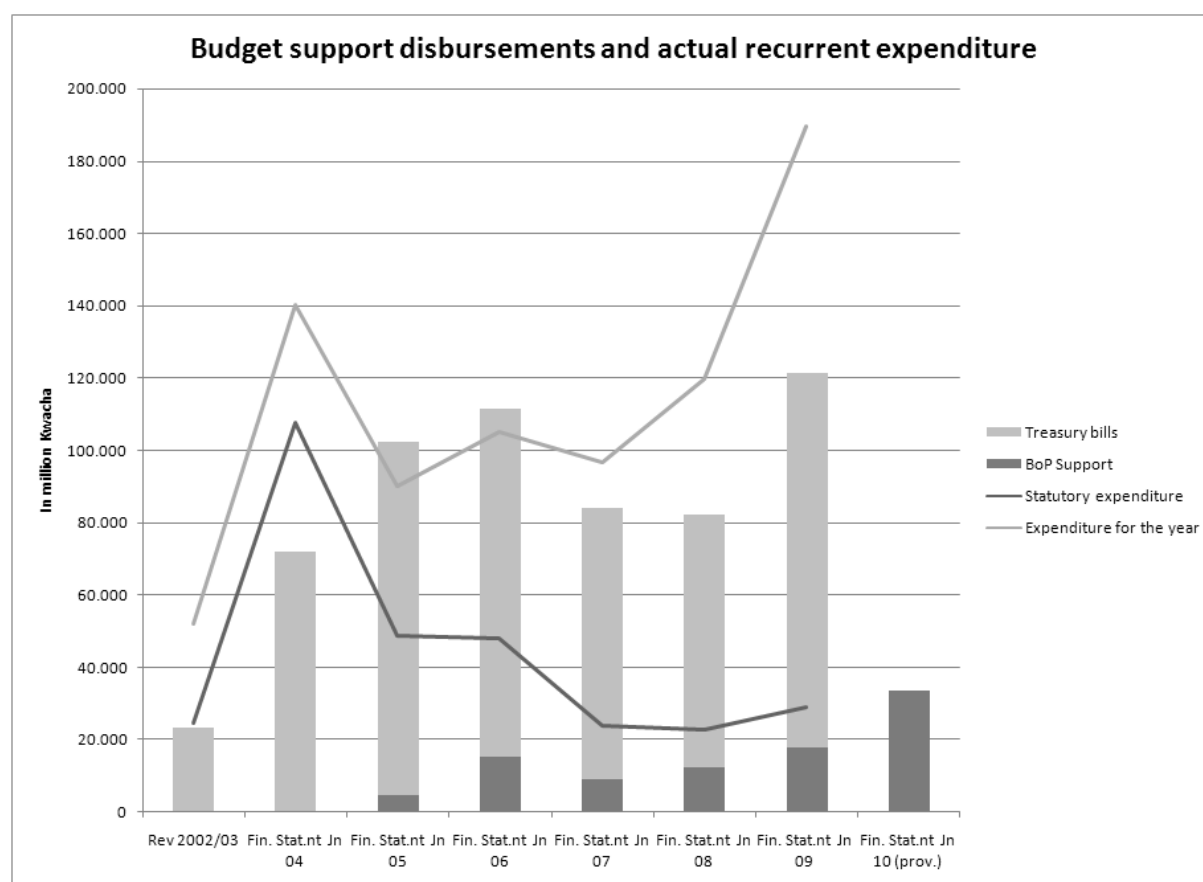
Source 2010-2011 Approved financial statement fig 2 p. 6

**Table 42: budgeted and actual domestic revenues**

In K' million FY	Rev 2004/05*	Fin. Stat.nt Jn 05**	Rev 2005/06	Fin. Stat.nt Jn 06**	App Est 2006/07	Rev Est 2006/07	Fin. Stat.nt Jn 07**	Rev Est 2007/08	Fin. Stat.nt Jn 08**	Rev Est 2008/09	Fin. Stat.nt Jn 09**	Rev Est 2009/10	Average yearly increase since 2004/05	Average yearly increase (actuals) since 2004/05
<b>Domestic Revenue</b>	53.676	86.675	67.682	121.421	78.451	81.718	81.718	103.093	122.921	135.731	141.754	171.135	38%	13%

The Donors' contribution to the budget is even more significant with the actual figures. Whereas the average yearly increase of the actual expenditures between 2004/05 and 2008/09 was of 46% for the total budget, (44% for recurrent and 55% for development expenditure) the average increase in the domestic actual revenues picked at 13% only in the same period. The difference was thus financed by the actual Donors' disbursements, especially those from General budget support which are by definition not earmarked for any specific use within the budget.

**Figure 26: Budget support and actual recurrent expenditures**



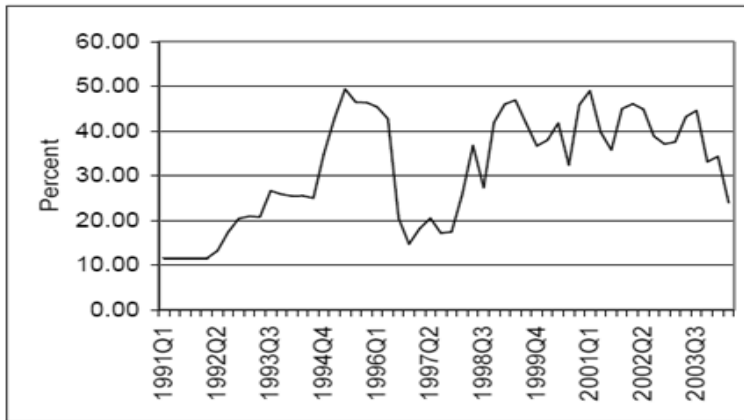
**Data and sources:**

*Public Finance Management Reform in Malawi: Sida Country Economic Report 2005:1 Dick Durevall, Mattias Erlandson (p. 9-10)*

During most of the 1990s the real rates were clearly negative, reaching almost -40%. As a result, domestic borrowing did not lead to large interest payments. However, at the end of the 1990s, real interest rates became positive, reaching over 30% in 2003. In combination with large deficits financed by domestic borrowing this led to a sharp increase in the government's interest bill; *it went from 3% of GDP in 2000/01 to 9.2% in 2003/04 (Whitworth, 2004). In the 2004/05 Budget domestic interest rate payments are estimated to be about 20% of total expenditure, and hence, strict fiscal discipline is needed in order to avoid a debt explosion.*

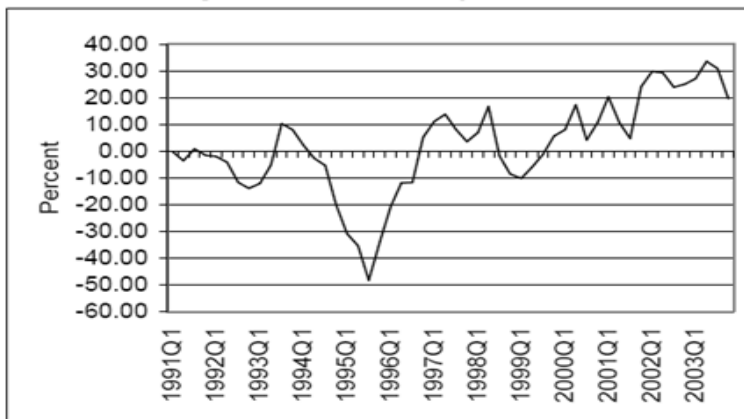
**Figure 27: Treasury Bill**

**Figure 2: Treasury Bill Rate (91 days)**



Source: International Financial Statistics

**Figure 3: Real Treasury Bill Rate**



Note: Calculated as the nominal Treasury bill rate minus yearly inflation.  
The source is International Financial Statistics.

**Judgement criterion n°7.2: As soon as Malawi was back on track, the tranches were released on time in accordance with originally agreed timetable, which improved predictability of aid flows.**

The purpose of this JC was to study the suspension of BS to Malawi that occurred at the very beginning of the evaluation period, as a counterfactual in the evaluation of the BS outputs, whereas the second review of IMF/ECF program was not completed end of May 2011, making likely a second BS suspension in the coming months.

Even if partially compensated by other donors commitments or facilities released during the period, the suspension of BS disbursements following the discontinuation of The IMF monitored Poverty Reduction and Growth Facility (PRGF) impacted badly on the financial position of Malawi and on its capacity to balance its budgetary expenditures. It worsened the domestic debt stock and service with an increased actual cost of statutory expenditure driven by the interests paid for the domestic debt and compensated by reduced pro-poor expenditure financed under the recurrent budget.

For most of the donors, one of the preconditions for releasing budget support relates to existence of a sound macro-economic policy. A statement which operational translation consists in relying on the conclusions of IMF staff reviews on the ongoing programs : a compulsory step for IBW's institutions such as the World Bank and a more indicative commitment for some bilateral donors which finally share the IMF staff conclusions. **(I.7.2.1)**

The predictability and concomitant absorption by the countries of the funds released under BS are generally better than the projects', thus promoting BS as the preferred GoM (and donors) aid modality. However the risk cannot be underestimated of a substantial shortfall resulting either from a negative assessment of the indicators followed for the EC variable tranche disbursement or from a new suspension of Budget support. **(I.7.2.2)**

**Indicator n°7.2.1: Scope of the financial impact of the suspension of GBS**

**Findings and indicator level:**

Background on the Malawian status with IMF

In early 2000 the country negotiated its first Poverty Reduction and Growth Facility (PRGF) with the IMF and became also eligible for debt relief in December of the same year. However, despite successive IMF missions in 2002, the first review of the PRGF was concluded on October 20<sup>th</sup>, 2003 only, when the IMF executive board, allowed the release of a first tranche of US\$9.2m. During FY 2003/04, in the specific context of the May 2004 elections the government failed to keep control over public expenditures in April 2004 the IMF Poverty Reduction Growth Facility (PRGF) was discontinued again.

After the May 2004 elections, the new government negotiated a 12-month Staff Monitored Programme (SMP) with IMF for the July 2004 – June 2005 period which conclusion led to the approval of a new three year PRGF arrangement with US\$55m to support the implementation of Malawi's economic reform programme in August 2005. The completion point for the enhanced HIPC Initiative was reached on August 31<sup>st</sup> 2006 and the PRGF program which was completed on August 4<sup>th</sup> 2008.

Then the country benefitted from a one year Exogenous Shock Facility (ESF) of about US\$77.1m approved by the IMF Board on December 3<sup>rd</sup>, 2008 which review was delayed by one quarter due to exchange rate related issues. In February 2010 the IMF executive board approved a three year US\$79.4m Extended Credit Facility with semi-annual reviews. The first review was successfully completed on December 23, 2010 by the executive board which also approved a waiver on non-observance of the performance criterion. But the second review scheduled by May 20<sup>th</sup>, 2011 failed to be presented to the Board at the end of May 2011

Most donors commit themselves in budget support countries were a sound macro-economic framework is in place. For the European Budget Support eligibility criteria specified in the Cotonou Agreement mention for instance that "well defined macro-economic policies" should be "in place"<sup>42</sup>: Thus for most of the Budget support donors the operational transcription of this underlying principle consists in being on track with the ongoing IMF program. For the EC in particular, the operational transcription of the Cotonou's provision for PRBS 1 was that it would *be conditional upon evidence that Malawi continues to adhere to the arrangement of the IMF SMP*. IN PRBS2 the formulation was that *all tranches are linked*

<sup>42</sup> Cotonou Agreement, Article 62 .3.

to the satisfactory implementation of GoM/IMF PRGF and a positive six month CABS review, whereas the PRBS2 formulated the same condition under a *satisfactory progress in the maintenance of a stability oriented macro-economic policy*<sup>43</sup>, with IMF programmes reviews being mentioned as an indicative verification source.

The country being off track induced a BS suspension from CABS donors between 2002 and 2004. When in December 2004 all but one of the SMP targets were met three donors (WB, UK and Norway) agreed to release again the budget support funds.

The EC Budget Support Program was already interrupted since 2002 on the request for the payment by GoM of €7.43m released under the SAF IV (Structural Adjustment Facility<sup>44</sup>). The EU finally released in March 2004 its remaining tranches of 3 and 4 of the SAF IV of €10m and €5.49m respectively after Malawi paid back the total requested amount to the European Commission on 2003<sup>45</sup>. Then the first Poverty Reduction Budget Support (PRBS I) was approved by the EC in July 2005 (for the fiscal years 2004/05 and 2005/06).

There was no Budget Support recorded in the actual resources mentioned in the appropriation for 2002/03 and 2003/04 accounts but the treasury's receipts benefited in 2003/04 from some punctual additional support<sup>46</sup>. Whereas the initial estimates for 2002/03 BoP related grants amounted to 10835 MK the anticipated deficit was increased by 50% from 22 to 36 billion in the revised 2002/03.

This shortfall was mainly financed by short term borrowings by Ways and Means and Treasury Bills.

**Table 43: Financial shortfall after 2002-2004 BS suspension**

In K' million FY	Rev 2002/03	Fin. Stat. nt Jn 04	Fin. Stat. nt Jn 05
<b>Consolidated revenue account</b>			
Balance brought forward	-13.718	-35.180	-87.916
Revenue of the year	34.262	87.402	90.415
<i>among which BOP</i>			4.740
Expenditure for the year	52.056	140.138	90.266
<i>Statutory expenditure</i>	24.848	107.827	48.897
<i>Voted expenditure</i>	27.209	32.311	41.369
<b>Surplus/deficit for ORT</b>	<b>-31.513</b>	<b>-87.916</b>	<b>-87.768</b>
<b>Development fund</b>			
Balance brought forward	-164	-400	2.937
Resources for the year	8.147	13.487	6.799
Expenditure for the year	8.383	10.150	10.592
<b>Total surplus/deficit</b>	<b>-400</b>	<b>2.937</b>	<b>-856</b>
<b>Total cumulative surplus/deficit (recurrent +development)</b>	<b>-31.913</b>	<b>-84.979</b>	<b>-88.624</b>
<b>Consolidated deposit account a- which</b>	<b>37.917</b>	<b>108.477</b>	<b>101.540</b>
short term borrowings			
<i>Ways and means</i>	0	26.398	3.465
<i>Holding Bank Account</i>	14.398	9.986	0
<i>Treasury bills</i>	23.361	71.999	97.753

Source Consolidated Annual appropriation account by Accountant General (updated version)

This in turn generated public debt charges recorded under the statutory expenditure, an additional charge that was multiplied by five during the 2003/04 fiscal year as indicated in the table below, financed by severe cuts in pro-poor expenditure and accrued accumulation of arrears to domestic suppliers.

<sup>43</sup> Respective PRBS TAPS.

<sup>44</sup> SAF IV was granted for the period 1999-2001 but the ending date was finally extended until end of 2004, in a letter dated Nov. 21st 2001.

<sup>45</sup> JAR 2002 (end of 2003) p. 4

<sup>46</sup> Under the debt relief process the country benefitted from other BoP supports in the period, as recalled in the sources for this indicator.

**Table 44 : actual public debt charges in Million Kwacha (recorded under the Statutory expenditure)**

FY 2002/2003	FY 2003/2004	FY2004/2005
22 582	105 969	95 105

The successive years of growth improved the public finance situation, but did not fully protect the country against exogenous shocks such as the one that occurred in 2009 with the increase in fertilizers price. This slippage delayed by one quarter the completion of the IMF review and the approval of the one year arrangement under ECF. This in turn delayed until March 2010 the substantial disbursements announced under PRBSIII. As a reference, at an estimated rate of 7,5%<sup>47</sup> the estimated cost of the delayed EC disbursement of €28m until March 2010 represented monthly cost of €175,000 approximately.

In the current year, the country might face again a severe shock related to the fall of Tobacco exports, which represent approx. 60% of the country's total export revenues. For the first seven weeks of the year, the sales of Tobacco declined by 15% in volume, whereas Burley sales dropped of 72% with related shortfalls in the expected incomes estimated to 87% at last year's price. But the prices themselves dropped by an additional 54%, risking further deepening the expected major shortage in foreign currencies if the current trend confirms over the next months.

**Table 45 : Impact of the combined decrease in volume and price of exported tobacco**

	Y -1	Y	Increase
Petrol price p.Barrel (\$)	70	118	68,57%
Tobacco Price per Kg	1,9	1,78	-6,32%
value sold up to Week7	480	406	-15,42%
<b>Burley</b> sold up to week 7 (Million kg)	45	12,5	-72,22%
Revenues from the <b>Burley</b> sales up to week 7 (million \$) at y-1 price	79	10	-87,34%
Revenues from the sales up to week 7 (million \$) at y price with same exchange rate in \$		4,54	-94,25%
Average price in MK	178,48	81,01	-54,61%

**Data and sources:**

*Data, sources, extracts in reverse chronological order*

*Tobacco Control Commission, export database (on line).* <http://www.tccmw.com/export.htm>

*Evaluation of General Budget Support – Malawi Country Report, April 2006*

*(D.2.22 § “Contagion Effects” and the GBS “Seal of Approval)*

*GBS politicises donor involvement in a country in new ways. Committing to GBS signals donor agreement with overall policies and governance arrangements in a country, while suspension of GBS signals overall concerns. The partner government (or some individuals within it) may have difficulty in distinguishing donor signals with respect to different aid modalities. Thus there is a perceived danger from partners that PGBS judgements will affect other sectors. Some Malawi government staff explicitly expressed their concern that this “contagion effect” might threaten major non-PGBS initiatives such as the health SWAp. In practice, the opposite logic might apply – suspension of a PGBS might actually secure funding of non-PGBS flows, or there might even be a tendency by donor staff to defend PGBS because of fear of a contagion effect. JAR 2004*

*As the debt service burden absorbed 34.9@% of Government's revenue in 2002, debt repayment worsened Government's budgetary constraints; this led in turn to restrictions on pro-poor expenditures with accrued accumulation of arrears to domestic suppliers of services and increased borrowings on the local markets, with their adverse effect on the interest rates and private investment<sup>48</sup>. The resumption of budgetary support in 2004 improved the foreign reserves that reached back an equivalent of 2.7 months of imports in Dec 2004 and cushioned the Malawi Kwacha from severe depreciation Malawi Budget Document N°3 Financial Statement for Financial Year 2003/04*

<sup>47</sup> Average yield rate Mid 2010 for 91 days TB, source RBM website

<sup>48</sup> JAR 2002

**TABLE 6**  
**Summary of Source and Type of Foreign Resources Inflows**  
**for 2003/2004 Financial Year.**

CODE	DONOR	GRANTS		LOANS	
		BOP	Projects	BOP	Projects
02	IFAD				95,072,397
03	IDA		326,152,781	3,360,000,000	2,972,867,651
05	ADF		105,876,610	-	3,120,346,172
06	ADB			960,000,000	-
07	USAID	960,000,000	456,848,424		
08	AUSTRALIA		781,766		
09	FINNIDA		3,908,830		
10	UNFPA		88,535,627		
11	UNDP		111,169,942		
12	UNCDF		71,922,473		
13	UN Global Fund		195,441,504		
14	NORWAY	835,200,000	47,342,186		
15	NORAD	-	360,777,198		
16	NETHERLANDS		139,310,704		
17	KFW		170,815,874		
18	UNAIDS		1,094,472		
20	GTZ		138,372,585		
22	EUROPEAN UNION	1,680,000,000	1,341,542,982		
24	WFP		80,756,429		
25	BADEA		8,286,720		348,598,789
26	SWEDEN	480,000,000			
28	CIDA		134,364,251		
29	NDF		-		433,746,981
30	FAO		31,270,641		
31	KUWAIT FUND				46,078,422
32	WHO		12,820,963		
33	EDRP			2,496,000,000	
35	OPEC FUND				348,598,789
38	DFID	2,160,000,000	763,683,295		
39	JICA		102,192,560		
42	ACBF		14,697,201		
43	BELGIUM				31,690,799
44	UNCEF		183,808,825		
45	ICEIDA		30,098,092		
46	IRISH Trust Fund		3,127,064		
47	OTHER	4,719,800,000	-	46,000,000	
	<b>TOTAL</b>	<b>10,835,000,000</b>	<b>4,925,000,000</b>	<b>6,862,000,000</b>	<b>7,397,000,000</b>
	<b>TOTAL BOP</b>	<b>17,697,000,000</b>			
	<b>TOTAL PROJECTS</b>	<b>12,322,000,000</b>			

JAR 2002

(p. 4) As a result, budget support – including that from the EC – remained suspended and only little debt relief was made available (Debt Relief amounted to US\$27m and US\$30m in 2001 and 2002 respectively, but could reach US\$51.5m for 2003 upon formal approval by the IMF Board of the First Review of the Poverty Reduction and Growth Facility). This aggravated Government's fiscal difficulties and made higher spending on health and education problematic. It also left the EU with large un-disbursed balances in budget support that could have been spent to finance pro-poor programmes (..)

(p. 11) The economic situation has given cause for serious discussion between the government and the Commission, as the lack of fiscal discipline resulted in negative assessments by the IMF and CABS. This contributed to the suspension of donor budget support throughout 2002, which has further aggravated the problems caused by the high level of the fiscal deficit. Government partly closed the gap by reducing certain activities, but partly also by increasing borrowings in the local market, which created very adverse effects on interest rates and, thus, on private investment. The continuous large spread between the inflation rate and the interest rates remain a concern, as high real interest rates continue to stifle private sector investment, overall economic growth and therefore, prospects for poverty reduction.

Government finances remain heavily donor dependent with up to 40% of the recurrent budget being financed from donor grants and loans from the multilateral agencies. Over 80% of the development budget is similarly financed. The share of the social sector, notably education and health, has increased substantially from 14% in 1994/5 to 34% in 1999/00. However, this has been at the expense of the economic/productive sectors while at the same time private sector investments have not compensated for this shortfall.

Successive years of expenditures well in excess of approved budgetary levels have resulted in a



*commensurate rise in statutory domestic debt servicing and repayment obligations.*

*Art 61.2 Cotonou Agreement June 2000 for the EC Budget support*

*Direct budgetary assistance in support of macroeconomic or sectoral reforms shall be granted where:*

- (a) public expenditure management is sufficiently transparent, accountable and effective;*
- (b) well defined macroeconomic or sectoral policies established by the country itself and agreed to by its main donors are in place; and*
- (c) public procurement is open and transparent.*

## Indicator n°7.2.2: Reduced gap / delays between commitment and disbursement of funds aid compared to amounts committed in the corresponding Financing proposals

### Findings at indicator level:

From the Government's point of view, Budget support is the preferred aid modality as its predictability is better than the projects'.

**Table 46 : EC BS disbursements during the period under review**

Fiscal Year	2003				2004				2005				2006				2007				2008				2009				2010			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Disbursements (millions Euros)	2002/03		2003/04		2004/05				2005/06				2006/07				2007/08				2008/09				2009/10							
forcast (disbursement period in grey)																	15,5															
Amount source CRIS					15,48				14,76				15,1 11,24				4,25 8				6,5 26				68,9 42,625							
Date source CRIS					Malapr				02/11				23/10 15/12				29/06 21/12				28/05 19/12				28/03 17/12							
Exchange rate in Kwacha (1rs of month)*					132,1				147,9				176,8 179,091				189,02 207,3				223,37 177,07				205,74 206,10							
Kwacha equivalent (in million K)					2,045				2,183				2,669 2,013				803 1,659				1,452 4,604				14,175 8,785							
Reminder BoP support in the Financial St.	0		0		4,740				#####				9,266				18,006				34,040				33,786							
Total EDF on the period (in USD)																																
Source BoP in US\$					19,1				0				32,8				21,7				44,52				17,25 161,5							
Source IMF in US\$	0		0		19,1				17,5				32,8				21,2				44,6				16,4 166,3							
Exchange rate Euro/dollar end of the period	1,19		1,19		1,3247				1,179				1,3157				1,474				1,29				1,4918 1,3146							
EDF disbursements in Euros	0		0		14,418				14,84				24,930				14,38				34,574				10,993 126,502							
Reminder Disbursements in GBS in the BoP (in Million US\$) source DFID ODI 2009	42		42		67				93				110				58				72				0 0							

\* [http://ec.europa.eu/budget/info/euro/index.cfm?fuseaction=currency\\_historique&currency=132&Language=fr](http://ec.europa.eu/budget/info/euro/index.cfm?fuseaction=currency_historique&currency=132&Language=fr)

However General budget support may be subject to a suspension as recalled in the analysis from the previous indicator, or to a substantial deviation from the initial envelope, as a result in the case of the EC financed variable tranche, of the scores on the indicators monitored in each March review.

This risk is now recognized by the Government and the indicator on predictability is included in an addendum on the Performance Assessment Framework, yearly assessed through four additional targets (CABS 2010 Aide Memoire\*) The 2011 PEFA exercise also attempted to evaluate the predictability of direct budget support, but in the absence of reliable data regarding the In-year timeliness of donor disbursements the overall indicator was not scored.

From its side the Government regularly monitors the predictability of funds committed through the various aid modalities (Budget support and project) and publishes the results in its annual aid atlas (\*). A specific concern in line with the current policy consisting in discouraging further projects with a parallel implementation system and phasing out the Project Implementation Units, as stated in a circular note dated April 18<sup>th</sup>

### Data and sources:

*Data, sources, extracts in reverse chronological order:*

CABS March 2010 aide memoire

**Table 1B: Addendum to the 2010 PAF targets performance**

No.	Indicator	2010 Target	Performance
<b>Mutual accountability and fundamental principles</b>			
<b>10</b>	Predictability	(i) CABS budget support disbursements in 2008/09 and the first two quarters of 2009/10 in line with estimates provided to Government.	<b>Partially achieved:</b> In 2008/09 and the first half of 2009/10, not all CABS DPs disbursed in line with estimates provided to Government.
		(ii) Provision of indicative information by CABS on budget support disbursements for 2008/09 and 2009/10.	<b>Partially achieved:</b> All CABS DPs provided Government with indicative information on budget support disbursements for 2008/09 and 2009/10.
		(iii) Action plan to accelerate use of country systems developed by December 2009.	<b>Not achieved:</b> An action plan to accelerate use of country systems was not developed.
		(iv) Debt Management Strategy in place by December 2009.	<b>Partially achieved</b> – A draft Debt Management Strategy was produced and is pending input from the World Bank.

MoF Annual Aid Atlas,2010

Overall predictability was high but undermined by a couple of key donors. Whilst overall Budget support disbursements were close to original budget estimates, this masked significant variation across donors. Both AfDB and DfID downgraded their support during the fiscal year disbursing 82% and 86% of their original commitments respectively. This was however compensated for by 30% and 25% increases in Budget Support funding from the World Bank and EU, respectively. The Health SWAP received 60% of its expected funding with the shortfall due primarily to an 11% disbursement rate by the Global Fund, as well as under funding by GDC and the AfDB. Likewise, the NAC received just 50% of its expected donor funding due to a 37% disbursement rate from Global fund. A lack of disbursement by Norway to the Farm Input Subsidy Programme was due primarily to delays in the finalisation of an audit report for the programme from previous years, with funding expected to recommence this fiscal year.

MoF Annual Aid Atlas,2009

**Table 1.1: Timeliness of Donor Data Returns, 2007/08**

Donor	Sendout 1 Aug 07	Sendout 2 Sept 07	Sendout 4 Nov 07	Sendout Dec 07	Sendout Jan 08	Sendout Feb 08	Sendout Mar 08	Sendout Apr 08	Send out May 08	Send out June 08	Total points
GTZ	On time	On time	On time	On time	On time	On time	On time	On time	On time	On time	24
USAID	On time	On time	On time	On time	On time	On time	On time	On time	On time	On time	24
World Bank	On time	On time	On time	On time	On time	On time	On time	On time	On time	On time	24
ADB	On time	Late	On time	On time	Late	On time	On time	On time	On time	On time	20
DfID	On time	On time	On time	Late	On time	On time	On time	On time	Late	Late	20
KfW	On time	Late	Late	On time	Not submitted	On time	On time	On time	On time	On time	18
Norway	Late	Late	On time	On time	On time	Late	On time	On time	Late	Late	16
UNDP	On time	On time	On time	On time	Not submitted	Not submitted	Not submitted	Not submitted	On time	On time	16
UNICEF	Late	Late	On time	On time	Not submitted	Late	Late	Late	Late	Late	11
EU	On time	Late	Late	Late	Not submitted	Late	Late	Late	Late	Late	10
WFP	Not submitted	Late	On time	Late	Not submitted	Not submitted	Not submitted	Not submitted	on time	on time	7
FAO	Not submitted	Not submitted	Not submitted	Late	Not submitted	Not submitted	Not submitted	Not submitted	Not submitted	Not submitted	1
WHO	Not submitted	Not submitted	Not submitted	Late	Not submitted	Not submitted	Not submitted	Not submitted	Not submitted	Not submitted	1
JICA	On time	On time	On time	On time	On time	On time	On time	On time	On time	On time	No Rating
CIDA	Late	On time	On time	On time	On time	On time	On time	Late submission	Late submission	Late submission	No Rating

*Note: CIDA and JICA are not ranked using the same criteria as the other donors because they provide data on quarterly basis*

*Source: Debt and Aid Division*

### **Judgement criterion n°7.3: EU Budget Support contributed to the establishment of a framework of policy dialogue with GoM within the CABS and other donors' coordination platforms**

The purpose of this JC is to check whether the increased funding and associated policy dialogue resulted as a direct output in an explicit support to Poverty reduction strategy : it globally did.

The Common Approach for Budgetary Support (CABS) was initiated in 2000 by four bilateral Cooperations, Denmark, Norway, Sweden and the UK, joined in 2001 by the EC. With the agreement reached in September 2005 with GoM on a Joint Framework for budget support cooperation and on a performance assessment framework, the CABS forum started to play an active role in the implementation of GoM Poverty Reduction Strategy. This prominent role is acknowledged by both Government with its high level participation to CABS reviews, as well as by donors committed to Sector support which may take the chance of the March reviews for raising some sector specific issues.

But the CABS group reached a turning point needing to further structure according to the JF evaluation performed in 2009. It has in particular to clarify the place to be given to the underlying principles set out in its joint framework especially those related to governance issues in this sensitive period following the expelling of British High Commissioner in April 2011. **(I.7.3.1)**

The connection between macro and sectoral concerns is currently established through the indicators selected in the Performance Assessment Framework. This links operates rather well in the case of Health Swap, mainly because of the involvement of several donors in both CABS/Health Swap policy dialogue platforms. In other fields covered by the PAF however, education for instance, this functional link has to be strengthened. And in a context where the donors' commitment towards sectoral Swaps is increasing rapidly, the CABS group is more and more requested to further clarify the functional links to be established with other coordination platforms. **(I.7.3.2)**

As an early CABS member, the EC played a positive role in the formulation of both Joint framework and Performance Assessment Framework. In addition the contribution agreement signed with UNDP for improving the GoM capacities in terms of M&E of its Poverty reduction Strategy expressed a strong commitment towards a comprehensive approach for supporting the GoM strategy. However the effectiveness of the support was not strongly established. . **(I.7.3.3)**

### **Indicator n°7.3.1: the CABS forum plays an active role in the implementation of GoM Poverty Reduction Strategy**

#### **Findings at indicator level:**

#### Background on the CABS establishment

The Common Approach for Budgetary Support (CABS) was established in May 2000<sup>49</sup> with first actual disbursements in 2000/01 .It started with the common agreement of four bilateral donors, Denmark, Norway, Sweden and the UK with the Malawi Government, the donors committing themselves to using simplified and common administrative procedures for disbursements of budget support (CSP 2002\*). The EC officially joined the CABS group in 2001.

Along with Copenhagen's decision in Jan 2002 to withdraw all its development aid to Malawi <sup>50</sup>, Denmark left the group, followed by Swedish SIDA in late 2006<sup>51</sup>, which Government decided in the course of 2007 to reshape its worldwide aid portfolio managed in Malawi by the Royal Norwegian Embassy. AfDB joined the group as a full member in 2007 followed by Germany and World Bank in 2009. The Irish Government joined as an observer in 2008 but withdrew from the CABS during the financial crisis after giving up its commitment towards budget support

The CABS further structured around permanent members and observers such as the IMF and the UNDP because of their specific role in the Monitoring of the macro-economic framework and the Poverty Reduction strategy. All donors committed into Budget support to Malawi, are welcomed as additional observers and may join as full members after signing the joint framework for budget support cooperation (JF), finalised in September 2005. The Joint Framework is an agreement between the CABS donors and

<sup>49</sup> Some other sources (DFID Malawi 2009/10 Poverty Reduction Budget Support: Options Appraisal Report, ODI Nov 2009) mention a creation in 1999.

<sup>50</sup> A decision prompted by Malawi's « *corruption and political intolerance* », according to the Danish embassy, one year after an audit report revealed misuses of Danish aid. Malawi corruption' halts Danish aid on line BBC news Jan 3st 2002

<sup>51</sup> Even if included in the intended signatories Sweden never signed the Joint Framework

Government of Malawi with 50 articles in 14 sections : it specifies the circumstances under which the BS being requested by the Government to finance the implementation of the Poverty Reduction programme (Art 2), with Sustainable macroeconomic stability, economic growth and public service delivery being prerequisites for achieving the goal. The JF recalls the *principles of harmonisation* (Art 5) as well as the underlying principles (human rights, democratic principles, sound macroeconomic management, good governance, including sound public financial management, accountability and effective anti-corruption programmes, and the rule of law) for the overall cooperation (Art 7). It sets up the principles of a joint review of the achievements under a Performance Assessment Framework and their periodicity (Art 21 - 23.). The concern of the first review (initially scheduled in February) is about PRSP and Macroeconomic issues, the second (Initially scheduled in August) is about the budgetary issues. Finally it clarifies the hypotheses of non-compliance, *force majeure*, *corruption and others* for terminations of the donors support (Sections 9 and 10). In particular Art 38 indicates that non-compliance with the *fundamental principles set out in paragraph 7*, might lead to a suspension or a reduction of *further disbursements to the Programme. (Joint Framework for budget support co-operation between the Government of Malawi, And the Common Approach to Budget Support group 2005\*)*

The CABS forum plays an active role in the implementation of GoM Poverty Reduction Strategy. This trend was particularly significant after the resumption of the regular flows of budget support as the policy dialogue within the CABS clearly structured around the principles set out in the Joint Framework. The initial Donors commitment towards coordinated consultations with GoM (CSP 2002\*) was further defined as a commitment to finance the implementation of the Poverty Reduction programme, a *“new” Partnership in General Budget Support* (Evaluation of General Budget Support -Malawi Country Report- April 2006\*)

This commitment implied that a clear set of indicators would be designed with a reliable monitoring system to follow them<sup>52</sup>. The Performance Assessment framework thus concomitantly designed a set of 20 to 30 indicators<sup>53</sup> which cover Government commitments in the Public finance management reform, Economic growth, Social sectors and Governance. Each indicator is evaluated through to one or more targets as detailed in the CABS March 2010 review (Table 2Bb\*) : whereas the PFM related indicators score usually above, those related to social sectors score below the average total

Both documents established the policy dialogue around GoM implementation of its poverty reduction strategy. Consequently GoM commitment was stronger and the Civil Society progressively entered the process. Whereas before 2008 the CABS reviews were opened by the Secretary to the Treasury and most of the meetings were chaired by the Director of Debt and Aid, the Reviews are now opened by the Ministry and chaired by the Secretary to the Treasury, with attendance of the Principal Secretaries of the concerned Ministries. In March 2009 representatives from the media and civil society took part to the opening session whereas the Parliament Accounts committee and the Malawi Confederation of Chambers of Commerce and Industry took part to the last March review

After its evaluation was performed in July/August 2009, the Joint framework is being revised with still pending issues related to CABS institutional setup with proposals related to a permanent secretariat and an increased role for a Donors' troika. In addition even though the formulation of the underlying principles is not in question, the current issue is how to observe them. As they are not included in the mandate of the IBWs financial institution, the WB even though a full member refrained from signing the Joint Framework agreement and claims for an exemption clause in the next JF. On the other hand, some CABS members would like to take the opportunity of the agreed underlying principles on which rests the cooperation of signatories, for promoting a more political dialogue within the CABS. An alternative that would duplicate, according to the EU members, with the political dialogue set up under the Article 8 of the Cotonou Agreement<sup>54</sup>.

A final debate is on the linkages between the CABS group and the non-budget support donors, also committed to poverty reduction in specific sectors.<sup>55</sup>

<sup>52</sup> The support to the development of the monitoring systems will be further analyzed with the indicator 7.3.3 related to the EC role in the political dialogue within the CABS

<sup>53</sup> Currently a set of 25 indicators.

<sup>54</sup> *The Parties shall regularly engage in a comprehensive, balanced and deep political dialogue leading to commitments on both sides* Cotonou Partnership Agreement (Art 8 §1)

<sup>55</sup> This issue will further be discussed with I.7.3.2

**Data, sources, extracts in reverse chronological order:**

**CABS March 2010 aide memoire**

**Table 2B: Summary statistics on performance against PAF targets (2008-2010)**

	Total number of targets	Targets fully achieved	Targets partially achieved	Targets not achieved	Targets fully achieved or partially achieved
<b>2010 Review</b>					
<b>Total</b>	46	24 (52%)	14 (31%)	8 (17%)	38 (83%)
<b>PFM</b>	14	7 (50%)	5 (36%)	2 (14%)	12 (86%)
<b>Economic Growth</b>	9	4 (44%)	4 (44%)	1 (11%)	8 (89%)
<b>Social Sectors</b>	10	6 (60%)	2 (20%)	2 (20%)	8 (80%)
<b>Governance</b>	13	7 (54%)	3 (23%)	3 (23%)	10 (77%)
<b>2009 Review</b>					
<b>Total</b>	35	23 (66%)	6 (17%)	6 (17%)	29 (83%)
<b>PFM</b>	11	9 (81%)	2 (18%)	0 (0%)	11 (100%)
<b>Economic Growth</b>	5	3 (60%)	0 (0%)	2 (40%)	3 (60%)
<b>Social Sectors</b>	8	6 (75%)	0 (0%)	2 (25%)	6 (75%)
<b>Governance</b>	11	5 (46%)	4 (36%)	2 (18%)	9 (82%)
<b>2008 Review</b>					
<b>Total</b>	37	16 (43%)	3 (8%)	18 (49%)	19 (51%)
<b>PFM</b>	12	7 (58%)	0 (0%)	5 (42%)	7 (58%)
<b>Economic Growth</b>	7	3 (43%)	0 (0%)	4 (57%)	3 (43%)
<b>Social Sectors</b>	8	4 (50%)	0 (0%)	4 (50%)	4 (50%)

*DFID Malawi 2009/10 Poverty Reduction Budget Support: Options Appraisal Report, ODI Nov 2009*  
*Evaluation of General Budget Support – Malawi Country Report, April 2006*

*D2.6 Thus, in some ways, the “new” PGBS represents budget support aimed at macroeconomic stabilisation, with initial emphasis on links to institutional change and poverty reduction.*

*D2.7 Although this “new” approach is still in its early stages, it may represent an appropriate strategy for high-risk countries where the appropriateness of the previous PGBS, linked to ambitious poverty reduction efforts and institutional reforms, is questionable. An advantage of this approach is that it allows flexibility – international partners can continue with this modest form of GBS, gradually expanding to more complex and ambitious PGBS operations only when and if basic macroeconomic and fiscal management conditions – and especially risks – improve. It avoids the danger that outside observers (including perhaps donor HQs) label GBS as failing when it is actually contributing positively to a long-term gradual improvement with modest objectives in the short-to-medium term.*

*D2.8 The above is based on one of the main observations from the history of PGBS in Malawi: that it linked PGBS to the implementation of an ambitious and complex PRSP process before basic macro and fiscal management conditions were fulfilled. The “new” PGBS in this sense is a return to the GBS operations in the mid-1990s, when macroeconomic stabilisation featured high on the agenda with the gradual introduction of policy adjustment and institutional reforms.*

*Joint Framework for budget support co-operation between the Government of Malawi, And the Common Approach to Budget Support group(2005)*

§ 2. Whereas the Government of Malawi (hereinafter referred to as 'the Government') has committed

itself to make progress towards the Millennium Development Goals through implementing a poverty reduction strategy and to use the government budget as a central mechanism for doing this (hereinafter referred to as the 'Programme'). The Government requests the Donors to provide budget support to finance the Programme. The Government and the Donors together are hereafter referred to as 'the Signatories'.

*§5. Whereas the Donors have committed themselves to the principles of harmonisation as reflected in this Joint Framework for budget support co-operation (hereafter referred to as 'JF') and strive for the highest degree of alignment with the budgetary and accountability system and legislation of the Government so as to enhance effective implementation, to reduce the administrative burden on the Government and to minimise transaction costs.*

§ 7. Whereas respect for human rights, democratic principles, sound macroeconomic management, good governance, including sound public financial management, accountability and effective anti-corruption programmes, and the rule of law, which governs the domestic and international policies of the Signatories, are the fundamental principles on which the cooperation among the Signatories rests and which constitute essential elements of this JF.

§ 8. The overall goal of the Programme is poverty reduction as stated in Malawi's poverty reduction strategy. Sustainable macroeconomic stability, economic growth and public service delivery are prerequisites for achieving the goal.

§ 21. The review process for the Programme will be common for all the Donors. The indicators in the PAF will provide information on performance. Two joint budget support reviews per year will be carried out by the Government and the Donors, tentatively in February and in September.

§ 22. The main focus for the February Review will be poverty reduction strategy implementation, macroeconomic issues, the audit report for the previous Malawian fiscal year, and revision of the PAF, if deemed necessary by any Signatory. A preliminary assessment of fiscal performance during the current fiscal year will be made.

§ 23. The main focus for the September Review will be the annual budget for the current fiscal year including to what extent it reflects the poverty reduction strategy. In addition, public financial management issues will be assessed, and a preliminary assessment of the fiscal performance during the previous fiscal year will be made.

§ 38. In the case of serious non-compliance with the terms of this JF, in particular violation of the fundamental principles set out in paragraph 7, Donors may suspend or reduce further disbursements to the Programme. This would affect disbursements planned for the current Malawian fiscal year only in exceptional circumstances.

*CSP 2002: (p. 9)*

*In May 2000 four bilateral donors, Denmark, Norway, Sweden and the UK agreed with the Malawi Government a common framework for the provision of macro-financial assistance (CABS - Common Approach for Budgetary Support). The donors committed themselves to using simplified and common administrative procedures for disbursements of budget support, coordinating their requests for information, and engaging in joint consultations on macroeconomic and fiscal issues with the Government of Malawi. The EC has recently joined this framework. In addition, strengthening the independent audit functions of the Auditor General and making effective controls and sanctions available to the Public Accounts Committee of Parliament can further bolster fiscal discipline.*

### **Indicator n°7.3.2: The process of sectoral SWAPS contributed to enhanced sectoral policy dialogue and a more effective implementation of the related policies.**

#### ***Findings at indicator level:***

GoM has introduced 16 sector working groups to facilitate the implementation of the MGDS, which are expected to facilitate the finalization of SWAp (Sector Wide Approach) and this process effectively contributed to an enhanced sectoral policy dialogue. As a result, since the approval of the SWAp for the health sector in October 2004, similar Sector Wide Approach Programmes (SWAp) have been developed for sectors like education in 2009, and more recently for Agriculture or transport and infrastructure<sup>56</sup>

The ongoing SWAPs are financed with the donors support either through pooled funds provided by sectoral Budget supports or by discrete contributions released through project funds. In the case of health swaps, all donors signed a joint MOU and agreed on a program of work aligned with the Health Strategy<sup>57</sup>.

With the drastic increase of the funds released to the Treasury under the pooled funding, especially those dedicated to the Health funds or the National Aids Commission, the issue was raised of the functional links to set up with the CABS in order to improve the effectiveness in the implementation of the related policies.

From the CABS point of view, the concern on the social sectors is highlighted by the specific indicators included in the performance assessment framework, in the fields of health and Education<sup>58</sup>. Even if some of them might not be optimally aligned with MDGs strategy<sup>59</sup>, the indicators are usually selected from the national programs and are thus satisfactorily monitored between two CABS reviews. This functional link is working quite well for the health sector and the WHO participation to the CABS review in march 2011 indicates the importance given by the discrete donors also within the Health Swap to use the PAF framework for pushing the dialogue on specific policy issues. But this achievement is also the result of the participation of a significant number of CABS donors such as DfID, German Development Cooperation, Norway, AfDB or the World Bank to the health Swap or to the Sector Support to National Aids Commission. A strategic position which allows their promoters to have a sit in both policy dialogue platforms.

From other sectors' point of view, the functional link with the CABS is rather weak, either because the selected indicators do not show a positive trend from one review to another<sup>60</sup> or because their policy issues, infrastructures for instance, even though included in the Poverty Reduction strategy is not reflected in the PAF.

The connections between the commitment within the General Budget and the Sector budget supports raise additional issues in the event of Budget support suspension. The 2006 evaluation of General Budget Support in Malawi(\*) stressed on the lessons learned from 2002/03 suspension in mentioning a "*perceived danger from partners that PGBS judgements will affect other sectors also mentioned as the Contagion Effects and the GBS Seal of Approval.*

The opposite situation may also occur in case of a threat of Sectoral budget support suspension caused by PFM issues. The answer on whether GBS should continue is still unclear at this stage.

#### ***Data and sources:***

*Evaluation of General Budget Support – Malawi Country Report, April 2006*

*(§4) The CABS donors have been providing GBS to Malawi through a harmonised programme since 1999. The group presently consists of DFID, the European Commission (EC), the Norwegian Embassy, the African Development Bank (AfDB) and the World Bank. The partnership with GoM is guided by a framework Memorandum of Understanding (MoU) agreed in September 2005 which sets out basic principles and commitments on each side. Key principles relate to alignment with Malawi's poverty reduction strategy, joint reviews and predictability of funding. Progress is assessed using a Performance Assessment Framework (PAF) comprising a jointly-agreed set of monitoring indicators. The main annual reviews fall in February-March prior to the budget, followed by a second review in*

<sup>56</sup> Refer to the specific development in the EQs of the related sectors.

<sup>57</sup> The program is expiring in June 2011 and negotiations for its revision were going on during the field mission.

<sup>58</sup> The proceeds of PAF indicators in the social sectors is further analysed in with the indicator 8.3.2

<sup>59</sup> Discussed after the 2009 JF evaluation

<sup>60</sup> In the case of education for instance

August-September which focuses on the approved budget, public financial management (PFM) issues and preliminary assessments of performance during the previous year.

(D2.22 § “Contagion Effects” and the GBS “Seal of Approval)

GBS politicises donor involvement in a country in new ways. Committing to GBS signals donor agreement with overall policies and governance arrangements in a country, while suspension of GBS signals overall concerns. The partner government (or some individuals within it) may have difficulty in distinguishing donor signals with respect to different aid modalities. Thus there is a perceived danger from partners that PGBS judgements will affect other sectors. Some Malawi government staff explicitly expressed their concern that this “contagion effect” might threaten major non-PGBS initiatives such as the health SWAp. In practice, the opposite logic might apply – suspension of a PGBS might actually secure funding of non-PGBS flows, or there might even be a tendency by donor staff to defend PGBS because of fear of a contagion effect.

### Indicator n°7.3.3: EC plays a positive role in its contribution to the various donors' coordination platforms

#### **Findings at indicator level:**

The EC committed itself as early as 2001 into the CABS group that currently chairs until end June 2011. In 2005, EC strongly supported the design of the JF and the PAF, which indicators are used in two complementary ways: the results are analysed as triggers (a Yes/no kind of decision in the case supports granted by IBWs related institutions) as well as targets to reach in the case of the EC support, which allows partial disbursements of the variable tranche. In November 2006 the EC support provided under PRBS 2 was designed in order to be both *compliant with the JF and PAF requirements* (PRBS II TAPS Financing Agreement 2006\*).

In order to improve the regularity and quality of data fed into the annual progress reviews a M&E Road Map was launched in late 2005 and its effective implementation began in January 2006, coordinated by Ministry of Economic Planning and Development with the financial support of the donors. In particular, the EC kept a provision in each of its PRBS FAs for financing the MPRS monitoring and evaluation activities: in September 2006 a contribution agreement was signed with UNDP for a the joint Programme Support to the National Monitoring and Evaluation Systems in Malawi (JPSNMES) in order to *strengthen the national and sub-national capacity for the monitoring and evaluation of development policies, programmes and strategies*. Despite significant results in terms of increasing the Government capacity to provide reliable data on time, the overall effectiveness of the program has been questioned by the Donors.

Even though the EC is a member of more than ten Sector Working groups, its technical inputs are limited in the field which are not related to the European Concentration sectors. On the contrary EUDEL plays a significant role in the transport sector where EC is a prominent donor and agreed on a Sectoral Budget Support Programme, as well as in the Agricultural Swap where the EC's major contribution remains under the project type of aid modality.

#### **Data and sources:**

*Data, sources, extracts in reverse chronological order:*

JAR 2007 (p. 23 § b. Progress in activities)

*Poverty Reduction Budgetary Support Programme 1 (9 ACP MAI 024 – 26.1m, October 2005 – June 2008 and 9 ACP MAI 036, €10,0m for FLEX) – Under this operation €33.1m were disbursed for direct support in the period from November 2005 to Dec 2006 (Including €10.0m for the FLEX Facility), giving a strategic contribution to the achievement of the HIPC completion point in August 2006. The remaining €3.0m are earmarked for technical assistance aimed at strengthening public finance management. This includes a contribution agreement for an amount of €0.8m signed with UNDP (September 2006) for the joint Programme Support to the National Monitoring and Evaluation Systems in Malawi (JPSNMES) to strengthen the national and sub-national capacity for the monitoring and evaluation of development policies, programmes and strategies.*

TAPS BRBS II Nov 2006



A Performance Assessment Framework (PAF), a set of 22 indicators to monitor progresses in social sectors and in PFM, as well as a Joint Partnership Framework (JF) have been agreed upon with the GoM in September 2005. The documents will guide the implementation of Budget Support in Malawi in the future and, as such, the support provided under PRBS 2 will be both compliant with the JF and PAF requirements and in line with development partners' good practices and harmonization principles.

The PRBS 2 will ensure continuity with the PRBS 1 both in terms of macroeconomic and social sector objectives as well as technical support provided. In addition the programme fits into the overall support provided by CABS donors in Malawi, the IMF and the WB.

***Judgement criterion n°7.4: EC budget support has facilitated harmonising external assistance (among donors) and offered a value added to the BS brought by Member States.***

The purpose of this JC is to check how the donors' commitment towards an improved alignment and harmonization in the spirit of Accra Agenda for Action effectively led to joint donors' action in line with GoM procedures.

This JC will focus on the direct outputs related to donors' harmonization, whereas the JC 8.1 will focus on those related to alignment with Government's procedures.

EC budget support contributed to a harmonised external assistance in both the activities and funding provided under budget support. The amount of joint activities did not increase since 2005 but involve an increasing number of stakeholders from the government, civil society and donors' side.

The alignment issue related to joint funding is to be raised only for the share of the Budget support Programmes dedicated to institutional support and implemented through project related modalities. The joint prominent activities implemented in that context were through programs such as FIMTAP of JPJSNM financed by trust funds managed by the World Bank and the UNDP, with mixed appreciation of results. **(I.7.4.1)**

In addition the EC budget support combined with the substantial disbursements from DfID and the World Bank offered a value added to the other activities brought by CABS members, in financing a "critical mass" that made the implementation the other donors' specific activities possible in improved conditions. **(I.7.4.2)**

**Indicator n°7.4.1: Increased joint donors activities and/or procedures**

***a) Increased joint donors programming, executing and monitoring/evaluating activities,***

***b) Increased joint donors funding procedures***

***Findings at indicator level:***

Joint donors' activities

Within the CABS framework elaborated for the various DPs' General Budget Support implementation, most of the activities are implemented through joint procedures: the joint Framework for budget support cooperation sets out the principles for the implementation of Budget support programmes in the country, the bi-annual donors reviews are jointly completed on a joint Performance Assessment Framework updated after each march review.

These activities did not increase in volume since 2005 when they were established, but involve an increasing number of stakeholders from the government, civil society and donors' side.

Joint donors funding procedures

The Budget support Financing agreements secure generally a portion dedicated to institutional support. This part within the BS FA is most often released through projects related aid modalities. In

some bilateral agreements, such as those implemented by the German Development Cooperation, the respective part given through Projects and Budget support is not strictly defined, which allows to shift from one aid modality to another according to the local context.

However, in coherence with Accra Agenda for Action requesting a better value for money, significant efforts have been made for coordinating the implementation and the funding of activities dedicated to institutional Support. For instance, the funds for institutional Support allocated in the three successive EC financed BS Financing Agreements have been mainly used for co-financing of other donors' action: a contribution agreement has been signed under with UNDP to support GoM Road Map for Monitoring & Evaluation, and with the World Bank for the PFM reform programme (FIMTAP). In addition, a further joint contribution to a PFEM Swap for implementing the Public Finance Management reform is also being considered.

However, the implementation of the programmes gave mixed results: the final audit of the FIMTAP disclosed some malfunctioning in the projects implementation and oversight whereas some expected results of both JSPMNE implemented during the period were not achieved during the timeframe of the projects.

**Data and sources:**

*Data, sources, extracts in reverse chronological order:*

*EU PFM Annual monitoring report Malawi, 6 Dec 2010 (p. 5 § 3.2.1 Institutional Factors and power structure)*

*The PFEM Unit is assisted by a Technical Assistant with support from donor partners (GTZ). (...). Discussions on the establishment of a more coordinated support to PFM reforms (PFEM SWAp) are on-going but at a slower pace than would have been anticipated. Development partners are keen on the establishment of this SWAp arrangement as it is seen to be the solution for a more coordinated approach to the implementation of PFM action plan priorities.*

*( p. 9 Capacity building )*

*Capacity development is a widespread challenge in Malawi, and is being addressed in different ways. GoM is working with UNDP and other partners to address capacity development on a wider scale with a broad assessment of GoM needs based on a UNDP study in 2008. The EU has been supporting PFM reforms in Malawi from the previous PRBS programmes. PRBS 1 has supported PFM reform programme (**FIMTAP**) through a **Contribution Agreement with the World Bank**. This has supported the implementation of its PFM support (training of accountants at local level, support to the Internal Audit Office, and support to the National Audit Office). Financial assistance has also been made through the **UNDP Trust Fund** to support GoM Road Map for Monitoring & Evaluation thus supporting the Government effort to improve the monitoring of its own programmes and the production of basic development indicators to assess progress on a regular basis. Under **PRBS 2** the EU continued to provide support on PFM issues and M&E of the MGDS. Similarly under **PRBS 3** a provision for institutional support has been made towards the same areas. It is being planned that continued support will be made under PRBS 4 that is currently under preparation.*

## **Indicator n°7.4.2: Existence of complementarities and/or synergies between EU and Member States' interventions on BS**

### ***Findings at indicator level:***

Among the Budget Support donors within the CABS, the only EU member states are Germany and the United Kingdom. Ireland which intended to provide Budget Support gave up as consequence of the financial crisis, and DfID which brings a significant support to the country is currently reconsidering its commitment

However broader synergies and complementarities exist within the CABS group, made possible by the significant critical mass brought by the joint financial commitment of EC, DFID and the World Bank. With their sustained substantial disbursements, those three donors permitted the full execution of a budget coherent within a sound macro-economic framework, which in turn made possible the implementation of the Poverty Reduction Strategy. In this enhanced context, the other donors activities could be implemented in better conditions: the Norway Support to National Audit Office could for instance have a stronger impact as the budget calendar was better respected, this achievement itself being the result of an improved access from the Accountants' General Office to the statements from the various district and town assemblies, also supported by Development partners.

Some additional complementarities might be reported mainly as the result of individual efforts to develop synergies between available funds: this is for instance the case for the support to the PFM Unit implemented by German GIZ with Programme Estimates financed by the EC.

## 1.8 Public Financial Management

**Evaluation Question n°8: To what extent has EC budget support contributed to improve Public Financial Management and to orient budgetary priorities and actual expenditures) towards poverty reduction?**

**Judgement Criterion n°8.1: EC budget support contributed to strengthening the Public Finance Management system, which in turn positively affected the flows channelled through and managed by the Government Financial systems**

The purpose of this JC is to check how the donors commitment towards an improved alignment and harmonization in the spirit of Accra Agenda for Action, effectively led to joint donor action in line with GoM procedures.

Whereas the JC7.4 focussed on the direct outputs related to donors harmonization, this judgement criterion will focus on those related to alignment with Government's procedures.

Donor grants contribute 35% to 45% of the resources of Government budget, either through projects mentioned in the Part I of Development Budget, or through budget support which expenditure is not further individualized according to the principle of fungibility.

The daily practice of managing an increased flow of funds certainly strengthened the Public Finance Management system. It might have reduced the number of embedded Project implementation Units but it did not stop the increase of the active projects in the country. **(I.8.1.1).**

Among the donors aid, the disbursements on general and sectoral budget support increased quicker than the funds released under project of programs. The target set by the Government to reach 30% of all grants released under General Budget Support is met and the share of Share of combined General and Sectoral budget support has reached 44% of the total donors aid in 2009/10 FY. **(I.8.1.2).**

However, GoM programmed to phase out all the Project Implementation Units by 2011, and a circular was issued for that purpose on April 18<sup>th</sup> 2011: a decision that might not be fully appropriate, as well designed projects may contribute to the country's development in PFM as well.<sup>61</sup>

**Indicator n°8.1.1 Decreased ad hoc structures and procedures used for implementing the programmes.**

**Findings at indicator level:**

One of the purposes of budget support is to contribute to strengthening the Public Finance Management with funds channelled through and managed by the Government Financial systems

The repartition of international Aid is closely scrutinized at MoF by the Debt and Aid Division, with donor aid information being published in a Debt and Aid report since October 2006 for the 2005/06 FY, followed by the Aid Atlas edited since FY 2007/08. Both documents report on the DPs' actual disbursements based on data forwarded by the donors and managed though the Aid Management Platform<sup>62</sup>.

In its last report (Aid Atlas FY 2009/10) GoM notes that some progress has been made in use of country systems. Active projects reportedly increased from 304 projects in 2007/2008 FY to 387 in 2009/2010. The total number of parallel Project Implementation Units (PIUs) reportedly decreased from 51 in 2007/2007 FY (among which were 7 from EC) to 47 by 2009/2010 FY (among which 10 were from EC). It was also reported that a quarter of total aid in 2009/2010 FY was disbursed through NGOs. According to GoM there are still too many "project" structures in charge of managing donors' funds and Government targets a phasing out of most of these by the end of 2011: a decision formalized in a circular dated April 18<sup>th</sup> 2011.

<sup>61</sup> The Projects contribution to PFM will be further mentioned in the I.8.2.1

<sup>62</sup> With the support of the donors within the GFEM group (refer to I.8.2.1)

**Data and sources:**

*Data, sources, extracts in reverse chronological order:*

*Ministry of Finance Malawi Aid Atlas 2009/10 FY*

**Definitions**

The GoM classifies donor activities under a number of category definitions. These classifications are critical for tracking where and how aid funds are spent and their inclusion into the budget process. The aid modality classifications are as follows:

- 1) General Budget Support: This is budgetary (BOP) support that is provided to the Government of Malawi for use without any restrictions or conditions regarding which sector or project the money is spent on. It is deposited into the Consolidated Account No.1 at the Reserve Bank of Malawi.
- 2) Farm Input Subsidy Program Support - Pooled: This is support that is provided to the Government of Malawi to use for its Agricultural Inputs Subsidy Program. It is deposited into the pooled Food Security Account at the Reserve Bank of Malawi.
- 3) Farm Input Subsidy Program Support - Discrete: This is budgetary support that is provided to the Government's Agricultural Inputs Subsidy Program but which does not use the RBM account. It typically involves donors purchasing seeds and fertilisers on behalf of GoM.
- 4) Health SWAp – Pooled: This includes funds which are deposited to the Pooled Health SWAp account at the Reserve Bank of Malawi under the stipulations of the Health Joint Financing Agreement.
- 5) Health SWAp – Discrete: This includes all funds which are disbursed in support of the Health SWAp but which are not deposited into the Pooled Health SWAp account at the Reserve Bank of Malawi. This may include direct project support activities carried out on behalf of the Health SWAp Secretariat or technical assistance provided to the Secretariat. This also includes all foreign currency transactions taken on behalf of the Health SWAp Secretariat to procure goods and services internationally.
- 6) National Aids Commission Support: This includes all funds given in support of the National Aids Commission and deposited into the NAC Account at the Reserve Bank of Malawi.
- 7) Direct Project Support: This is funding that has been allocated to specific projects, such as the building of a school, or provision of technical assistance to a Ministry.
- 7a) Direct Project Support – GoM Ministries: This is funding that has been allocated to specific projects, such as the building of a school, or provision of technical assistance to a Ministry.
- 7b) Direct Project Support - NGOs: This is funding that has been allocated to specific projects, such as the building of a school, or provision of technical assistance to a Ministry.

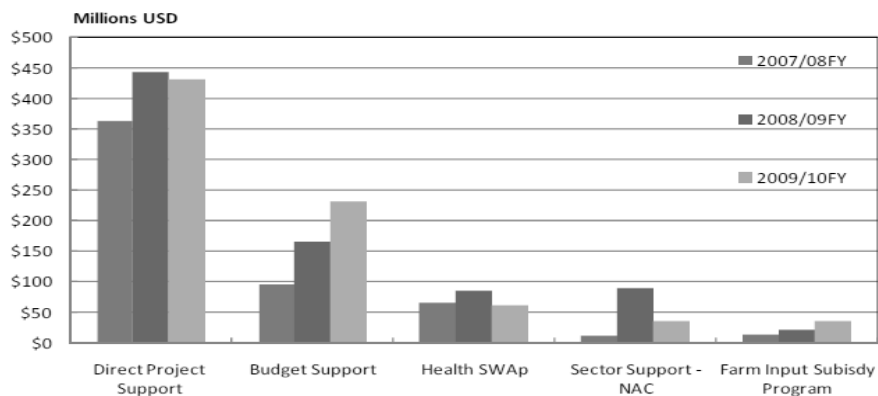
**(Key Findings)**

- Overall aid disbursements remained stable in 2009/10FY. The GoM recorded US\$792m in donor disbursements during 2009/10FY. This constituted a small 1% decline from 2008/09FY which recorded US\$803m in donor disbursements.
- Traditional donors continued to provide the majority of support. Amongst traditional donors, the EU made the largest contribution to overall disbursements in 2009/10FY with US\$155m in support. World Bank was the second largest donor with US\$139m in disbursements whilst DfID disbursed US\$108m. Other major donors included USAID (US\$99m), Norway (US\$57m) and AfDB (US\$36m).
- New donors also began to play an increasingly important role. The People's Republic of China committed approximately US\$133m of funds in 2009/10FY, although half of this amount is to be disbursed through concessional loans. whilst the Republic of India disbursed US\$14m and the Arab donors contributed another US\$3m.
- Aid continues to be concentrated in a small number of sectors. Economic Governance was the largest recipient sector of overall donor support in 2009/10FY, receiving 30% of total aid flows. Health was the second biggest recipient with 25% of total disbursements. The 5 largest recipient sectors (Economic Governance; Health, Agriculture; Education, and Water and Sanitation) received 82% of total annual disbursements. In contrast, the 5 smallest recipient sectors (Public Administration; Tourism, Wildlife and Culture; Energy and Mining; Gender, Youth Development and Sports; and Trade, Industry and Private Sector Development) received 1.9% of total annual disbursements.

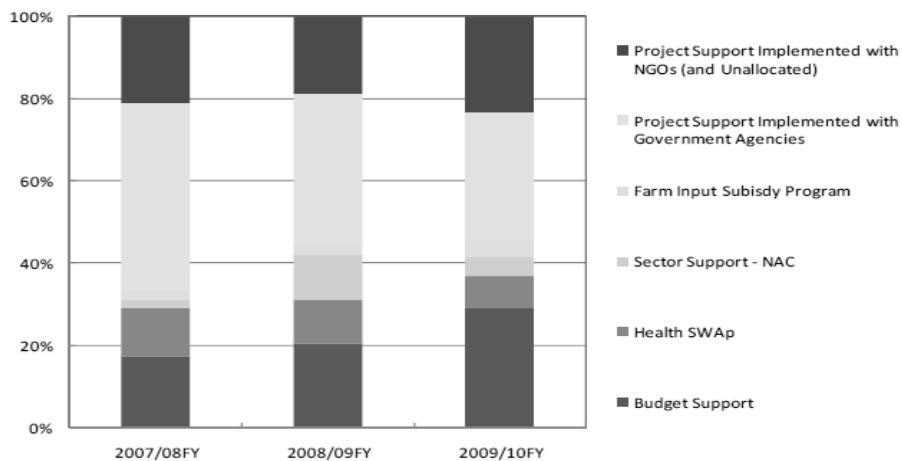
- Fragmentation within priority sectors continues to remain high and in some cases is increasing. The Health sector received assistance from 20 donor partners across 105 activities in 2009/10FY. Likewise Agriculture received support from 14 donors across 72 projects, Economic Governance 11 donors across 39 projects and Education 14 donors across 33 projects.
- Disbursement modalities shifted from Pooled Sector Support to General Budget Support. Budget Support accounted for 30% of total donor receipts in 2009/10FY, increasing from 21% in 2008/09FY. The proportion of aid received as Pooled and Sector Budget Support declined from 24% in 2008/09FY to 17% in 2009/10FY, with Direct Project Support disbursements remaining constant at 55%.
- Overall predictability was high but undermined by a couple of key donors. Whilst overall budget support disbursements were close to original budget estimates, this masked significant variation across donors. Both AfDB and DFID downgraded their support during the fiscal year disbursing 82% and 86% of their original commitments respectively. This was however compensated for by 30% and 25% increases in Budget Support funding from the World Bank and EU, respectively. The Health SWAp received 60% of its expected funding with the shortfall due primarily to an 11% disbursement rate by the Global Fund, as well as under funding by GDC and the AfDB. Likewise, the NAC received just 50% of its expected donor funding due to a 37% disbursement rate from Global fund. A lack of disbursement by Norway to the Farm Input Subsidy Programme was due primarily to delays in the finalisation of an audit report for the programme from previous years, with funding expected to recommence this fiscal year.
- Some progress has been made in Use of Country Systems but aid disbursements outside GoM structures remain large. Progress has been made in increasing the proportion of funding which makes use of government systems, with budget support and sector support increasing from 33% of total disbursements in 2007/08FY to 45% of total disbursements in 2009/10FY. A large proportion of Direct Project Support however is still being delivered outside GoM structures with 24% of total disbursements being disbursed through Non-Governmental Organisations (NGOs) in 2009/10FY. The GoM currently has information on 47 Project Implementing Units from 13 donors operating within the country with a target of phasing most of these out by the end of 2011.
- Donor partners significantly improved their reporting behaviour in 2009/10FY. Three new donor partners were incorporated into the Aid Management Platform during 2009/10FY. These included UNIDO, UNESCO, and CDC. In addition, UNFPA, WFP, UNICEF, UNHCR, FAO, WHO, and UNAIDS all recommenced regular and timely reporting to the MoF. Bilateral and Multilateral agencies continued to uphold their commitment to aid transparency reporting in a regular and timely fashion to MoF throughout the year.

**Figure 28: Aid Disbursements**

**Aid Disbursements by Modality**



**Aid Disbursements using Country Systems (2007/08FY-2009/10FY)**



**Table 47: Aid Disbursements using Country Systems by Donor 2009/10FY**

### Aid Disbursements using Country Systems by Donor (2009/10FY)

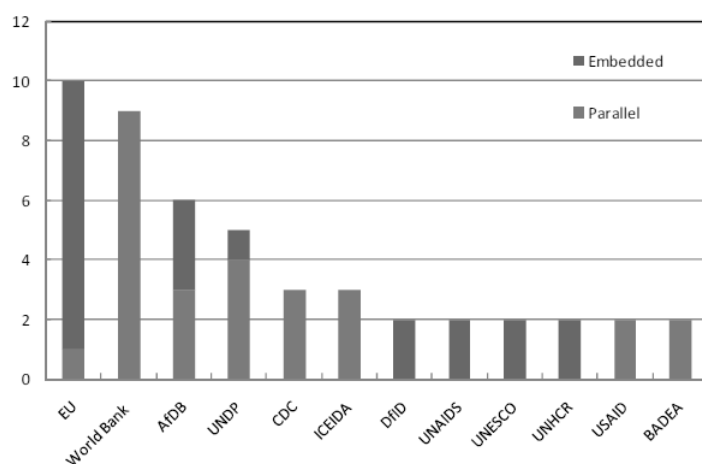
	Full Use of Country Systems		Partial Use of Country Systems		No Use of Country Systems	
	<i>Budget Support</i>	<i>Sector Support Pooled</i>	<i>Sector Support - Discrete</i>	<i>Direct Project Support - GoM Ministries</i>	<i>Direct Project Support - NGO's</i>	<i>Direct Project Support - Unallocated</i>
Global Fund	0%	100%	0%	0%	0%	0%
EU	71%	10%	0%	17%	0%	2%
DfID	29%	39%	1%	26%	3%	2%
GDC	48%	14%	0%	38%	0%	0%
Norway	18%	35%	0%	24%	10%	14%
FICA	0%	43%	0%	13%	44%	0%
World Bank	38%	0%	0%	56%	0%	7%
AfDB	33%	0%	9%	58%	0%	0%
Ireland	0%	31%	42%	13%	6%	8%
UNAIDS	0%	12%	0%	65%	23%	0%
ICEIDA	0%	0%	0%	100%	0%	0%
IFAD	0%	0%	0%	100%	0%	0%
UNFPA	0%	0%	0%	100%	0%	0%
UNESCO	0%	0%	0%	100%	0%	0%
WFP	0%	0%	0%	100%	0%	0%
UNICEF	0%	0%	0%	98%	0%	2%
UNDP	0%	0%	0%	98%	2%	0%
Canada	0%	0%	0%	86%	14%	0%
UNHCR	0%	0%	0%	80%	20%	0%
UNIDO	0%	0%	0%	72%	28%	0%
Japan	0%	0%	0%	71%	29%	0%
FAO	0%	0%	0%	64%	11%	25%
WHO	0%	0%	0%	52%	48%	0%
CDC	0%	0%	0%	25%	75%	0%
USAID	0%	0%	0%	0%	91%	9%

\* Donors ranked based on their full use of country systems percentage, and then for donors which recorded zero values their partial use of country systems percentage. Full use of country systems refers to all funding which passes through the GoM Consolidated Account at the Reserve Bank of Malawi (RBM). Partial use of country systems refers to all funding which uses some GoM financial management and procurement systems but which is carried on outside the RBM. Direct Project Support - GoM Ministries refers to projects which are carried out with a GoM Ministry as the main implementing partner. Direct Project Support - NGO's refers to projects which are carried out with an NGO as the main implementing partner.



**Table 48: Project Implementing Units by Donor (2007/08FY – 2009/10FY)**

**Project Implementing Units by Donor (2007/08FY - 2009/10FY)**



**Table 49: Aid Fragmentation by Donor (2009/10FY)**

**Aid Fragmentation by Donor (2009/10FY)**

	Total Disbursements	Number Projects	Number Sectors	Average Project Size	Average Disbursement by Sector
World Bank	\$139,566,116	11	9	\$12,687,829	\$15,507,346
Global Fund	\$29,428,797	4	1	\$7,357,199	\$29,428,797
EU	\$154,841,150	32	7	\$4,838,786	\$22,120,164
AfDB	\$36,368,272	10	7	\$3,636,827	\$5,195,467
DFID	\$108,281,168	36	9	\$3,007,810	\$12,031,241
USAID	\$99,758,097	55	10	\$1,813,784	\$9,975,810
GDC	\$28,158,152	16	5	\$1,759,885	\$5,631,630
Norway	\$57,810,857	36	7	\$1,605,857	\$8,258,694
IFAD	\$4,595,799	3	2	\$1,531,933	\$2,297,900
Japan	\$29,191,253	22	10	\$1,326,875	\$2,919,125
Canada	\$7,508,453	6	4	\$1,251,409	\$1,877,113
Ireland	\$15,289,905	14	5	\$1,092,136	\$3,057,981
Arab Donors	\$2,089,609	2	1	\$1,044,805	\$2,089,609
CDC	\$10,078,417	11	1	\$916,220	\$10,078,417
FICA	\$6,212,728	9	3	\$690,303	\$2,070,909
ICEIDA	\$2,254,485	6	5	\$375,748	\$450,897
<b>ONE UN</b>	<b>\$60,717,080</b>	<b>117</b>	<b>13</b>	<b>\$518,949</b>	<b>\$4,670,545</b>
WFP	\$14,262,245	3	1	\$4,754,082	\$14,262,245
UNICEF	\$13,138,581	11	6	\$1,194,416	\$2,189,764
UNDP	\$22,271,473	37	12	\$601,932	\$1,855,956
WHO	\$4,952,034	12	1	\$412,670	\$4,952,034
UNHCR	\$954,990	4	2	\$238,748	\$477,495
FAO	\$3,938,388	28	3	\$140,657	\$1,312,796
UNFPA	\$278,578	3	1	\$92,859	\$278,578
UNIDO	\$382,145	5	3	\$76,429	\$127,382
UNAIDS	\$488,773	11	2	\$44,434	\$244,387
UNESCO	\$49,873	3	2	\$16,624	\$24,937
<b>TOTAL</b>	<b>\$792,459,007</b>	<b>397</b>	<b>16</b>	<b>\$1,996,118</b>	<b>\$49,528,688</b>
P.R.China*	\$133,300,000	4	4	\$33,325,000	\$33,325,000
Republic of India*	\$16,000,000	3	3	\$5,333,333	\$5,333,333

\* Not included in total disbursement figures.

**Table 50: Aid Fragmentation by Sector**

<b>Aid Fragmentation by Sector</b>					
	<b>Total Disbursements</b>	<b>Number Projects</b>	<b>Number Donors</b>	<b>Average Disbursement per Project</b>	<b>Average Disbursement per Donor</b>
Agriculture	\$90,437,836	72	14	\$1,256,081	\$6,459,845
Democratic Governance	\$23,400,842	33	9	\$709,116	\$2,600,094
Economic Governance	\$230,736,725	39	11	\$5,916,326	\$20,976,066
Education	\$63,827,304	33	14	\$1,934,161	\$4,559,093
Energy and Mining	\$1,173,076	3	3	\$391,025	\$391,025
Environment, Lands and Natural Resources	\$21,285,167	16	7	\$1,330,323	\$3,040,738
Gender, Youth and Sports	\$5,705,080	15	8	\$380,339	\$713,135
Health	\$199,996,315	105	20	\$1,904,632	\$9,999,316
ICT and R&D	\$9,633,484	2	2	\$4,816,742	\$4,816,742
Integrated Rural Development	\$44,292,519	13	9	\$3,407,117	\$4,921,391
Public Administration	\$1,615,470	1	1	\$1,615,470	\$1,615,470
Roads, Works and Transport	\$17,188,185	13	6	\$1,322,168	\$2,864,698
Tourism, Wildlife and Culture	\$699,016	4	2	\$174,754	\$349,508
Trade, Industry and Private Sector Development	\$5,873,356	12	6	\$489,446	\$978,893
Vulnerability, Disaster and Risk Management	\$14,249,961	17	7	\$838,233	\$2,035,709
Water, Sanitation and Irrigation	\$61,463,514	19	9	\$3,234,922	\$6,829,279
<b>Total</b>	<b>\$792,459,007</b>	<b>397</b>	<b>28</b>	<b>\$1,996,118</b>	<b>\$28,302,107</b>

**Table 51: Donor – Summary Table (FY 2007/08 US\$)**

<b>Donor – Summary Table (FY 2007/08, USD)</b>			
<b>Donor</b>	<b>USD</b>	<b>No. projects</b>	<b>No. sectors</b>
ADB	26,511,921.81	15	6
DfID <i>o/w Budget Support</i>	123,952,814.87 44,411,248.16	25	8
EU <i>o/w Budget Support</i>	67,312,409.19 1,970,055.16	32	8
Norway <i>o/w Budget Support</i>	62,708,558.01 11,274,554.16	27	8
World Bank <i>o/w Budget Support</i>	80,165,252.00 20,000,000.00	13	9
Canada	5,377,544.23	12	5
FICA	284,160.75	2	2
GDC	21,090,453.24	14	5
Global Fund	65,126,144.33		1
ICEIDA	4,957,935.00	8	5
Ireland	6,778,937.74	6	5
Japan	15,859,837.20	19	9
USAID	56,378,144.00	56	9
FAO	1,605,078.00	9	2
IFAD	3,892,681.81	3	2
UNAIDS	327,272.29	2	1
UNDP	8,473,447.00	39	12
UNICEF	27,214,016.00	8	6
UNFPA	9,629,229.59	5	4
WFP	29,521,818.00	6	3
WHO	1,048,067.92	3	1
<b>Total</b> <i>o/w Budget Support</i>	618,215,722.98 77,655,857.48	304	

Source: Aid Management Platform (AMP), Ministry of Finance, Government of Malawi

## Indicator n°8.1.2. Increased amount and part of the external assistance (BS and eventually other programs) channelled through national budgetary procedures

### Findings at indicator level:

#### How are BS funds channelled through and managed by the Government Financial systems?

After the disbursement of General Budget Support funds by the donors, the Ministry of Finance notifies the receipt of the transfer and sells the foreign currencies to Reserve Bank of Malawi. The converted funds are then placed on the Treasury account N° 1, used for the settlement of Governmental Commitments according to the national procedures. Report on their use is performed according to the Government specific calendar, rules and formats.

The budgeted amount is determined by the Budget Division according to the data provided by the donors through the Debt and Aid division, whereas the data on the actual revenues from BoP support are provided by the Accountant General's office.

The donors funds dedicated to Sector Budget Support are pooled into a Foreign Currency Denominated Account (FCDA) held at the Reserve Bank of Malawi and managed by MoF on behalf of Secretary to the Treasury. After prior agreement from the donors in the SWAp, the funds will be released to the Treasury Account N°1 and the converted amount will be used for the settlement of the expenditures in the concerned sector. The Health SWAp MoU stipulated that an eventual shortfall from donors' disbursements would be financed to a certain amount by GoM. A provision also included in the ceilings of the IMF ECF: "In order to maintain Malawi's commitment and progress towards poverty reduction and the MDGs, the social spending allocations in the government budget will not be adjusted downward to meet fiscal targets of the program"<sup>63</sup>.

#### a) Inscription in the national budget:

The budgeted domestic resources to the Government increased by a yearly 37% between 2004/05 and 2009/10 with domestic revenues increasing with almost the same pace as the donors grants. However, whereas the projects funds increased by an average 16%, General budget support funds increased by 72% and dedicated funds to sectoral budget support were multiplied by 2,5 within 4 years.

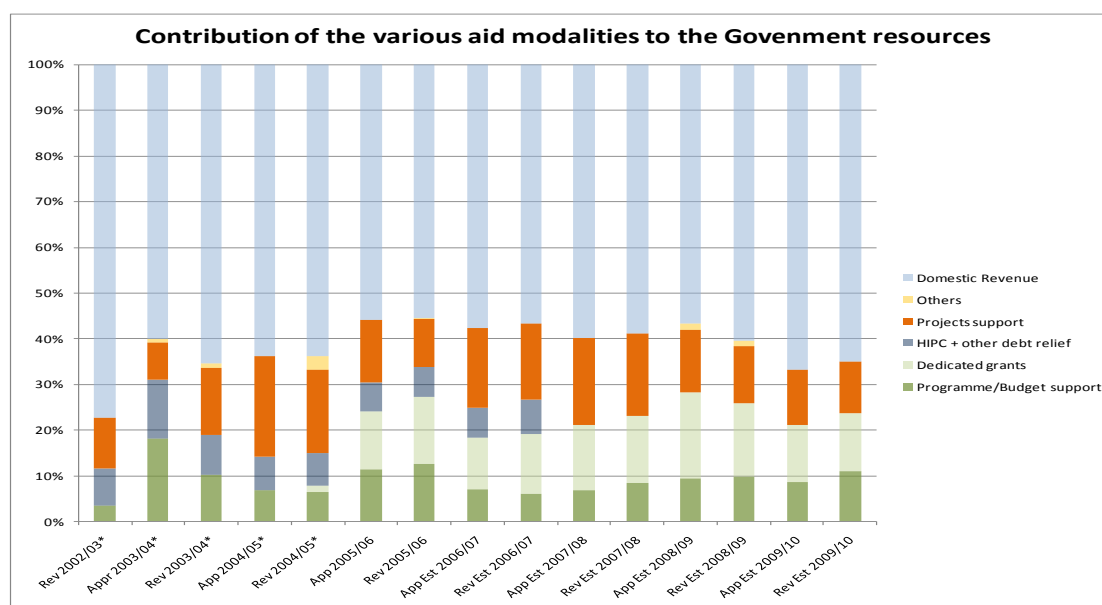
These important changes in programmed amounts did not significantly change the repartition between the domestic revenues and grants, but significantly changed the repartition of grants by aid modalities, as mentioned in the figure below, with an increased share of combined General and Sectoral budget support representing one fourth of the total Government resources for FY 2009/10.

**Table 52 : Contribution of the different Donors grant to the GoM budgetary resources**

In K' million FY	Rev 2002/03*	Appr 2003/04*	App 2004/05*	Rev 2004/05*	App 2005/06	Rev 2005/06	App Est 2006/07	Rev Est 2006/07	App Est 2007/08	Rev Est 2007/08	App Est 2008/09	Rev Est 2008/09	App Est 2009/10	Rev Est 2009/10	Average yearly increase since 2004/05
<b>Total Revenue and grant*</b>	39.468	59.973	81.083	84.028	116.796	121.620	135.900	143.902	163.862	174.922	208.071	224.112	244.293	263.217	37%
<b>Domestic Revenue</b>	30.509	36.014	51.771	53.676	65.385	67.682	78.451	81.718	98.207	103.093	118.166	135.731	163.200	171.135	38%
Share	77%	60%	64%	64%	56%	56%	58%	57%	60%	59%	57%	61%	67%	65%	
<b>Grants</b>	8.959	23.959	29.312	30.352	51.411	53.938	57.449	62.184	65.655	71.829	89.905	88.381	81.093	92.082	36%
Share	23%	40%	36%	36%	44%	44%	42%	43%	40%	41%	43%	39%	33%	35%	
Programme/Budget support	1.328	10.835	5.418	5.418	13.238	15.245	9.542	8.665	11.120	14.527	19.440	21.849	20.643	28.818	72%
Share	3%	18%	7%	6%	11%	13%	7%	6%	7%	8%	9%	10%	8%	11%	
Dedicated grants				1.040	14.879	17.615	15.292	18.793	23.345	25.669	39.147	35.814	30.951	33.419	519%
Share	0%	0%	0%	1%	13%	15%	11%	13%	14%	15%	19%	16%	13%	13%	
HIPC + other debt relief	3.232	7.719	5.995	5.995	7.445	7.922	8.763	10.875							
Share	8%	13%	7%	7%	6%	7%	6%	8%	0%	0%	0%	0%	0%	0%	
Projects support	4.398	4.925	17.899	15.404	15.849	12.728	23.852	23.851	31.190	31.633	28.318	28.318	29.499	29.844	16%
Share	11%	8%	22%	18%	14%	10%	18%	17%	19%	18%	14%	13%	12%	11%	
Others	480			2.495			230				3.000	2.400			
Share	0%	1%	0%	3%	0%	0%	0%	0%	0%	0%	1%	1%	0%	0%	

\* source Budget document N°3 FI  
 \*\*source Financial Statement by the Accountant General

**Figure 29: Share of the various aid modalities in the budgetary resources (FY2002/03-2009/10)**



A tendency confirmed by MoF-Debt and Aid analysis of Donors support.

Whereas the development support funds (without humanitarian aid) increased by 89% between 2005/06 and 2008/09, the amounts of donors support allocated in the form of projects increased by 82%, the amount of Budget support increased by 102% and dedicated grants by Dedicated grants increased by 129%.

Now the Government's target of receiving 30% of the total aid under the form of GBS is met and 44% of the total funds allocated by the DPs (in the form of general or sectoral budget support) are fully complying with the Government procedures.

**Table 53 : Repartition of the various aid modalities in the total development support**

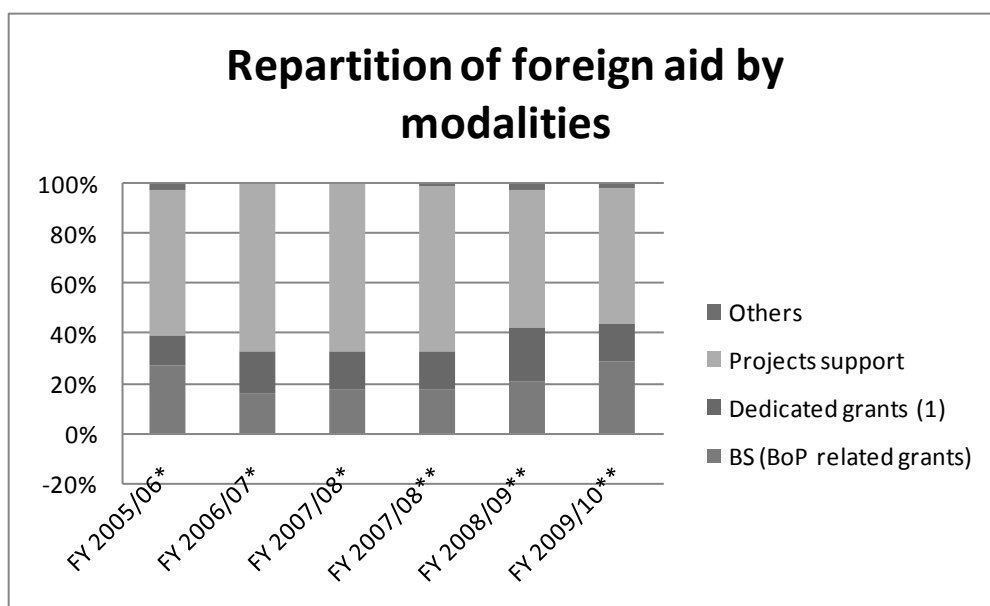
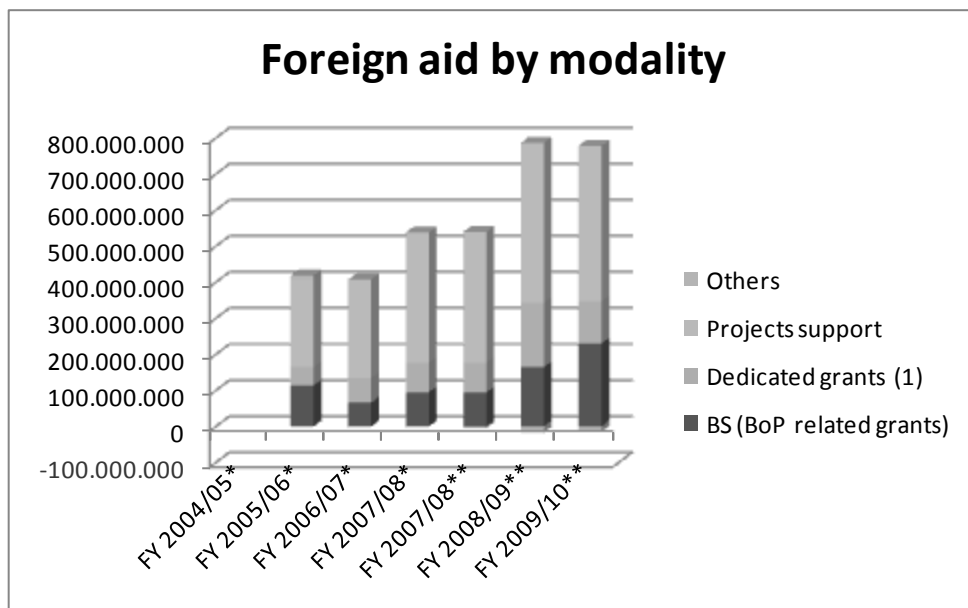
	In USD FY 2004/05*	FY 2005/06*	FY 2006/07*	FY 2007/08*	FY 2007/08**	FY 2008/09**	FY 2009/10**	FY 2010/11**
<i>Development support without humanitarian aid</i>	324.364.123	418.521.622	407.641.015	537.989.801	544.050.372	803.487.851	792.459.007	
BS (BoP related grants)		113.748.793	66.221.483	94.993.158	93.969.745	164.483.595	230.164.572	
Dfid		44.209.392	37.726.742	44.411.248	44.411.248	40.468.766	30.944.957	
EU		36.673.178	20.556.055	19.307.356	19.208.530	45.317.659	110.052.397	
Norway		8.350.238	7.938.686	11.274.554	10.349.967	10.879.608	11.059.491	
WB		24.515.985		20.000.000	20.000.000	30.000.000	52.527.429	
AfDB						37.817.562	12.013.367	
GDC							13.566.931	
Dedicated grants <sup>(1)</sup>		50.882.701	68.209.789	81.720.374	82.529.562	178.298.631	116.714.201	
Health SWAP (pooled)					62.334.614	78.388.242	58.307.885	
Sector Support to NAC					10.744.296	88.621.500	34.921.222	
Farm Input subsidy (pooled)					9.450.652	11.288.889	23.485.094	
Projects support		244.377.069	273.209.743	361.276.269	363.144.072	443.782.034	431.267.561	
Others		9.513.060	0	-1	4.406.993	16.923.591	14.312.673	

\* source Annual Debt and Aid report Oct 2007 and 2008

\*\*source Malawi Aid atlas 2009/10

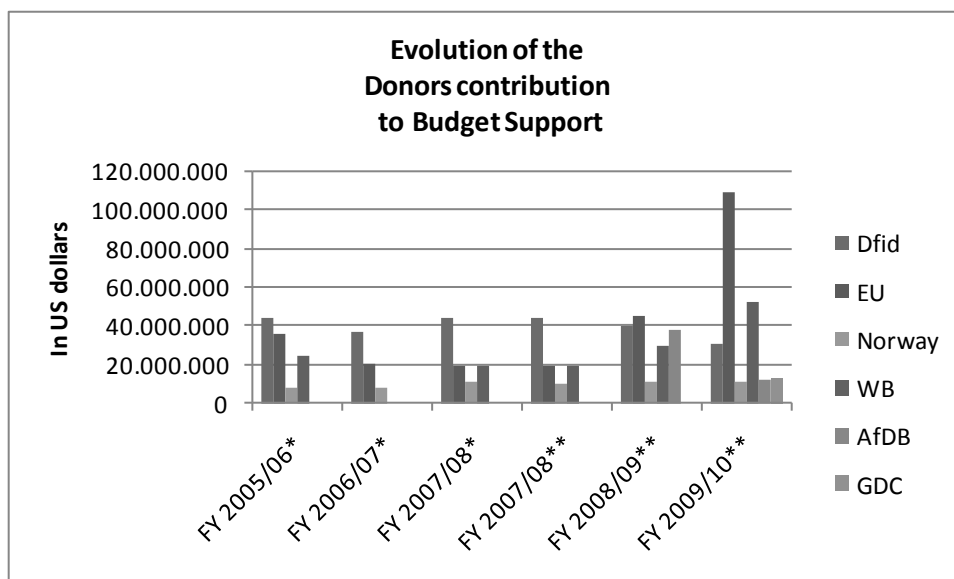
<sup>(1)</sup> from 2007/08 : approx amount deducted from the total of the main pooled funds

**Figures 30: Repartition and share of the various aid modalities in the total development support**



The various donors' contribution is recorded by Debt and Aid Division, and the EC contribution to BS has been prominent during the recent period, especially for 2009/10 FY.

**Figure 31 : Main Donors contribution to Budget Support**



Sources: (\*) Annual Debt and Air Report, (\*\*) Malawi Aid Atlas.

However, As soon as the BS funds are released in the Treasury account, their specific use cannot be traced anymore, in application of the PF principle of fungibility of funds.

**b) execution through national procedures :**

As mentioned in the background box, the entire BS (GBS and SBS funds) are disbursed in accordance with the national budgetary procedures. Project support funds are used for financing the Development part I expenditure and some of them might follow certain Government procedures for procurement for example, but no specific record is to be kept on these individual arrangements.

**c) Reporting according to national channels**

As mentioned in the background box, the BS funds being pooled in the Government resources, their use will follow the national reporting and auditing procedures.

**Data and sources:**

*Data, sources, extracts in reverse chronological order:*

*Malawi Aid Atlas 2009/10 FY Ministry of Finance*

**Data Source**

The underlying data come from the Ministry of Finance (MoF) and its Aid Management Platform (AMP) database. More specifically, on a monthly basis the MoF collaborates with donors to provide actual disbursement figures for the current financial year. These figures are subsequently fed into the AMP. The accuracy of the data is determined by the MoF's ability to effectively manage the AMP, and the DPs' ability to provide timely and reliable figures. To reduce the burden of data collection on Government and donor officials, the MoF facilitated the establishment of donor Data Focal Agents (DFAs) for each donor organization active in Malawi. DFAs play a key role in submitting timely aid flow data to the MoF. In support of this function, the MoF continues to undertake a series of targeted training sessions aimed at familiarizing DFAs and SWG representatives with all aspects of data collection and submission. Whilst still ongoing, these efforts have resulted in a marked improvement in the quality of existing data, and the inclusion of partners previously unaccounted for in the GoM's official statistics.

**Figure 32: Aid Disbursements by Donor 2009/10FY**

**Aid Disbursements by Donor**

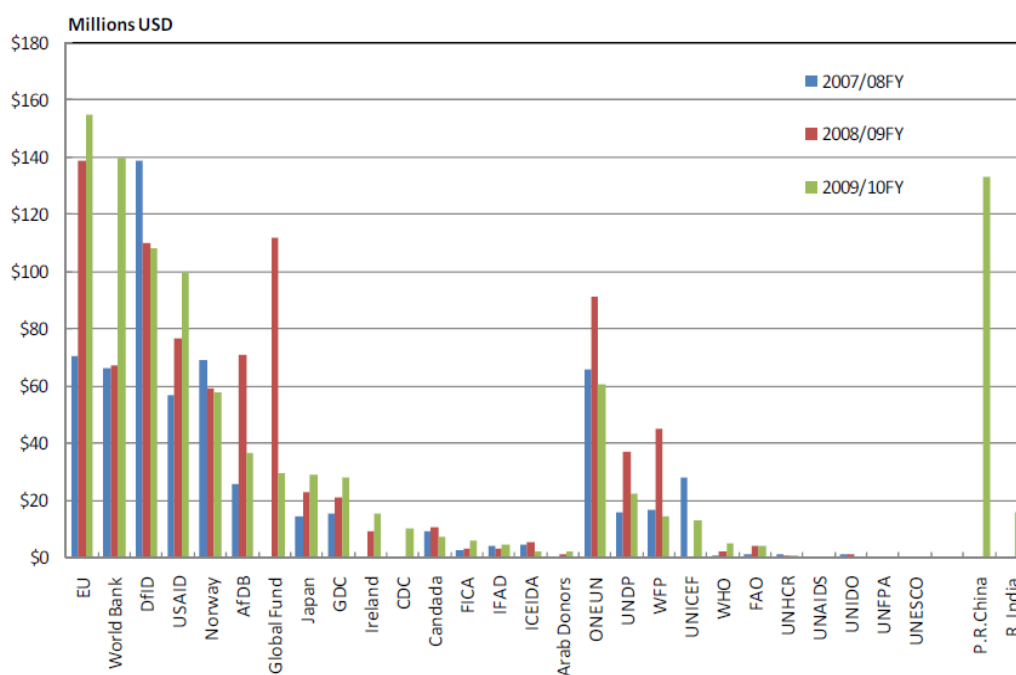
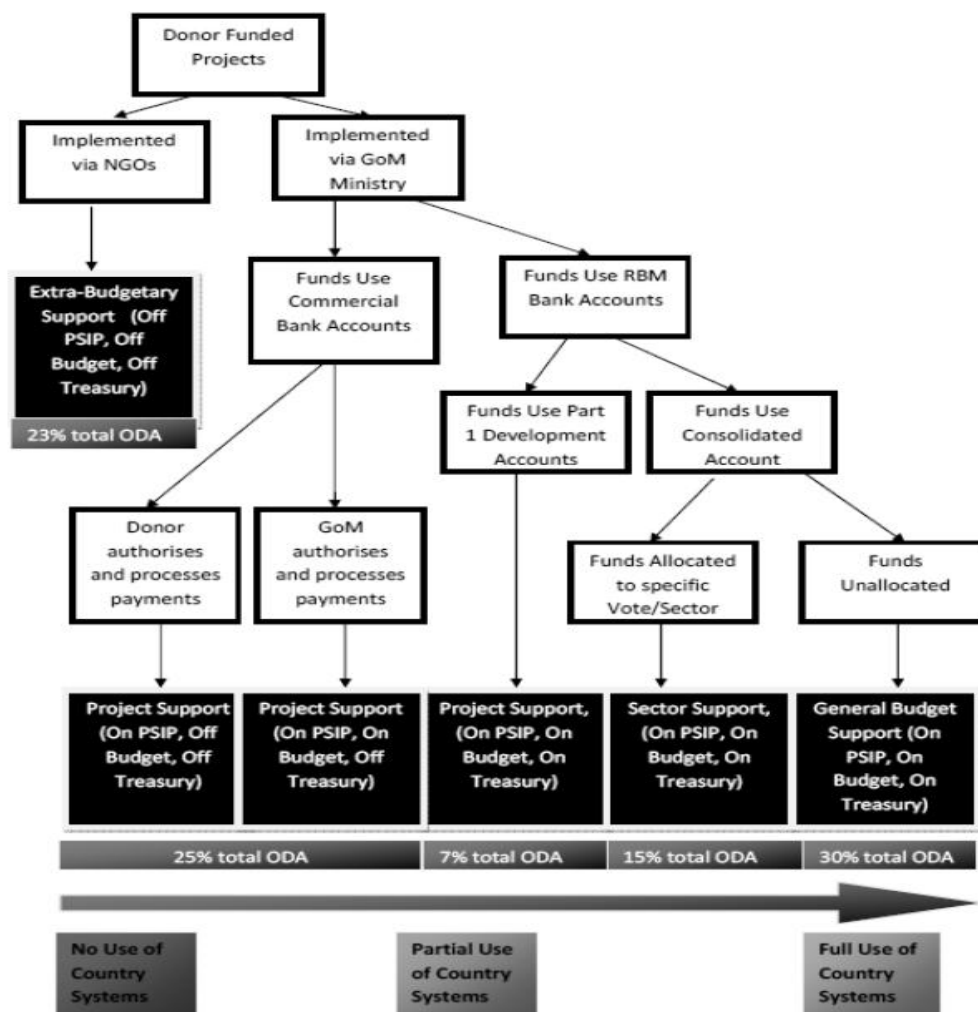


Figure 33: Donor use of country systems (2009/10FY) p. 22

**Flow Chart of Donor Use of Country Systems (2009/10FY)\***



\* Percentages indicate proportion of total aid flows (\$US793m) allocated to each aid modality during the 2009/10FY. On-Budget indicates that Government procurement and audit systems are also being used. Further work on decomposing the 25% of ODA that uses Government Implementing Agencies but with commercial bank accounts between Donor and GoM disbursement authorisation is currently underway.

MoF, General Budget Support: Malawi's most preferred aid modality briefing notes (Nov. 2009) (&5):

"In order to improve aid effectiveness, the Government's policy is that donor support should be disbursed and accounted through national public finance management systems in support of national priorities. This is in line with the principles of the Paris Declaration (2005) and Accra Action Agenda (2008) on Aid Effectiveness under which donors agreed to use country systems in delivering aid" (Draft debt and aid policy 2009 – 2013).

Budget support is one such aid modality, as it is always reported in the budget and uses government systems. GBS is Malawi's most preferred aid modality and the objective is to raise the share of GBS in total aid from the current 20% to 30%. This is important for the following reasons:

- It is a major way to increase aid absorption through the use of national financial management systems
- It strengthens national ownership in the execution of donor funded projects through complete alignment of donor financed activities to development policies/objectives of the government;
- It strengthens the use of evidence based policy through policy dialogue with donors, and other government stakeholders

It is a quick disbursing and has since 2004 been a more predictable modality of delivering aid



### **Judgement criterion n°8.2: EC budget support contributed to the improvement of the quality of PFM System within the Group on Finance and Economic Management (GFEM)**

Besides the PFM monitoring through PAF indicators and the budget analysis performed during the October/November reviews the technical dialogue on public finance related issues is taking place in the Group on Finance and Economic Management (GFEM).

The GFEM is a high level GOM donors (discrete and BS) platform for policy dialogue in Public finance Management, created in 2005 along with the PFEM technical Committee within Ministry of Finance. Their purpose was to structure necessary actions for continuing the reform of the public finance management according to the CFAA diagnostic done in 2001. The EU suggested complementing this diagnostic with a PEFA performed in 2005 that would be followed by an action plan. Significant results were recorded in the implementation of the two successive action plans over the period 2006-2011 and EC support contributed to the improvement of the quality of PFM System within the Group on Finance and Economic Management (GFEM). Addressing now the remaining bottlenecks requests an improved coordination within a structured reform program currently under approval **(I.8.2.1)**

In addition four PEFAS have been performed under the initiative of the EU which financed the studies. They could take some measure of the significant improvements in the Public finance Management, especially in the Budget cycle, resource mobilization or procurement and accounting processes. The last PEFA document brought some additional relevant issues but its results are still not published. **(I.8.2.2.)**

Under PRBS I, most of the budget was allocated through a contribution agreement with the World Bank for co-financing the Financial Management Transparency and Accountability Project (FIMTAP), which final audit was concluded in 2009, with mixed appreciation. But the prominent EC technical contribution was through the Project for Capacity Building for Economic Management and Policy coordination implemented under EDF8 which was phased out in 2007. Despite positive evaluations in 2005, 2008 and 2010, no particular exit strategy has been promoted by the EC, which maintained a limited support to the PFEM Unit complementary to a Technical Assistance supported by GIZ<sup>64</sup> **(I.8.2.3)**

### **Indicator n°8.2.1: The Group on Finance and Economic Management (GEFM) is an active GoM Partner in the formulation and implementation of the PFM reform in Malawi.**

#### **Findings at indicator level:**

Each October/ November review performed by the CABS group gives the occasion to update the assessment of the Public Finance Management in Malawi.

The Malawi has indeed been performing reforms for improving its public finance reform for almost two decades. Upon the EC proposal, it has implemented two action plans, the first adopted in October 2006, the second in May 2009 and revised in September 2010. Both reached substantial achievements monitored in the PAF, related to the credibility of the budget, improved budget process, resource mobilization, public procurement capacity and payroll management, timeliness and quality of expenditure reporting and external audit:

The budget is considered by CABS donors as credible and operational resources to key public institutions have been assured. The payroll system was extensively reviewed after an audit of the civil service data base was conducted. Substantial progresses have been made in the timely preparation of financial statements, and since the appointment in 2008 of the Auditors General in the backlog of audit reports has been finally cleared.

The good performance on those indicators usually helps to balance weaker performances recorded with indicator on social sectors for instance<sup>65</sup>. Besides the role of the CABS group in the overall policy dialogue, the main technical issues have been discussed within the Group on Finance and Economic Management (GEFM).

<sup>64</sup> German Technical Cooperation formerly named GTZ

<sup>65</sup> Refer to the table extracted from CABS Aide Mémoire, March 2010 review, in the sources for I.7.3.1

*Background : context of the PFM reform in Malawi<sup>66</sup>*

After a Country Financial Accountability Assessment (CFAA) performed in 2001, Malawi produced the following year a Financial Accountability Action Plan (MFAAP) in order to address the issues raised in the assessment: the Treasury Instructions and local government regulations were thoroughly revised, substantial legislation could be passed shortly after, such as the Public Financial Management Act, the Public Audit Act and the Public Procurement Act (2003). The Office of Director of Public Procurement was created as well as an Internal Audit Unit and the Malawi Revenue Authority.

In order to further step-up the implementation of the MFAAP, a technical committee was formed in 2005 renamed in 2006 Public Finance and Economic Management Technical Committee, (PFEM-TC ) which was in charge of the follow up of the two successive action plans designed for the period 2006-2008 then 2009-2011. In order to facilitate the process of PFEM reforms, Ministry of Finance created a PFEM unit in 2008 acting as a secretariat to the Technical committee, formally established in 2010 within Debt and Aid division. Finally, a high level PFEM Steering Committee was formed in 2009 at Principal Secretary level to ensure a high level oversight, guidance and acceptance of issues on PFEM.

The Group on Finance and Economic Management (GFEM) initially created along with the PFEM Technical Committee by a few donors who supported PFEM, is now a joint group of GoM officials and donors/partners where GoM is the lead in convening meetings held on a quarterly basis. These meetings are co-chaired by the Secretary to the Treasury and a head of a development agency on a rotating basis, as several donors, among which Irish Aid, ADB, DFID, GTZ, JICA, MCA, Norway, UNDP, World Bank and the EU, are now involved in PFEM activities.

GFEM is an active GoM Partner in the formulation and implementation of the PFM reform in Malawi and proved to be a useful forum for exchange of information and providing support for the implementation of the PFEM Action plans, with substantial achievements.

The budget calendar was reviewed, quality and comprehensiveness of the Planning documentation improved with functional connections with Public Sector Investment Programme (PSIP). Additional coding were introduced for better tracking the MDGs and an output based budget was developed for every cost centre. Domestic revenue forecasts improved along with the computerised systems, which contributed to the improved performance from the Revenue Authority and the Customs in the country's revenues<sup>67</sup>.

Procurement units were set up and procurement planning was undertaken in major ministries. The cash Management system is functional. The connection between both Budget General Accountant's was improved after the coding for Chart of Accounts was updated accordingly as well as IFMIS Accounting procedures.

Support to Debt and Aid Division allowed to finalize the Development Assistance Strategy and to improve the donor database, with an improved capture of donor funding through the budget<sup>68</sup>.

Despite the progress made, some targets have still not been reached as recalled during the last PEFA exercise, which report is under finalization<sup>69</sup> According to the technicians at MoF, the PFEM APs provided a list of relevant activities, but neither sufficiently coordinated nor correctly sequenced between each other: According to the PFEM Unit, a more comprehensive framework is required, for addressing the bottlenecks and improving the coordination between the needed interventions.

The government therefore considered the introduction of a PFEM Reform Programme and discussed it with its partners within the GFEM as early as 2008: the principle of a broader PFM reform is now agreed, its main elements have been developed for discussions held in May 2011 and its financing is considered through a PFEM-SWAp arrangement.

**Data and sources:**

*Data, sources, extracts in reverse chronological order*

*EC PFM Annual monitoring report Malawi, 6 Dec 2010*

*(p.2) Implementation of the PFEM Action Plan has been slow and there is need to speed up this process through a more coordinated approach to PFM reform and support. GoM has committed to this*

<sup>66</sup> This background Paragraph was elaborated thanks to the valuable information provided by the PFEM unit at MoH

<sup>67</sup> Refer also to I.7.1.2 and I.8.3.1

<sup>68</sup> The aid Management Platform used for the Donors aid Atlas (refer to I.8.1.1 &2)

<sup>69</sup> Refer to Indicator 8.2.2

*and a PFEM Unit has been established in the Ministry of Finance to coordinate the PFEM reform activities in GoM. The long awaited establishment of a "PFM SWAp" is still under discussion between GoM and development partners. This is largely dependent on GoM developing a more comprehensive medium-term PFEM Action Plan. This process has started and it is expected that the plan will be in place by June 2011. Until the "PFEM SWAp" arrangement is established mobilisation of resources and the subsequent implementation of activities will remain fragmented. (p. 3 § 2.2. Quality of the dialogue)*

*There is an effective policy dialogue on Public Finance Management (PFM) reforms in Malawi. As a result the Public Expenditure Finance Accountability Assessments (PEFA) have been conducted in 2005, 2006 and 2008 leading to a number of reforms and improvements to the PFM system. Donor coordination is sound, GoM being in the lead in convening meetings of the Group on Finance and Economic Management (GFEM) that are held on a quarterly basis and regular, twice yearly, review meetings with the Common Approach Budget Support (CABS) donor group*

*Within the framework of GFEM, discussions centre mainly on PFEM issues covering both technical and policy issues such as public accounting and auditing, procurement etc. In CABS discussions are broad and are based on the Performance Assessment Framework (PAF) which includes PFM priorities in the PFM Action Plan. In this context CABS discussions involve all arms of the PFM system (executive, parliament, auditor general etc.). Non State Actors are also involved in CABS discussions in order to promote transparency and accountability as well as advocacy on priority issues for reform. (p. 5 § 3.2 Other evidence of progress)*

*Beyond the above-mentioned PFM areas (section 2.1), GoM has prepared an updated PFM action plan as of May 2009, which should help coordinate donor support and further step up the pace of the PFM reforms in Malawi.(p. 5§3.2.1 Institutional Factors and power structure)*

*The PFEM Unit has been established in the Ministry of Finance and acts as the PFEM Secretariat servicing three committees namely the PFEM Steering and Technical Committees and GFEM. The PFEM Steering Committee was established in March 2008 chaired by the Secretary to the Treasury with membership from the Principal Secretaries of Economic Planning and Development, Information, Local Government and Rural Development, Public Sector Reform, Human Resources and Management, the Accountant General and the Director of National Local Government Finance Committee. The PFEM Unit is assisted by a Technical Assistant with support from donor partners (GTZ). Under the PRBS II, the EC mobilised technical support for the programme estimate to support the establishment of the PFEM Unit and operationalize an updated PFM action plan (approx. €1.1m).*

CABS March 2010 Review.

### **3. Public financial management (PFM)**

- 3.1** Macroeconomic performance in 2008/09 was not as strong as in 2007/08, as over-expenditure resulted in higher domestic borrowing than planned and lower reserve accumulation. With the agreement of the new IMF Extended Credit Facility (ECF) programme in February 2010, the outlook for sustained macroeconomic stability appears positive.
- 3.2** The budget continues to be a broadly credible instrument for public expenditure management, and allocation of operational resources to essential public service institutions remains satisfactory. However, there are individual votes and programmes where this has not been the case, in particular agriculture and transport during the 2008/09 fiscal year. Going forward Government has committed itself to undertake tight fiscal measures to further improve value for money of public spending, including conducting a public expenditure review on travel and vehicle expense from 2009/10 FY onwards.
- 3.3** Some progress was made towards reducing the number of institutions, particularly local assemblies not implementing IFMIS, and plans are already in place to expand the number of institutions using IFMIS in 2009/10 and 2010/11 Fys. Ultimately, this will help to improve timely preparation of financial statements.
- 3.4** While notable progress has been made in reducing the backlog of external audit reports, the target of submitting the Auditor General's reports for 2007/08 and 2008/09 to the National Assembly by December 2009 was not achieved<sup>2</sup>. This was mainly due to problems of financial statement consolidation since some votes including donor funded projects are not yet linked to IFMIS.
- 3.5** In order to improve mobilization of domestic resources, Government instituted electronic banking to reduce compliance costs for large tax payers in the country.
- 3.6** Improvements in payroll management have taken place with implementation of recommendations from the 2008 Personnel and Human Resource Management Information Systems audits.

## Indicator n°8.2.2: The results of the PFM reform are effective and well reflected in the three successive PEFA exercises

### **Findings at indicator level:**

A Public Expenditure Financial Accountability (PEFA) assessment has been carried out in March 2011 and the report is under its validation process.

It follows three other PEFA exercises performed in 2005, 2006 and 2008. The analysis in the 2005 PEFA overlooked some important issues and the exercise had to be resumed the following year which delayed the formulation of the first Public Finance Reform Action Plan. Some improvements were mentioned between the two first exercises, especially in the implementation of the IFMIS whereas other fields such as budget comprehensiveness, internal controls, reconciliation of budget execution, and audited financial reports had to be further strengthened.

The 2006 PEFA mentioned also the weak linkages between the MGDS and the financial planning and budgeting systems, which were improved according to the 2008 PEFA version.

The 2008 PEFA also stressed on improvements in revenue performance and fiscal discipline as well as in accounting, recording and reporting, with progresses in the timely submission of public accounts. Further positive developments were observed in the public procurements and in the management of debt.

But the assessment also mentioned that some line ministries would *fail to treat the budget as binding* and that the payroll system suffered substantial leakages connected with *ghost workers*, and *unauthorized allowances*. (DFID 2009\*). Finally, the report stressed again on the backlogs on external auditing and parliamentary scrutiny.

Partial and preliminary results of the last PEFA indicate that some positive trends have been highlighted, mainly in the fields of Budget comprehensiveness and transparency as well as in the payroll controls. On the other hand, some expected deterioration of the scores in the accounts reconciliation and legislative scrutiny in the annual budget law may be subject to further tough discussions.

Some of the effective improvements in the Public financial Management in Malawi were reflected in the successive PEFA exercises, in the budget preparation process, in the management of the payrolls, debt or public procurement or in the public accounting process for instance. But the PEFA methodology and the connected scores are not designed for being the measure of the various PFM achievements.

Among them, the significant reduction in the backlog of audited accounts merits further attention as the result of a combined effort from the Accountants General and the Auditor General after his nomination in May 2008: the backlog of financial statement for 2004/05 financial year transmitted by the Accountant general on Jan 8<sup>th</sup> 2007, the accounts for 2007/08 submitted on 8<sup>th</sup> Dec. 2008, the 2006/07 appropriation accounts sent on Oct 31<sup>st</sup> 2007 were finally cleared. The 2009-2010 audit report has been tabled to Parliament Accounts Committee in February 2011 which held its hearings during the field mission in May 2011.

### **Data and sources:**

*Data, sources, extracts in reverse chronological order:*

*DFID Malawi 2009/10 Poverty Reduction Budget Support: Options Appraisal Report, ODI Nov 2009*

*(§7) The PEFA assessments for the period 2004/5 – 2006/7 show positive progress with PFM reforms but also point to major areas in need of attention. Linkages between the MGDS and the financial planning and budgeting systems have been weak, as has budget credibility. (..)*

*The 2008 PEFA assessment shows that **funds are frequently reallocated between votes** within year, line ministries often fail to treat the budget as binding and significant unauthorised spending takes place. However, budget credibility at the aggregate level has improved recently, and the Government has implemented initiatives to strengthen the linkages between the MGDS and the budget (Tavakoli et al, 2009).*

*(§8). **Weaknesses in payroll management** have contributed to poor fiscal management. The payroll system suffers leakages connected with ghost workers, and unauthorized allowances, recruitments, promotions and wage increases. A personnel audit was carried out as a prior action for Poverty Reduction Support Credit 2 (PRSC-2) covering the whole public service. An underlying blockage is that the personnel and payroll systems lack transparency since they are not well integrated into the*

*Integrated Financial Management Information System (IFMIS).*

(§9). There is a **lack of meaningful parliamentary oversight and external accountability of the Executive**. Very few ministries and departments are audited during the course of a year, largely due to limited human capacity. Reports submitted to Parliament suffer long delays, often of several years, and there is very limited follow up by the Auditor General and the Public Accounts Committee of Parliament.

Public Finance Management Assessment for Malawi based on PEFA, final report June 30<sup>th</sup> 2008

**Table 54: Summary of PFM Performance Scores**

**Table 1**

**Summary of PFM Performance Scores**

<b>PFM Performance Indicator</b>	<b>Score</b>	<b>Method</b>
<b>A. Credibility of the Budget</b>		
1. Aggregate expenditure out-turn compared to original approved budget	<b>A</b>	M1
2. Composition of expenditure out-turn compared to original approved budget	<b>D</b>	M1
3. Aggregate revenue out-turn compared to original approved budget	<b>A</b>	M1
4. Stock and monitoring of expenditure payment arrears	<b>&lt;NS&gt;</b>	M1
<b>B. Comprehensiveness and Transparency</b>		
5. Classification of the budget	<b>B</b>	M1
6. Comprehensiveness of information included in budget documentation	<b>B</b>	M1
7. Extent of unreported government operations	<b>&lt;NS&gt;</b>	M1
8. Transparency of Inter-Governmental Fiscal Relations	<b>B+</b>	M2
9. Oversight of aggregate fiscal risk from other public sector entities.	<b>C+</b>	M1
10. Public Access to key fiscal information	<b>C</b>	M1
<b>C (i) Policy-Based Budgeting</b>		
11. Orderliness and participation in the annual budget process	<b>C+</b>	M2
12. Multi-year perspective in fiscal planning, expenditure policy and budgeting	<b>B</b>	M2
<b>C (ii) Predictability and Control in Budget Execution</b>		
13. Transparency of taxpayer obligations and liabilities	<b>B</b>	M2
14. Effectiveness of measures for taxpayer registration and tax assessment	<b>C+</b>	M2
15. Effectiveness in collection of tax payments	<b>D+</b>	M1
16. Predictability in the availability of funds for commitment of expenditures	<b>B</b>	M1
17. Recording and management of cash balances, debt and guarantees	<b>A</b>	M2
18. Effectiveness of payroll controls	<b>C+</b>	M1
19. Competition, value for money and controls in procurement	<b>&lt;NS&gt;</b>	M2
20. Effectiveness of internal controls for non-salary expenditure	<b>C+</b>	M1
21. Effectiveness of internal audit	<b>C+</b>	M1
<b>C (iii) Accounting, Recording and Reporting</b>		
22. Timeliness and regularity of accounts reconciliation	<b>B+</b>	M2
23. Availability of information on resources received by service delivery units	<b>D</b>	M1
24. Quality and timeliness of in-year budget reports	<b>C+</b>	M1
25. Quality and timeliness of annual financial statements	<b>C+</b>	M1
<b>C (iv) External Scrutiny and Audit</b>		
26. Scope, nature and follow-up of external audit	<b>D+</b>	M1
27. Legislative scrutiny of the annual budget law	<b>B</b>	M1
28. Legislative scrutiny of external audit reports	<b>D+</b>	M1
<b>D. Donor Practices</b>		
D-1 Predictability of Direct Budget Support	<b>&lt;NS&gt;</b>	M1
D-2 Financial information provided by donors for budgeting and reporting on project and program aid	<b>C</b>	M1
D-3 Proportion of aid that is managed by use of national procedures	<b>C</b>	M1

M1 scorings are based upon the lowest scored dimension making up that indicator  
 M2 scorings represent an aggregate scoring of the dimensions making up that indicator.  
 <NS> indicator could not be scored due to unavailability of data or the lack of reliable data.

### **Indicator n°8.2.3: Both EC technical and financial supports positively contributed to the formulation/implementation of the PEFM action plan**

#### ***Findings at indicator level:***

Strongly involved in the public finance reform since the EDF8, EC gave a strong push in the PFM reforms in financing the four PEFAs and in promoting the formulation of two successive action plans for the periods 2006 to 2011. In that aspect, both EC technical and financial supports positively contributed to the formulation/implementation of the PEFM action plan and the listed actions in the action plan provided a convenient way for their regular monitoring through the CABS October/November reviews. But as the various actions were neither coordinated nor prioritized, the process promoted through these Action Plans might have hindered the formulation of a more comprehensive reform program, which would have been able to address the identified bottle necks.

Under PRBS I, most of the budget was finally allocated through a contribution agreement with the World Bank for co-financing the Financial Management Transparency and Accountability Project (FIMTAP). This program was designed for training and capacity development in financial management, accounting and auditing. The final audit of the project was concluded in 2009, which raised issues in its overall implementation.

The most prominent EC technical contribution to the PFM reform has probably been through the Project for Capacity Building for Economic Management and Policy coordination, a €9m project financed under EDF8<sup>70</sup>, and implemented between 2001 and 2007. This project evaluated in 2005 was granted an additional funding of €1,744m. Its evaluation in 2008 concluded that this has been a successful project and insisted on its substantial contributions, besides the numerous trainings and studies brought mainly to the executive staff from Ministry of Finance and Economic Development.

The project developed for instance a resource centre base for the Debt and Aid Division for data collection on donor funding and helped the development of a reporting system for donor funded programmes and projects.

It provided assistance to the Public Finance and Economic Management (PFEM) secretariat to follow up the work on the Action Plans promoted by the EU and more broadly to the formulation of a PFEM reform program. It conducted for instance studies on the Public Sector Investment Plan (PSIP) and its relationship at the decentralised level.

Finally the evaluation performed in March 2010 rated a “b” (good) score for quality of project design, efficiency, effectiveness and sustainability and a “a” (very good) score for impact to date.

The issue rose since the 2008 report<sup>71</sup> is “*to save and to sustain the process. Now the project is over, the exit strategy to save the process should be to build up a large SWAP (Sector Wide Approach Programme) step by step as an institutional framework to strengthen and enhance the assets and the tools implemented by the project*”.

GIZ finally took over the technical assistance to the PFEM Unit with some complementary funds from a PE financed by the EU.

#### ***Data and sources:***

*Data, sources, extracts in reverse chronological order:*

*Final Evaluation of Capacity Building for Economic Management and Policy Coordination Programme, final report May 2008*

#### *General Findings*

*2.18 From the review and analysis of documents and meetings during fifteen days on the spot the main findings of the evaluation are that the project is globally satisfactory and met the purpose and the objectives of the programme.*

*It appears that the GoM is satisfied. The civil servants interviewed have stated that they would want that the project continue and have suggested an extension. The mid-term evaluation had recommended an additional extension of 2 years but this proposal was not followed. To maintain and build up the future this recommendation should be to take into consideration with the next Financing Agreement.*

<sup>70</sup> 8 ACP MAI 027

<sup>71</sup> Not transmitted by the EUDEL.

## 2.19 Relevance

*The log frame has been refined following to the recommendations of the MTR. The overall objective of the project falls within the nationally defined strategy of “Improving the role and the performance of the public sector which is part of the Good Governance objective identified in Malawi government’s long term national perspective” ( Vision 2020). The project is considered as totally relevant with the purpose and the stated objectives which coherently address the identified problems and needs.*

## 2.20 Efficiency

*It is a complex assignment. There were 4 main results expected with 42 activities associated in the refined log frame. This demanded significant management skills to ensure coordination of the activities and a constant vigil of budgeted expenditure. It can be stated that the budget management was efficient. As PE funds can only be used for the period in question or to complete that PE commitments and all PE expenditures of more than €5.000 must be approved by the Delegation before funds can be spent. However, budget limitations have not been an issue.*

*It emerges that the project management has reacted well to changing circumstances and it has been well supported by MEDP. The review of the activities shows that they were delivered in efficient manner. It was agreed that a cost benefit analysis and a pre training assessment prior to sending any candidates on any training would be implemented and the costs clearly established jointly by the PSU and the Task Force. Analysis of technical assistance (TA) provided per a pro rata calculation is somewhat front-loaded. This assessment means that all short term consultancies (STC) have been used up at the end of the current project life.*

## 2.21 Effectiveness

*It is obvious that the programme has helped government to upgrade capacity in the institutions through the provision of long term and short term TA and training. Exposure to such issues as the need for strategic plans, monitoring and evaluation, project cycle management and logical framework, have provided a greater focus to the administrative and decision-making process of the project beneficiaries. The various induction training courses provided participants with a greater appreciation of how government works and the realisation that institutional objectives are dependent upon skills, knowledge and motivation.*

*The GOM through its Senior Civil Servants and their staff has been very supportive of the Project. There were some criticisms regarding the procurement of the STC. STC services should be better demand driven through effective input received from the beneficiaries of those services and their input concerning the timing of when the STC could be provided. Donors as well, have a generally positive view of the project and are supportive of its activities. However, closer cooperation must be achieved in order that overall Public financial management can be effectively reinforced in Malawi.*

*Because of the large scope of the project and the number of activities to be reviewed, it is not easy to measure the effectiveness of a training programme on individuals or institutions. However, the majority of participants who completed post-training evaluations maintained that such intervention would have a positive effect on their capacity to improve their job performance.*

## 2.23 Impact

*Over the period of the project there has been a range of activities that have helped build capacity within government on economic and financial management and on policy coordination. The purpose of the programme has been to enhance capacity within the key economic institutions and to improve government capacity for internal and external coordination. This should lead to improved policy coordination, macro-economic and budget prioritisation and implementation.*

*There is a marked improvement in the economic situation and in the public financial management. These improvements are due to several factors but the project can take some satisfaction in being a part of the improvements. From economic decline to economic growth of 6% and to a healthy Poverty Reduction and Growth Facility programme from the IMF, the project has contributed to the improvement of the financial management and to the efforts for better economic governance through the implementation of budget coding and PFEM action plans.*

## 2.24 Sustainability and ownership

*From those findings, this final evaluation is focused on the issues of sustainability and ownership, which are the key issues of this process. The focal point is to build a forward-looking strategy to continue and to improve the process implemented. Capacity building and Policy coordination are a long process.*

*The GOM does not have sufficient means to sustain the process without support and funding.*

*Most of the activities and tools implemented should continue but they need the support of a new project to be carried on. They need an institutional framework and funding to be continued and strengthened.*

## *2.25 Recommendations*

*The key recommendation of this evaluation is to maintain and to build up the process.*

*The key purpose is to outline an exit strategy to sustain and to improve the process and the benefits of the project.*

*Now that the project is over, the critical issue is to save and to sustain the process. Financial management and better economic governance are key fields for contributing to economic growth and poverty reduction. The exit strategy to save the process should be to build up a large SWAP (Sector Wide Approach Programme) focused on economic governance step by step as an institutional and technical framework to strengthen and to enhance the assets and the tools implemented by the project.*

*JAR 2007*

*(p.2 3 § b. Progress in activities)*

*Poverty Reduction Budgetary Support Programme 1 (9 ACP MAI 024 – €26.1m, October 2005 – June 2008 and 9 ACP MAI 036, €10,0m for FLEX) – Under this operation €33.1m were disbursed for direct support in the period from November 2005 to Dec 2006 (Including €10.0m for the FLEX Facility), giving a strategic contribution to the achievement of the HIPC completion point in August 2006. The remaining €3.0m are earmarked for technical assistance aimed at strengthening public finance management. This includes a contribution agreement for an amount of €0.8m signed with UNDP (September 2006) for the joint Programme Support to the National Monitoring and Evaluation Systems in Malawi (JPSNMES) to strengthen the national and sub-national capacity for the monitoring and evaluation of development policies, programmes and strategies. This also includes a €2.0m administrative agreement which was signed with the World Bank (June 2007) to co-finance the Financial Management Transparency and Accountability Project (FIMTAP) managed by the WB for training and capacity development in financial management, accounting and auditing.*

*JAR 2006*

*(Annex 3 Project fiches : Capacity Building for Economic Management and Policy Coordination)*

### *Project description*

*The project's overall objective is to build capacity for economic planning, policy formulation and financial management in the public sector. As such, the focus of the programme is on training, secondments to other countries, workshops, seminars, studies, consultancies and supporting development of management systems. The purchase of equipment such as computers and the improvement of building facilities are also within the project scope. The principal beneficiaries are the Ministry of Finance and Ministry of Economic Planning and Development. The Department of Economics of Chancellor College also became a full beneficiary in 2004/2005.*

### *Project implementation*

*The project became operational only in June 2003 due to difficulties in establishing the Project Support Unit (PSU). As a result, the project end date has been extended from 31.12.2005 to 31.12.2007. The €9m has been nearly fully committed and some €5.4m has been disbursed. The amount disbursed can be broken down approximately as follows:*

- Ministry of Economic Planning and Development (MEPD) €1,257 m*
- Ministry of Finance (MoF) €1,012m - Technical assistance to the NAO Support Unit*

*(part of the MoF) €0,670m - Extension to the MoF building to house the NAO Support Unit (Works completed Dec 2005) €0,35m*

- Department of Economics of Chancellor College (DOECC) €0,350m*
- Project Support Unit (PSU) running costs (including Technical Assistance) €1,305m*
- Other Project Common Activities €0,14m -Project Set-Up 0,3m*
- Other Technical Assistance €1.69m*

*As concerns the Ministry of Economic Planning and Development, about a half of the expenditure has*



been for training. This ranges from sending officials abroad to pursue postgraduate studies, to carrying out induction and refresher courses for economists, and office skills training for secretaries and other staff. About a third of the expenditure has been on studies and consultancies such as the African Peer Review Mechanism study and the preparation and further development of the Malawi Poverty Reduction Growth and Development Strategy (MPRSMGDS).

For the Ministry of Finance, the expenditure pattern is somewhat similar. Under the training component, the MoF has sent some 20 officers on short-term secondments to Tanzania to gain practical experience on topics ranging from budgeting and financial monitoring to treasury operation and debt management. The MoF studies carried out range from a study on expenditure monitoring and accounting for and a strategic review of the Medium-term expenditure Framework (MTEF), to training needs assessment for both the ministry and the Accountant-General's Office. An important part of the support to the MoF has been in developing a framework for improving public finance and economic management. As concerns the DOECC, about half the expenditure has been for the construction of a library and computer room and the purchase of furniture. The remainder has been spent on various aspects of teaching and research programmes. There has also been support to policy coordination to the Office of the Vice President and this will be now under the Office of the President and Cabinet.

The PRBS 1 programme was amended through a Rider 1 in June 2006. This will allow for the implementation of the component 1 and 2 of the TA envelop (PFM and National Audit Office support) to be implemented through an Administrative Agreement with the World Bank. The Agreement is expected to be signed by mid-2007 (Annex 4 Poverty Reduction Budgetary Support 2)

The €4m for strengthening public finance management in the period 2007 to 2010 is tentatively allocated as follows:

**Table 55: Poverty Reduction Budget Support 2**

Support to Public Finance Management Action Plan €	€1,500,000
Support to	MGDS Monitoring & Evaluation programme (2nd Phase) €1,000,000
Studies, PFM Assessment, TA on Indicators, Evaluation and Audits	€1,000,000
Contingencies	€500,000

Source: PRBS2

There was no disbursement made as at Dec 2006 on the TA component of the PRBS2.

**Judgement criterion n° 8.3: EC budget support contributed to increase channelling of funds by GoM towards pro poor expenditures (in terms of budgeted and actual expenditures).**

The purpose of this JC is to check the relation between the explicit support to Poverty reduction strategy and an expected greater coherence between the budget and the Poverty Reduction strategy.

The apparent shift in the policy formulated in the Malawi Growth and Development Strategy (2006-2011) from social consumption to sustainable economic growth and infrastructure development did not in practice have a significant impact on the “pro-poor expenditures” despite renewed difficulties for reaching a consensus in strictly defining them. The consensus exists however on the scrutinised sectors concerned by pro-poor expenditure among which Health and Education

However an analysis on budgetary allocation (and outcomes) to Ministries of Health and Education for the period under review indicated that the Ministry of Health captured the increase of funds available better than the Ministry of Education. In turn, the PAF indicators on Health outcome performed more satisfactorily than those related to education. But the best capture of funds has been performed by the Farm Input subsidy program, with a direct link with improved agricultural production. The results from the PAF and budget analysis in terms of appropriations **(I.8.3.1)** and outturns **(I.8.3.2)** confirm the expected strong correlation between the Government expenditure and the outcomes at the sectoral levels: the share of budgeted and actual expenditure for health increased for the period and the indicators monitored in the PAF improved, whereas the budgeted and actual public expenditure for Education eroded and the related monitored indicators in the PAF stagnated.

This result indicates that EC budget support contributed to increase channelling of funds by GoM towards pro poor expenditure in conjunction with other elements able to develop positive synergies: this is particularly clear in the fields of Health in general and HIV/AIDs in particular.

**Indicator n°8.3.1: Increased allocation of pro-poor allocations (Health, Education) in the Government budget during the period under review**

**Findings at indicator level:**

Background on the ongoing Poverty Reduction Strategy

As described by the President himself, “*The Malawi Growth and Development Strategy (2006-2011) is a policy shift from social consumption to sustainable economic growth and infrastructure development (Presidential Statement to MDGS 2007\*)*”. Even though intended actions are more focussed on boosting the economic growth for a greater share benefiting to poor people, the overall goal remains to develop “*human capital for full participation in the socio-economic and political development of the country*”.

The strategic shift between the 2002 MPRS and 2006 MGDS raised the issue of the budgetary allocations as a benchmark to achieve the objectives as the priority previously given to monitoring pro-poor expenditure was overridden by a stronger stain on pro-growth activities.

In practice however the focus on pro-poor expenditure remained subject of maintained scrutiny from the donors The CABS Performance Assessment Framework (PAF) monitored for instance an indicator related to the Government’s overall budget commitments to key public services whereas the IMF formulated a floor on social spending in its 2010 ECF under which the *social spending allocations in the government budget should not be adjusted downward to meet fiscal targets of the program*.

The Government was thus committed to continue to closely monitoring the pro-poor expenditure despite their various definitions, which discouraged a deeper analysis for a long period: MoF developed an *output-based budgeting following the recommendation in Public Finance Management Reform in Malawi SIDA Country Econ. Report (2005)*, long presented its budget around the 4 pillars of the MPRSP, then around the 5 MDGS themes after 2006. A further series of tables summarizes the budget by Programme (19) and Sub-Programmes (almost one hundred) (Table 9 Approved financial statement 2010/11\*). In addition the pro poor expenditure monitored under the IMF/ECF were defined by the specific wages and ORT expenditure at the central level as well as in the local assemblies and under the subvented organizations for health education and agricultural input subsidies.

As mentioned in the previously<sup>72</sup> the actual Donors’ disbursements substantially allowed to the execution of the expenditures programmed in the budget: whereas the domestic budgeted revenues

<sup>72</sup> Refer to I.7, I.7.1.2 and I.8.1.2

to the national budget increased at an average yearly pace of 37% between 2004/05 and 2009/10, the budget support budgeted disbursements increased by 72%. The Donors' contribution to the budget is even more significant with the actual figures as the average yearly increase of the actual revenues between 2004/05 and 2008/09 was of 46% for the total budget, (44% for recurrent and 55% for development expenditure) when the average increase in the domestic actual revenues picked at 11% only in the same period, indicating that the difference was provided by Budget Support.

Within the CABS group, an attempt was made to monitor the pro poor expenditure. However, as indicated in the table below, the definition of indicators and measures changed over the review, preventing from having a clear picture of the evolution over the period. The Public Finance Management concerns related to the credibility of the budget combined with a close monitoring of ORTs in Health and Education, was abandoned after 2008 review. It was replaced by a focus pro-poor expenditure which shifted in 2009 towards a monitoring of Budgeted Other Recurrent transactions on essential public services.

Table 56: Primary Information extracted from CABS Reviews

Indicator	Measure	Primary information extracted from CABS March reviews March				
		2006	2007	2008	2009	2010*
Budget Outturn	Variance in actual expenditure composition/ budgeted		The target was achieved. Variance in expenditure composition exceeded overall deviation in primary expenditure by 2% - within the 10% limit.	The target was achieved. Variance in expenditure composition exceeded overall deviation in primary expenditure by 9% - within the 10% limit.		
	Budgeted ORT appropriations			The target was achieved. ORT appropriations for the selected institutions in 2007/08 increased to 16.0% of Primary expenditure from 13.6% in the baseline year of 2005/06		
Pro-Poor expenditure	Proportion of national budget spent on protected pro-poor expenditures (PPPEs)	Target Not achieved Total PPE/Total Expenditure = Actual 2004/05 14.1% whereas the target was fixed at 18.9%				
	Variance in actual PPE expenditure composition/ budgeted		The target was achieved. Variance in actual PPE expenditure exceeded overall deviation by 0.5% - within the 5% limit.			
	Expenditure on essential public services				Achieved: The approved budgeted ORT primary expenditure was 17.97% in 2008/09 which was higher than that of 2007/08 which was 15.98%	fully achieved : budgeted ORT for 2009/10 was at 9.6% which was 2% higher than the 2007/08 proportion
Health expenditure	Health ORTs disbursement to Health ORTs as a share of discretionary disbursement to discretionary expenditure	Target achieved. Ratio is 8.1% in budget and 9.1% for actual. (Consultant report provided by GoM)				
	Variance in actual health expenditure composition/ budgeted		The target was not achieved Actual ORT expenditure was 35.7% above budget while overall deviation was minus 16.4%.			
Education Expenditure	Education ORTs disbursement to Education ORTs as a share of discretionary disbursement to discretionary expenditure	Target Not achieved. Ratio is 5.6% in budget and 4.6% for actual. (Consultant report provided by GoM)				
	Variance in actual Education expenditure composition/ budgeted		The target was not achieved. Actual ORT expenditure was 33.2% above budget while overall deviation was minus 16.4%.			

\* March 11 review draft report not available during the Field mission (May 2011)

However, a further analysis related to the budgetary allocations (at the central level) on the three major areas scrutinised by IMF under the current program, (Health Education and Agriculture inputs subsidy program) for the period under review indicated the tendencies summarized in the table below:

**Table 57: Increase in the budget expenditure of Ministry of Health and Education for the period under review**

	2003/04 Approved	2004/05 Approved	2005/2006 Approved	2006/2007 Approved	2007/2008 Approved	Approved 2008/09	2009/10 Approved	2010/11 Estimates	Average yearly increase of the approved budget
<b>Total expenditure</b>	56.789.504.764	89.888.000.000	118.801.000.000	141.309.230.049	189.760.378.160	229.524.410.878	254.769.062.591	294.784.000.000	60%
<i>Total Recurrent</i>	41.374.802.559	66.025.000.000	84.138.000.000	92.948.572.780	126.978.016.149	172.307.592.605	188.181.403.429	216.907.000.000	61%
<i>total development</i>	15.414.702.205	23.863.000.000	34.663.000.000	48.360.657.269	62.782.362.011	57.216.818.273	66.587.659.162	66.588.000.000	47%
<b>Mo Health Expenditure</b>	5.559.404.044	9.138.600.000	8.703.752.857	10.942.466.752	18.295.416.247	23.178.746.334	22.900.355.811	25.569.227.545	51%
<i>Recurrent</i>	3.654.299.584	4.849.000.000	6.982.952.857	7.838.692.752	13.230.373.247	16.307.776.077	18.058.898.811	21.879.227.545	71%
<i>Development</i>	1.905.104.460	4.289.600.000	1.720.800.000	3.103.774.000	5.065.043.000	6.870.970.257	4.841.457.000	3.690.000.000	13%
<b>Mo Health' share</b>	<b>9,79%</b>	<b>10,17%</b>	<b>7,33%</b>	<b>7,74%</b>	<b>9,64%</b>	<b>10,10%</b>	<b>8,99%</b>		
<i>Recurrent</i>	8,83%	7,34%	8,30%	8,43%	10,42%	9,46%	9,60%		
<i>development</i>	12,36%	17,98%	4,96%	6,42%	8,07%	12,01%	7,27%		
<b>Mo Education Expenditure</b>	8.834.889.275	10.638.611.965	12.145.726.385	15.782.554.189	17.576.958.772	19.321.533.840	24.535.443.972	35.326.152.383	43%
<i>Recurrent</i>	6.532.889.275	7.904.511.965	9.361.046.385	11.153.554.189	12.552.512.772	15.741.267.480	19.386.881.557	31.745.760.383	55%
<i>Development</i>	2.302.000.000	2.734.100.000	2.784.680.000	4.629.000.000	5.024.446.000	3.580.266.360	5.148.562.415	3.580.392.000	8%
<b>Mo Education's share</b>	<b>15,56%</b>	<b>11,84%</b>	<b>10,22%</b>	<b>11,17%</b>	<b>9,26%</b>	<b>8,42%</b>	<b>9,63%</b>	<b>11,98%</b>	
<i>Recurrent</i>	15,79%	11,97%	11,13%	12,00%	9,89%	9,14%	10,30%	14,64%	
<i>development</i>	14,93%	11,46%	8,03%	9,57%	8,00%	6,26%	7,73%	5,38%	
<b>Smallholder Farm Input Subsidy Program</b>	pm* 151300000	2.500.000.000	4.757.000.000	7.660.000.000	11.500.000.000	19.400.000.000	20.913.650.000	19.675.920.000	131%
<i>Input subsidy progr. share</i>	Na*	2,78%	4,00%	5,42%	6,06%	8,45%	8,21%	6,67%	

Pm/NA\* : reservations on the primary data collected

The budgeted allocations to the Agricultural Subsidy program increased much quicker for the period under review than the total budgetary allocations: they more than doubled between 2004/05 and 2007/08, with a jump from 2,78 in 2004/05 to 6,06 in 2007/08, up to 8,45% in 2008/09, before reaching back 6,45% in the approved 2010/11 budget. However, the sustained high fertilisers prices on the world's market raises further concerns about the actual expenditure to be expected at the end of the fiscal year on this item.

With an average increase in the total budgetary allocation of 51 and 43% respectively over the increase of 60% for the total budget between 2003/04 and 2010/11, the respective shares of Ministries of Health and Education slightly eroded over the period from 9,79% and 15,66% of the total budgetary allocation in 2003/04 to 8,99% and 11,98% in 2010/11. This trend is mainly pushed by a limited yearly increase in the Health and Education Development budgets (+13%, +8% respectively) from the average increase in the total Development budget of 47% for the same period. The Ministry of Education's share for development's expenditure dropped thus by 2/3 during the period from 14,93% in FY2003/04 to 5,38% in FY 2010/11. And whereas the recurrent expenditure increased in larger proportion for the Ministry of Health than for the total recurrent budget (+71% versus 61%), Ministry of Education's recurrent allocation increased by a yearly 55% only. Budget support did not result in increased allocation of pro-poor allocations (Health, Education) in the Government budget during the period under review



**Table 59: Summary Progress of Sectors According to Annual MGDS Reviews**

**Figure 13 – Summary Progress of Sectors According to Annual MGDS Reviews**

Area	Assessment of Performance 2008/9	Assessment of Performance 2007/8	Assessment of Performance 2006/7
Agriculture and Food Security	Above average	Above average	Above average
Irrigation and Water Development	Above average	Average	Below average
Transport Infrastructure Development	Above average	Above average	Below average
Energy Generation and Supply	Average	Below average	Above average
Integrated Rural Development	Average	Above average	Above average
Nutrition, HIV and AIDS	Above average	Above average	Above average
<b>Theme 1: Sustainable Economic Growth</b>			
<b>1.1 Trade and Private Sector Development</b>			
Trade and Private Sector Development	Average	Average	Average
Mining Sector	Above average	Average	<i>Not assessed</i>
Tourism	Above average	Average	<i>Not assessed</i>
Culture	Average	Average	<i>Not assessed</i>
<b>1.2 Conservation of the Natural Resource Base</b>			
Fisheries Sector	<i>Not assessed</i>	Average	Below average
Forestry Sector	Average	Average	Below average
Environmental Sector	Above average	Average	Average
Wildlife	Average	Below Average	Below average
Lands and Housing	Average	Average	Below average
<b>Theme 2: Social Protection and Disaster Management</b>			
Social Protection and Disaster Management	Above average	Below Average	<i>Not assessed</i>
<b>Theme 3: Social Development</b>			
Health Sector	Average	Average	Above average
Education	Average	Average	Below average
Gender	Above average	Average	Below average
Youth and Sports Development	<i>Not assessed</i>	Average	<i>Not assessed</i>
<b>Theme 4: Infrastructure Development</b>			
ICT, Research, Science and Technology	Average	Below average	Above average
Air and Rail Transport	Below average	Average	Below average
<b>Theme 5: Improving Governance</b>			
Economic Governance	Average	Average	Above average
Democratic Governance – ACB	Above average	Average	Above average
Democratic Governance – Justice and Rule of Law	Average	Below average	Below average

IMF ECF TMU 2010. In Staff Report on Article IV consultation, Feb 24<sup>th</sup> 2010 (p.83)

### G. Floor on Social Spending...

38. Definition of social spending: Social spending is computed as the sum of central government spending on health, education and the fertilizer subsidy as articulated in the central government budget for a particular fiscal year. In order to maintain Malawi's commitment and progress towards poverty reduction and the MDGs, the social spending allocations in the government budget will not be adjusted downward to meet fiscal targets of the program and its follow up by MoF (internal file by Budget Division).



**Table 60: Malawi Actuals and Estimates 2007-2011**

	2007/2008 Actuals	2008/2009 Actuals	2010/11 Estimates
<b>Health Expenditure</b>			
<b>Wages</b>	<b>4.944.593.097</b>	<b>6.745.103.359</b>	<b>10.543.193.493</b>
<b>Other Recurrent</b>	<b>15.932.552.024</b>	<b>18.519.089.598</b>	<b>20.845.135.247</b>
<i>Ministry of Health ORT</i>	<i>8.963.191.390</i>	<i>10.279.035.598</i>	<i>11.336.034.053</i>
<i>Am which Health swaps ORT</i>			
<i>Local Assemblies Recurrent</i>	<i>6.784.160.634</i>	<i>8.060.000.000</i>	<i>9.172.388.280</i>
<i>Subvented Organisations</i>	<i>185.200.000</i>	<i>180.054.000</i>	<i>336.712.914</i>
<b>Development</b>	<b>4.065.419.931</b>	<b>4.412.036.907</b>	<b>3.690.000.000</b>
<i>Financed through discrete project accounts (Part I)</i>	<i>3.491.001.000</i>	<i>3.489.000.000</i>	<i>2.090.000.000</i>
<i>Pooled financing</i>	<i>574.418.931</i>	<i>923.036.907</i>	<i>1.600.000.000</i>
<b>Total Health</b>	<b>24.942.565.053</b>	<b>29.676.229.865</b>	<b>35.078.328.739</b>
<b>Education Expenditure</b>			
<b>Wages</b>	<b>11.815.330.057</b>	<b>15.007.448.548</b>	<b>21.332.082.991</b>
<b>Other Recurrent</b>	<b>10.370.451.596</b>	<b>12.816.373.825</b>	<b>21.028.607.477</b>
<i>Ministry of Education Recurrent</i>	<i>2.923.596.399</i>	<i>3.919.030.562</i>	<i>10.413.677.392</i>
<i>Local Assemblies Recurrent</i>	<i>423.776.752</i>	<i>487.343.263</i>	<i>1.535.220.085</i>
<i>Subvented Organisations</i>	<i>7.023.078.445</i>	<i>8.410.000.000</i>	<i>9.079.710.000</i>
<b>Development</b>	<b>4.832.171.095</b>	<b>2.945.510.027</b>	<b>3.580.392.000</b>
<i>Financed through discrete project accounts (Part I)</i>	<i>4.678.084.000</i>	<i>2.699.276.160</i>	<i>2.380.000.000</i>
<i>Pooled financing</i>	<i>154.087.095</i>	<i>246.233.867</i>	<i>1.200.392.000</i>
<b>Total Education</b>	<b>27.017.952.748</b>	<b>30.769.332.400</b>	<b>45.941.082.468</b>
<b>Smallholder Farm Input Subsidy Program</b>	<b>14.377.973.186</b>	<b>39.202.616.729</b>	<b>19.675.920.000</b>
<b>Total Social Expenditure</b>			

Source file from the Budget Division MoF

CABS Budget analysis 2009/10

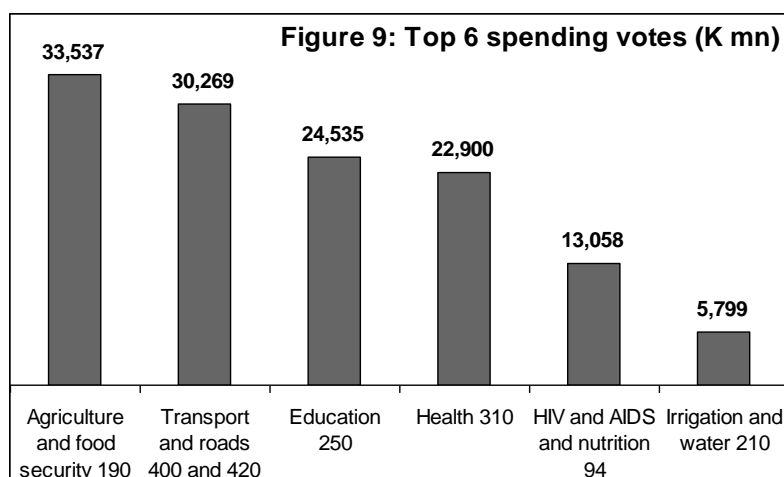
**What is Government prioritizing in 2009/10? (p.15)**

The budget's allocation across the top priority sectors is broadly similar to 2008/9<sup>73</sup>. 50% of the budget is allocated to agriculture (13%), roads (12%), health (10%), education (9%), HIV and AIDS and nutrition (5%), and irrigation and water (2%). These are the same 6 priority votes as last year.

There are two notable differences in the budget's allocation across these priorities. Firstly, spending per capita has declined in every priority vote except roads and education. Secondly, the ranking of these priorities has changed. While agriculture and food security remains the largest spending vote, health has dropped from second to fourth place. Transport and roads has benefited from a significant scale-up and is now the second largest priority. Education remains in third place but with some growth in resources this year.

<sup>73</sup> Votes 400 and 420 for the Ministry of Transport and the Roads Fund Administration are grouped together to give a better picture of roads sector spending.

Figure 34: Top 6 spending votes



Presidential Statement to MDGS (2007)

" The Malawi Growth and Development Strategy (2006-2011) is a policy shift from social consumption to sustainable economic growth and infrastructure development. To ascertain immediate economic benefits for the people of Malawi arising from this strategic shift, the MGDS will in the next five years place emphasis on six key priority areas (agriculture and food security; irrigation and water development; transport - infrastructure development; energy generation and supply; integrated rural development; prevention and management of nutrition disorders, and HIV/AIDS), which are expected to accelerate the attainment of the Millennium Development Goals (MDGs) in the areas of health, education, gender, environment, and governance"

Public Finance Management Reform in Malawi SIDA Country Econ. Report (2005)

(p. 27) **Currently it is not possible to accurately track voted recurrent expenditures, ORT and personal emoluments, to activities listed in the MPRS.** The reason is that spending is classified as being part of a programme, sub-programme and as a line item. The line items specify costs for inputs, such as fuel, used by a line ministry but they do not include information for what purpose the inputs are used. The line items are linked to the programmes and sub-programmes but these are not related to the activities in the MPRS.

In the HIPC review (World Bank, 2004a) there is an attempt to evaluate whether budget allocations were in line with the MPRS during the fiscal year 2002/2003. This could be done because each ministry was instructed to use the MPRS as a guiding framework and link each of its planned activities to a MPRS activity. Only information of the planned use of ORT could be obtained: there was no information about Personal Emoluments or the Development Budget. Nevertheless, in this way estimates of the ORT shares allocated to MPRS activities could be measured. The exercise showed the shares were broadly in line with the MPRS for ORT. However, there are two weaknesses of this analysis that merit mentioning. **First, it is well known that the budget outturn differs widely from approved estimates of expenditures so we do not know to what extent actual expenditures were based on MPRS.** Secondly, the results may not be due to policy since **there is no clear connection between policy decisions and budget implementation.** To properly link the Budget to the MPRS, output-based budgeting is required, that is, it should be based on activities. Furthermore, Seek (2004) notes the need to link the priorities in the MPRS with the spending priorities in line ministries.

Since the MPRS paper does not contain any details about spending priorities within the line ministries, this is not possible. Moreover, there are administrative and communication problems because the MPRS is handled by the MEPD, while the Budget Department in the MoF prepare the budget.

### Indicator n°8.3.2: Increased share of pro-poor expenditure out-turn during the period under review (compared to the other public expenditures)

#### Findings at indicator level:

The CABS framework attempted to monitor the effective expenditure in a series of indicators related to Other Recurrent Transactions ORT. However, as they changed several time, they could not provide a coherent series for the long term.

**Table 61 : Results on PAF indicators for the Education sector**

				results					
field	Indicator	measure	baseline (date)	2005	2006	2007	2008	2009	2010
source		CABS march version		04/06	05/07	05/08	05/09		NA as of June 1st 2011
Education	Pupil per qualified teacher ratio in primary schools in rural areas	Pupil per qualified teacher ratio in primary schools in rural areas	pm 118:1 (2001)	88:1	90:1	95:1	97:1	1:91	
	Survival rate in standard 5	(i) for Boys (std 5)	51.8% (2005)		53,30%	53.6%	78,00%	53,00%	
		(ii) for Girls (std 5)	47.6% (2005)		52,90%	50.7%	73.6%	51,00%	
	Girl's survival rate in Std 8	(iii) share of girls (Std 8)	22.9% (2005)			26.1%	44.9%	23,00%	
	Primary School Drop Out	Drop Out Rate for up to Standard Five (Male)	20.68% (2004)	9,30%					
		Drop Out Rate for up to Standard Five (Female)	23.05% (2004)	8,10%					
	Primary School Net Enrolment	Net Enrolment Rate (Male)	81% – 2001/2 90% or (+) year 2005	79,00%					
		Net Enrolment Rate (Female)	81% - 2001/2 90% or (+)	81,00%					
	Female Literacy	Female Literacy rate	50.5% (2005)		56,00%				

Further to the analysis of the allocated budgets for Ministry of Health and Education and the agricultural Input subsidy in line with the fields scrutinised by IMF in the reviews of its current ECF program, presented with the previous indicator, the related outturns indicate a sustained commitment from the Government to prioritise the corresponding expenditure during the course of budget implementation.

The share of the Farm Input Subsidy in the actual expenditure is even more important that could have been expected in the respective budgets reaching a minimum share of 9% of total expenditures for 2007/2008 actual

There was a real trend from the Government to prioritise on the Health expenditure during the period under review which also justifies ex post Malawi eligibility to the V. Flex Mechanism by proving its sustained commitment towards pro-poor expenditures.

When the total government expenditure increased by 46% on average during the period 2003/2003 to 2008/2009, the health expenditure outturns increased by 83% whereas the actual expenditure on Education increased by 33% (only).

**Table 62 : Increase in the actual expenditure of Ministry of Health and Education for the period under review**

	2002/03 Actual	2003/2004 Actuals	2004/2005 Actuals	2005/2006 Actuals	2006/2007 Actuals	2007/2008 Actuals	2008/2009 Actuals	Average yearly Increase of the actual budget between 2004/05 and 2008/09
<b>Total expenditure</b>	<b>60.439.287.201</b>	<b>150.288.416.803</b>	<b>100.857.799.388</b>	<b>120.722.380.897</b>	<b>123.434.893.425</b>	<b>159.524.623.821</b>	<b>225.677.150.039</b>	46%
<b>Total Recurrent</b>	<b>52.056.406.543</b>	<b>140.138.164.178</b>	<b>90.266.218.400</b>	<b>105.151.328.896</b>	<b>113.864.492.604</b>	<b>119.542.665.114</b>	<b>189.558.933.091</b>	44%
<b>total development</b>	<b>8.382.880.658</b>	<b>10.150.252.625</b>	<b>10.591.580.988</b>	<b>15.571.052.001</b>	<b>9.570.400.821</b>	<b>39.981.958.707</b>	<b>36.118.216.948</b>	55%
<b>Mo Health Expenditure</b>	<b>3.579.677.967</b>	<b>6.109.608.340</b>	<b>6.384.649.475</b>	<b>6.587.691.253</b>	<b>6.814.143.398</b>	<b>17.973.204.419</b>	<b>21.436.175.865</b>	83%
<i>Recurrent</i>	3.414.600.358	4.001.935.353	5.694.739.412	6.587.691.253	6.814.143.398	13.907.784.487	17.024.138.957	66%
<i>Development</i>	165.077.609	2.107.672.987	689.910.063			4.065.419.931	4.412.036.907	22%
<b>Mo Health' share</b>	<b>5,92%</b>	<b>4,07%</b>	<b>6,33%</b>	<b>5,46%</b>	<b>5,52%</b>	<b>11,27%</b>	<b>9,50%</b>	
<i>Recurrent</i>	6,56%	2,86%	6,31%	6,26%	5,98%	11,63%	8,98%	
<i>development</i>	1,97%	20,76%	6,51%	0,00%	0,00%	10,17%	12,22%	
<b>Mo Education Expenditure</b>	<b>7.406.572.939</b>	<b>8.128.940.144</b>	<b>9.823.385.978</b>	<b>8.599.883.591</b>	<b>11.006.267.622</b>	<b>19.571.097.551</b>	<b>21.871.989.137</b>	33%
<i>Recurrent</i>	5.965.130.462	7.235.262.988	8.000.356.634	8.599.883.591	11.006.267.622	14.738.926.456	18.926.479.109	36%
<i>Development</i>	<b>1.441.442.477</b>	<b>893.677.156</b>	<b>1.823.029.344</b>			<b>4.832.171.095</b>	<b>2.945.510.027</b>	17%
<b>Mo Education's share</b>	<b>12,25%</b>	<b>5,41%</b>	<b>9,74%</b>	<b>7,12%</b>	<b>8,92%</b>	<b>12,27%</b>	<b>9,69%</b>	
<i>Recurrent</i>	11,46%	5,16%	8,86%	8,18%	9,67%	12,33%	9,98%	
<i>development</i>	17,20%	8,80%	17,21%	0,00%	0,00%	12,09%	8,16%	
<b>Smallholder Farm Input Subsidy Program</b>	NA					14.377.973.186	39.202.616.729	NA
<b>Input subsidy progr. share</b>						<b>9,01%</b>	<b>17,37%</b>	

In addition, the variable tranche of EC budget support is conditional to the achievement of indicators on social governance monitored by the CABS group in the joint Performance Assessment Framework (PAF)

Correlated to the previous results, the reconstruction of the whole series of the assessed indicators on social sectors over the period indicates a positive trend for Health indicators whereas the performance of the Education did not record substantial improvements.

In the Education sector, the female literacy rate indicator followed in the earlier versions of the PAF showed an encouraging trend. But it was not updated after 2006. In terms of inputs to the Education system, the ratio of Pupils per qualified teacher improved since the 2001 reference, but it did not substantially improve since 2006, even worsening in 2007 and 2008. In spite of the enthusiastic figures reported for 2008, the conditions for welcoming the rural children did not significantly improve, and the survival in standard 5 did not significantly improve neither for boys nor for girls. A situation likely to be correlated with the relative decrease in Education expenditure noticed for the period under review.

The outcomes in the Health sector are more encouraging, at least in the field scrutinized by the indicators, related to the immunization, the care of HIV positive patients (especially women). The indicator on nutrition initially followed in the PAF was finally dropped, probably because its performance is the result of a combination of exogenous variables

The increased financial inputs in real terms to the system effectively contributed to the improvement of the nurse to population ratio (from 1 to 4000 habitants in 2005 to 1 nurse to 2800 in 2009) as well as to the proportion of birth attended by skilled personnel (from 38% in 2005 to 52% in 2009). The availability of increased inputs at the district level (in terms of trained staff, material and consumables) favourably impacted on the immunization performances (from 79,4% of the children immunized against Measles in 2005 against 88% in 2009) and on the care of HIV positive patients (with the total health facilities in a position to deliver the minimum package in Prevention Mother to Child transmission -!-, whereas 44% could in 2007 and 7% only in 2005). The related activities get however substantial supports from the donors, mainly the Global Fund, which finances 80% of the budget of the National Aids Commission.

**Table 63 : Results on PAF indicators for the Health sector**

				results					
field	Indicator	measure	baseline (date)	2005	2006	2007	2008	2009	2010
source		CABS march version		04/06	05/07	05/08	05/09		NA as of June 1st 2011
Health	Proportion of one year olds immunised (BCG, Pentavalent III, Polio III and Measles)		56%(2002)	80.8% for pentavalent vaccine; 85.8% for OPV (Polio)					
	Proportion of one year olds immunised against measles:	(i) National level	40% (2003)	79.4%	82,00%	80,90%	84,00%	88,00%	
		(ii) Districts below 75% level	4 districts below 75% (June 2007)			12	0	2	
	Proportion of birth attended by skilled health personnel.		40% (2003)	38,00%	40,00%	42,00%	45,00%	52,00%	
	Nurse to population ratio	(i) Registered nurses:	1: 4000 (2005)		1:3653	1: 3304 (June)	1: 3062	1 :2800	
		(ii) Practising nurses	1: 3217 by June 2008						
	Access to Health facilities	Out Patient Department (OPD) Utilisation Rate (per 1000 pop) in rural areas.	960 (2003)	80,00%					
		HIV prevalence among adults 15-49 age group	14.4% (2003 & 2004)	14,00%					
		people alive on ART			Above 60,000				
		HIV/AIDS Indicator	(i) % of health facilities with at least the minimum package of PMTCT services:	7% (2005)			44,00%	83,00%	100,00%
		(ii) % of HIV+ pregnant women receiving complete course of ARV prophylaxis to reduce mother to child transmission:	22% (2007)					66,00%	
	Health/food security – Children	Prevalence of under 5 child malnutrition	25% (1995-02)	22,00%					

In addition, notable results were recorded (at least until 2008) for improving the share of women in a decision making position, but this indicator was not further updated, replaced by indicators more linked to conditionalities on reforms for a better gender balance. The indicator on social protection was followed once in 2007 but not after.

**Table 64: Other results on PAF indicators for the social sectors**

				results					
field	Indicator	measure	baseline (date)	2005	2006	2007	2008	2009	2010
source		CABS march version		04/06	05/07	05/08	05/09		NA as of June 1st 2011
Welfare	Social protection	<i>Social Protection Policy in place.</i>				still in draft			
Gender	Gender Indicator	Women in Decision Making Positions	12.8% 2004	14,82%	18,40%	19,20%	19,20%		
		(i) Affirmative action Plan on recruitment developed by March 2010						Proposal to OPC for approval in March 2010	
		(ii) One gender audit focussing on recruitment in the civil service conducted by December 2009						completed in Feb. 2010	



As a conclusion, EC budget support contributed to an increased share of actual spending on pro-poor expenditure (defined as sectoral allocations to Health and Education) in combination with substantial other donors' commitments, particularly in the health sector and in the field of HIV.

**Data and sources:**

*EU PFM Annual monitoring report Malawi, 6 Dec 2010*

*(p. 4) Progress has been made in reducing the backlog of external audit reports of GoM accounts. The latest audit report to be submitted to Parliament is for 2007/08 fiscal year. However, meeting the statutory deadline for submission to Parliament still remains a challenge mainly due to delays in the preparation of financial statements. The Audit report for 2007/08 was submitted to Parliament in March 2010 after the deadline of December 2009. Submission of audit reports to the National Assembly has always passed the statutory deadline until now largely because the Auditor General has been working on clearing of the backlog of unaudited financial statements. GoM is confident that audit reports will be finalised in time and within the statutory deadlines once the roll-out of IFMIS has been completed. (JAR 2008 9) (p. 8/9 Public Financial Management)*

***With the appointment of the Auditor General in May 2008, the long overdue audited accounts of FY 2004/05 and FY 2005/06 were certified and transmitted to Parliament by end of December 2008. The accounts for 2006/07 are reportedly about to be certified and submitted to Parliament in the first quarter of 2009. The submission to Parliament is in itself a major achievement because gives the opportunity to the relevant committee, dominated by the opposition like all parliamentary committees in the current Parliament in Malawi, to exercise its oversight and control role.***

*Public Finance Management Reform in Malawi SIDA Country Econ. report (2005)*

*(p. 27) The 2004/05 Budget draws on the Staff Monitored Programme (SMP) and there is little scope for allocating resources according to the MPRS because of the large interest bill and the need to reduce domestic debt. The difficulty of forming a budget in line with the MPRS can be appreciated by taking into consideration that during the fiscal year 2003/04 non-discretionary expenditure was estimated to be almost 70% of total domestic expenditures, out of which the interest bill contributed with 28.4 percentage points (see Whitworth, 2004):*

## 1.9 Governance

***Evaluation Question n°9: To what extent has EC support to Rule of Law (civic education (NICE) and justice) and NSAs contributed to increased participation and oversight of civil society in Governmental and parliamentary decision making processes in Malawi?***

***Judgement criterion n°9.1: Improved capacity of NSAs to contribute to debate on social and governance issues.***

Institutionalisation of structures for civic education is a key issue in sustainability and continuation of NICE services. It has been agreed that NICE will become an autonomous public trust such that in the coming years the EC exit strategy is to phase out support over a 5 year period as GoM builds up its proportion of funding. GoM have made commitments to this effect but an obvious risk to continuity would be any shortfall in government contribution. A further issue is perceived by some observers as a loss of independence if NICE becomes dependent upon government funding although on the other hand these same observers do acknowledge that civic education is a responsibility of government. The significance of the recent establishment of a new ministry (Ministry for Information and Civic Education – MICE) with presumed mandate for oversight of NICE is not yet clear.

Meanwhile the role of NSAs and CSOs and their legal status in this context of changing arrangements for civic education and participation continues to be important (and the Local Government Act provides for CSO participation in local governance and advancement of democratic principles and for CSOs to be able to monitor proceedings of assembly committee meetings). It is neither straightforward nor cheap to establish and continue operations as an NGO. Many NGOs view the NGO Act as more a mechanism of government control of their activities than a regulatory instrument. In particular the NGO Board has powers to reject any application and strike off a registered body on very loosely defined grounds. Thus there is scope for more equitable or even-handed registration of NGOs but there is no reported current legislative reform activity.

There is increasing scrutiny of budgetary decisions of government by CSOs but such scrutiny is not always welcomed (or perhaps taken into account) by government. Invitations are issued by government (but not always) to CSOs (especially specialist technical and professional bodies) to participate in pre-budget consultations but the outcome of such consultation is not always clear. However, in terms of monitoring of implementation and service delivery the role of CSOs is more focussed and activities are more vigorous. Budget allocation decisions (particularly in social sectors [education and health] and to environmentally sensitive issues) are subject to CSO comment as is the resultant delivery of services at local levels.

The linkage between NSAs and parliamentary committees is less direct. Few parliamentary committees are actually functional and this functionality is entirely due to donor funding. Also the role of such committees appears to be ineffective as reporting back to parliament does not always take place and parliament meets infrequently. Thus linkages between NSAs and committees are generally infrequent and ineffective. EC support to NSAs has contributed to improved oversight but not directly to oversight of parliamentary activity but rather to monitoring and accountability of service delivery.

There is evidence of networking of NGOs and cooperation between stakeholders not only as regards civic education but also other fields of operation. CONGOMA is the national body for coordination of NGO activities with those of other stakeholders (government, donors, private sector) but many national NGOs have linkages to other (better resourced) international NGOs operating in Malawi.

National CSOs have many constraints to their activities and effectiveness. Many are reliant on donor or other external funding to support what is often a weak, and without continuing external support, unsustainable capacity and resources. Also, even after more than 15 years of democracy their role is not fully accepted and understood by government (as discussed above). There have been much support to NSAs/CSOs by many donors but it is generally recognised that although there has been very real capacity building of NGOs (EC has supported such capacity building under ROL going back to the EDF7) sustainability of such capacity has in many cases proved elusive.

Overall, EC support has encouraged the formation of strategic alliances between national NGOs and other stakeholders (government, donors, private sector, international NGOs and other bodies) in order to coordinate their activities so as to have a greater impact but most common linkages are cooperation

agreements of local NGOs with better resourced international NGOs and donor support<sup>74</sup>. However, no evidence has been examined to suggest that such alliances have increased sustainability of national NSAs

### **Indicator n°9.1.1: Extent and nature of NSA involvement in programming, decision making and monitoring is appropriate and improved**

#### **Findings at indicator level:**

With the introduction of multi-party democracy in 1994, CSOs have participated in policy making by submission to government when legislation is being drafted or by lobbying the relevant ministry or parliamentary committee (invitations for such submissions are sometimes, not always, issued). However, it is reported that some commentators are sceptical stating 'that it is merely window dressing and resultant legislation rarely takes notice of CSO concerns'.

It is widely recognized that NICE continues to play a major role in the democratization programme and the national outreach network of NICE (>8000 para-civic educators) is used by many government and non-government organizations to disseminate information to district, community and village levels. It is also recognized that there is a continuing need for NSA services to the poor and to citizens to participate in democratic processes at local levels including NSA monitoring of GoM compliance with national legislation and international protocols. CSOs have attempted to mobilise public opinion through promotion of accountability and responsibility (most notably FDE, a coalition of CSOs including the Christian churches) against the proposed amendment to the constitution to permit a third term for President Muluzi). The advent of multi-party democracy brought a rapid expansion in the number of CSOs and their fields of operation, especially in governance issues. This situation was unfamiliar for both CSOs/NGOs and government with no history of collaboration (or even questioning government proposals and actions). The current relationship between CSOs and government, especially in areas of democratization and governance ('technical' issues tend to be less polarizing) is uneasy and can be conflictive, especially regarding management of state resources, policy making and legislation such that government has accused CSOs of interference in affairs of state, politically motivated, lacking transparency and accountability and serving the interests of CSO funders. Continuing donor support to NSAs is proposed to include grants from the Civic Society Fund (DFID, Irish Aid and EU).

#### **Data and sources:**

##### Supporting Evidence

*'Democratisation has paved the way for CSOs to participate in policy making. One way is by making submissions to government when legislation is being formulated .....'* (Consolidating Democratic Governance in Southern Africa: Malawi Sida, 2006 p. 53)

*'CSOs can also influence events by mobilising public opinion for or against a certain policy. In so doing they promote accountability and responsibility'* (Consolidating Democratic Governance in Southern Africa: Malawi Sida, 2006 p. 53)

*'Citizens struggle to have their voices heard and to hold government accountable for public services but they are increasingly being assisted by NSAs that play a key role in facilitating democratic accountability'* (Action Fiche, Democratic Governance Programme FED/2009/22-020 p. 1)

*'Its outreach structure (NICE) has been used by other stakeholders (including NSAs) as a launching pad to reach rural populations for various initiatives related to democratisation'* (Technical and Administrative Provisions, Democratic Governance Programme FED/2009/22-020 p. 1)

*'The Local Government Act also provides for the participation of CSOs in the process and for the advancement of local government democracy and good governance .... in this case civil society groups use this opportunity to influence monitor and contribute to the proceedings and activities of assemblies and their committees'* (Final Evaluation, Malawi-German Programme for Democracy and Decentralisation, gtz, 2009 p. 75)

*'It is vital to encourage active involvement of the business sector and NGOs .... in devising national anti-corruption strategies and programmes'* (Final Report, Governance and Corruption Baseline Survey 2006)

*A broad cross section of stakeholders has contributed to the EDF MTR. The review guidelines were widely circulated including i.e. the national parliament, local authorities, NSAs and EU MS. Special meetings took place to discuss the process and results with NSAs. Representatives from most stakeholders attended a*

<sup>74</sup> There are also some links to government – usually acting on behalf of GoM or sector agencies as a service provider (e.g. HIV/AIDS sensitisation as a component of road works contracts).

consultation workshop to finalise the in-country part of the MTR review.....A number of meetings were held with locally represented EU MS to prepare assessment fiches (Main Conclusions, MTR EDF10, October 2009)

#### Detracting Evidence

'...many commentators are sceptical of this procedure (CSO participation in policy making) saying that it is merely window dressing and that the resultant legislation rarely takes note of CSO concerns' (Consolidating Democratic Governance in Southern Africa: Malawi Sida, 2006 p. 53)

'Regarding support to NSAs working on democratic accountability there is still room for improvement on harmonisation'

*Technical and Administrative Provisions, Democratic Governance Programme FED/2009/22-020*

... there are many problems and challenges confronting each of these organisations (CSOs) and these limit the impact of citizens' participation. Relations between GoM and civil society have not yet evolved into a state of understanding and collaboration ... sustainability ... is a critical problem with most of the bodies having challenges in terms of capacity and resources ... these challenges restrict their proactive role' (Consolidating Democratic Governance in Southern Africa: Malawi Sida, 2006 p. 539)

'The citizenry as a whole is only slightly involved in the process of economic policy formulation through civil society' (Final Evaluation, Malawi-German Programme for Democracy and Decentralisation, GTZ, 2009 p. 94)

'The dissolution of elected councils has made it difficult to convey messages on decentralization to the public but the almost total lack of public debate .... indicates that the population is not very concerned with the absence of elected councils or is too frustrated with politics to bother' (Final Evaluation, Malawi-German Programme for Democracy and Decentralisation, GTZ, 2009 p. 94)

Given the current political climate there is widespread agreement that NSAs need a more coordinated and strengthened response to GoM.' (Final Evaluation of the Capacity Building Programme for NSAs in Malawi, March 2011)'

'The relationship between CSOs and government especially in the areas of democracy and good governance has been tenuous and conflictive. CSOs often feel marginalized and side-lined in the process. Government has accused CSOs of interfering in matters of state and of being partisan. (Consolidating Democratic Governance in Southern Africa: Malawi Sida, 2006 p. xix)

### **Indicator n°9.1.2: Change of legal frameworks for more effective operation of NSA/CSOs**

#### **Findings at Indicator Level:**

The Malawi constitution recognizes the existence of CSOs and government should encourage the existence and role of NGOs. Most NGOs are registered under the Trustee Incorporation Act 1962 although others are registered under company registration legislation. The 2001 NGO Act stipulates the further registration of all NGOs with the NGO Board and Congoma (Council for NGOs in Malawi). NGOs have to be registered with Congoma as a pre-condition for registration with the NGO Board and to supply a letter of permission to operate from the parent ministry. The NGO Board is a regulatory body for all NGOs operating in Malawi (national and international) and annual reports of activities and audited accounts have to be submitted. The registration process for NGOs is expensive:

- registration as a company limited by guarantee (MKW10000);
- registration as a trust under the Trustees Incorporation Act (MKW15000);
- registration as an NGO with Congoma (MKW12000/year);
- registration as an NGO with the NGO Board (MKW18000/year

i.e. at MKW40000 in the first year of operation to which should added typically >MKW40000 for auditors fees and >MKW10000 for NGO accountants. This can be onerous for small national NGOs.

At least two directors must be of Malawi nationality and the NGO Board has the power to reject any application or strike off a registered body 'if there are sufficient and satisfactory reasons so to do'.

The Ministry of Gender, Women, Youth and Community Services is responsible for CSO issues.

Some NGOs perceive the NGO Act as a government control mechanism. CSOs are required to make a commitment that they will not be involved in partisan activities/politics and to supply to government:

- certified copy of the CSO governing instrument;
- accounts of activities during the past year (including audited financial statement);
- activity plan for the coming year;

Contact details;

Names of trustees, directors, officers and auditors;

In 2002 a consortium of NGOs raised an objection to the NGO Act (on the grounds that it was not in line with the spirit of the constitution) with ministerial reaction that alleged some CSOs were forming

associations without informing government. Since then relations have been calmer but some tensions remain (see also I 1.3 above).

Details of all sources of funding.

In summary it is neither straightforward nor cheap to register and operate as an NGO in Malawi and some NSAs view the NGO Act as more a government control mechanism than a regulatory measure. There are thus calls for review of national policy framework and legislation and registration procedures but there has been little action by GoM in response to these recommendations.

Oversight of the executive is through parliamentary committees which, in general, are under-funded and under-resourced. Although annual parliamentary and Coordination Committee budgets are prepared, the budget is subject to cuts by the executive. Some donors are supporting some of the parliamentary committees and these are reported to be the only active committees (7/13 committees) [which raises interesting issues of donor-dependency of a sovereign body]. However, there are reported to be other issues which impact upon the effectiveness of the committee system (e.g. the cross-party set-up of committees does not seem to be accepted (by the executive) and reporting back to the full house does not always take place). A further issue is that parliament does not, in practice, have a fixed sitting calendar and meets only when funds are made available (by the executive) or the executive wishes to pass legislation. In this situation the linkages between NSAs and parliamentary committees are intermittent and ineffective on the whole. A 2004 survey on political culture found considerable scepticism of this system among the public and CSOs.

The draft 'Guidelines for Cooperation between NSAs, GoM and EU, February 2011' are potentially significant noting that NSAs have a legal right to participate in EU funded projects and programmes and policy dialogue as enshrined in the Cotonou Agreement. However, the guidelines have not been ratified by the various partners and in the current difficult relationships between GoM and NSAs such agreement may not be high on the government agenda.

#### **Data and sources:**

*Consolidating Democratic Governance in Southern Africa: Malawi, EISA Research Report N°33, Sida, 2007; Incorporation Act 1962; NGO Act Ch.4 Citizen Participation, pp. 51 –54*

*Result 2. Networking and cooperation with other role-players and stakeholders in the area of civic education at national and district level is increased.*

*Result 3. A broad base of Malawian civil society organisations is capable of engaging themselves in activities that ensure citizens participation in decisions affecting them and their development, and to raise and manage funds to do so.*

*(Annex II, Financing Agreement 9ACP MAI 23 p.8)*

*Recognising the critical role of NSAs in assisting citizens to claim rights and services and to hold government to account, this activity seeks to support NSAs working for increased democratic accountability.*

*(Annex II to Financing Agreement EDF10 Democratic Governance Programme, p.8)*

*EC dialogue with NSAs remains very open and constructive. NSAs play a positive role both in terms of policy dialogue and in terms of vehicles for implementation of development programmes. NSAs contribute regularly to the drafting of the JAR. Representatives of NSAs active in the governance area are in close contact with the Delegation. NSAs are also involved in the sugar steering committee and were involved in the preparation of the new Stabex FMO. (2008 JAR p. 4)*

*In line with the relevant provision of the Cotonou Agreement the European Union is supporting a Capacity Building Programme for Non-State Actors in Malawi (9 ACP MAI 28 - €5.0m; August 2006 –December 2010) with the aim of building capacities of local non-state actors to effectively contribute to the development process. The programme has five objectives as follows: (i) develop institutional capacity of Malawian NSAs in project and organisational management; (ii) develop capacity of NSAs to provide efficient and effective service delivery; (iii) strengthen NSA influence on development and implementation of GoM policies, strategies and programmes; (iv) increase effective cooperation between Malawian NSAs and Government; and (v) increase effective cooperation between Malawian NSAs, GoM and the EC.*

*The programme achieved a number of milestones. To develop institutional capacity, efficiency and service delivery effectiveness of Malawian NSAs in project and organisational management, training manuals were developed and a service provider will be recruited soon as well as capacity building activities will begin soon eventually addressed to 20 NSAs for €1.5m. To strengthen NSA influence on development and implementation of GoM policies, strategies and programmes, increase effective cooperation between Malawian NSAs and Government and increase effective cooperation between Malawian NSAs, GoM and the EC, the NSA Programme organised a two days national conference, which was aimed at enhancing*

*dialogue between GoM and NSAs in the spirit of the Cotonou Agreement. 2008 JAR p. 20*

*Non-State Actors (NSAs) in Malawi have effectively played a double role as vehicles for both advocacy and implementation of development co-operation. Support to NSAs will reinforce the support provided to Public Finance Management reforms under the general budget support programme and the governance dialogue under the CABS. EDF10 CSP p.26*

*The organisation of the consultation meetings with Non-State Actors is in line with and complementary to the following initiatives jointly undertaken by the Government and the EC Delegation: i) Completion of a study on 'Diagnosis and Mapping of the Non-State Actor Community and its Environment in Malawi- Identification of Potential EC Support Strategies' (June 2005); ii) The formulation of a NSA Support Programme for Malawi (of €5m) recently approved by Brussels; iii) The involvement of NSAs in discussions on the Joint Annual Report and on overall GoM-EC development co-operation; iv) The active contribution and involvement of NSAs in the implementation of EC-funded programmes in different areas, including food security and agriculture, water and sanitation, sexual and reproductive health, as well as environmental management and sustainable livelihoods. EDF10 CSP Annex 5*

*The EC has been supporting Non State Actors for several years through two main vehicles: the Food Security budget line, which funds NGO projects, and the National Initiative for Civic Education (NICE), an initiative aiming at promoting civic education at grassroots level. NSAs' participation and involvement has also been 'mainstreamed' in the implementation of a number of programmes supported by the EU in Malawi, including the 4th Micro-Projects Programme (MPP), the Income Generating Public Works Programme (IGPWP), the Capacity Building Programme for the NAO Support Unit, the Technical Cooperation Facility (TCF) and the Support Programme to the National EPA (Economic Partnership Agreements) Secretariat. The experience accumulated in the context of project implementation, service delivery, and policy dialogue with regard to GoM/EC development cooperation annual reviews in 2003, 2004 and 2005 have paved the way for closer co-operation between the EC, Government of Malawi and some of the Non-State Actors in the country. EDF10 CSP Annex 5.5*

*The Country Strategy Paper and National Indicative Programme for Malawi in relation to EDF10 foresee a very important and strategic role for NSAs especially in the Agriculture and Food Security Focal Sector. NSAs will have a role in advocacy activities and will be a vehicle for implementation in food security, farm income diversification programme, micro projects programme, small and medium irrigation schemes. Furthermore, it foresees funding for a specific NSA Support Programme aiming at further strengthening the involvement of Non-State Actors in the development process. EDF10 CSP Annex 5.6*

*NUFU Project, Centre for Social Research, University of Malawi/Christian Michelsen Institute, Norway*

*'....The guidelines form the framework for systematic cooperation between local NSAs, GoM and EU on policies, programmes and projects that contribute to poverty reduction. In order for the cooperation to be effective the partners will have to fulfil a set of obligations guided by 6 pillars of commitment namely:*

- 1. Commitment to a systematic and structured dialogue by all partners*
- 2. Commitment to mainstreaming participation by NSAs by GoM and EU*
- 3. Commitment to increased transparency and communication by all partners*
- 4. Commitment to mutual accountability by all partners*
- 5. Commitment to representativeness and inclusiveness of decisions by the NSAs*
- 6. Commitment to adequate capacity building by NSAs by GoM and EU*

*(Guidelines for Cooperation between NSAs, GoM and EU, February 2011, 1<sup>st</sup> draft)*

#### *Detracting Evidence*

*One of the more important functions of the legislature is executive oversight and this work needs robust committees. However, parliamentary committees in Malawi face several challenges and constraints....' (Consolidating Democratic Governance in Southern Africa: Malawi, EISA Research Report N°33, Sida, 2007 p. Xviii)*

*'.....However, only 7 key committees are at present functional. Committee work depends on donor funding which is not the best situation .....' (Consolidating Democratic Governance in Southern Africa: Malawi, EISA Research Report N°33, Sida, 2007 p. 33)*

*A less effective policy output has been the NSA policy which failed to achieve ownership from GoM or NSAs and may have been more effectively achieved through using existing documents such as the NGO Act (2000) (Final Evaluation of the Capacity Building Programme, March 2011)*

### Indicator n°9.1.3: Evidence of networking and cooperation with other stakeholders in civic education at national and international levels

#### **Findings at indicator level:**

Support of DPs to governance is coordinated through TWGs (Technical Working Groups) under the Committee on Governance which covers justice, elections, parliamentary support, civic education and anti-corruption. GoM sector coordination is the responsibility of the Debt and Aid Division, MOF. In 2007 OECD rated compliance with the Paris Declaration as low for alignment and mutual accountability and only moderate for ownership, harmonization and coordination. In this sector there has, since then, been improved complementarity and division of labour among DPs (in practice EU supports the formal justice system while DFID supports the informal justice system). As regards elections there has been much better coordination and harmonization with government policies. However, there is still room for improvement regarding support to NSAs. The major donor support includes:

EC: democratic governance, rule of law, civic education (NICE), support to NSAs

Irish Aid: Support to CSOs, MEC & Public Sector Charter Programme

GTZ: Decentralisation, local governance and support to the Public Sector Charter Programme

UNDP: Coordination of governance sector, elections, decentralization, democracy and improved service delivery through the Democracy Consolidation Programme

DFID: parliamentary support, elections, gender, civil society, media, informal justice system, and minority issues through support to the Public Sector Charter Programme.

#### **Data and sources:**

*EDF10 CSP Annex III: Democratic Governance Programme MW/FED/022-20*

*OECD Assessment of compliance with the Paris Declaration, December 2007*

#### Supporting Evidence

*The emergence of several organizations working in the same field created a need for coordination so as to reduce conflict and duplication of effort. Several networks and umbrella bodies were formed and continue to be formed. Perhaps the most important is CONGOMA (Council for NGOs in Malawi) whose main function is to promote and facilitate coordination, collaboration and cooperation between the NGO community, government, donor community and private sector' (Consolidating Democratic Governance in Southern Africa: Malawi, EISA Research Report N°33, Sida, 2007 p. 47)*

*'...over time CSOs realized the need to form networks and to coordinate their activities in order to have a greater impact ....' (Consolidating Democratic Governance in Southern Africa: Malawi, EISA Research Report N°33, Sida, 2007 p. 47)*

*The grants also helped promote partnerships between larger and smaller NSAs which had a positive impact on the NSAs involved and is something to build on from the programme (Final Evaluation of the Capacity Building Programme, March 2011)*

*NSA cohesion is important at the current time to allow civil society the opportunity to be the equal partner to the state in service delivery and also to play a stronger role in good governance issues and also to ensure good governance within the NSA sector. Strengthening NSAs at all levels, national, regional, district and local can help build a string infrastructure to facilitate NSAs in mirroring the State (Final Evaluation of the Capacity Building Programme, March 2011)*

#### Detracting Evidence

*The relationship building result areas were marginalised in the programme from the beginning at the expense of the capacity building and continuing difficulties with EDF procedures.....Some less successful elements in this area were the NSA policy which failed to gain ownership from either NSAs or GoM. (Final Evaluation of Capacity Building Programme for NSAs, March 2011)*

*Regarding support to NSAs working on democratic accountability there is still room for improvement of harmonisation (between DPs) (Financing Agreement, Democratic Governance Programme, MAI002/10*

*Some key relationships were not fully established during the implementation of the programme and capacity was not built sufficiently in local structures that could have been developed to take over the functions of the programme at a later stage that could have been a more permanent benefit to the NSA sector (Final Evaluation of Capacity Building Programme for NSAs, March 2011)*

*The project agreement and addenda speak very clearly concerning donor coordination in the sector. It is accepted as weak but it is probably more than weak but fragmented to the extent that added value of inputs are seriously diluted....' (ROM MR-002091.02 BCS 26/02/09)*

*Capacity Building NSA Programme – the programme was less effective in facilitating advocacy strategic alliances both at national and international levels which help extend reach (Final Evaluation of Capacity Building Programme for NSAs, March 2011)*

*In the relationship building result areas 4 and 5 of effective cooperation between NSAs and GoM executive and legislative bodies and between NSAs, the EU and GoM remain relevant challenges although during the programme implementation of these areas were not given a high enough priority. Advocacy, policy making and networking skills facilitated through the Parliamentary Liaison Officer were considered to be highly relevant activities during programme implementation and could have been extended to include the Judiciary (Final Evaluation of the Capacity Building Programme, March 2011)*

*The programme was less successful in securing ownership amongst NSAs which made it less relevant to the sector overall at the end of the programme. The reasons for this may be attributable to lack of initial consultation with key stakeholders over the programme set up, the relevance of the term 'Non State Actors' which appears to have alienated key stakeholders initially and a lack of outreach to be inclusive of key stakeholders such as NGOs and networks from the outset of the programme. Greater engagement of CONGOMA and the networks from the beginning may have helped the programme establish greater legitimacy more quickly and facilitate implementation (Final Evaluation of the Capacity Building Programme, March 2011)*

#### **Indicator n°9.1.4: Improved capacity and resources of NSA/CSOs (financial, methodological, managerial and technical)**

##### **Findings at indicator level:**

CSOs at local levels have various constraints to their effective functioning. Firstly, even after more than 15 years of multi-party democracy, the role of civil society vis-à-vis government is not clear. Secondly many CSOs are not self-sustaining, relying on external funding and donors such that activities rapidly come to a halt if funding is withdrawn. There is also the risk that CSOs will reflect donor agendas. A further problem is that some NGOs view other CSOs (and even district assemblies) as competitors for funds rather than as potential partners in grass roots development. An identified cause of this situation is that most parties have very different goals, strategies and mandates with limited resources and capacities which limit the extent to which consensus may be found.

Reviews of support by NSAs by various donors suggest the need for greater outreach and advocacy capacities as regards democratic accountability. The MTR of the EU Capacity Building Programme for NSAs reports that support is highly relevant but that the EU call-for-proposals procedure is not the optimum mechanism considering the low capacities of Malawian NSAs.

The Capacity Building Programme for NSAs in Malawi (9ACP MAI 028) has been successful in building some capacity in core areas such as PCM, methodologies, organisation development and advocacy that will aid NSA service delivery. There were also some interesting outcomes from the pilot programme that came from the parliamentary liaison role and the warding of 2o grants to NSAs some of whom worked with smaller CBOs. The programme had elements that were successful but this was limited by the overall difficulties experienced during implementation so it was not able to have the widespread impact in the NSA sector

##### **Data and sources:**

*Impact assessment study on the process of democratization in Malawi since 1993, Decentralisation Secretariat, 2001*

##### Supporting Evidence

*'There is a high degree of ownership of the programme by the participants and real capacity has been built up (of NGOs) during the programme (7 ACP MAI 94, 8 ACP MAI 4, 9 ACP MAI 2 Promotion of Rule of Law and Improvement of Justice to Malawi (ROLP)' (ROM MR-00299.03 27/02/04)*

*Religious Bodies, the Anti-Corruption Bureau, the Media and NGOs receive a high rating as institutions that have been most effective in combating corruption (Governance & Corruption Diagnostic Survey in Malawi, 2005, p8)*

*Capacity Building NSA Programme Result Areas 1, 2 and 3 ...aimed to build the capacity of NSAs*



*principally in the areas of institutional capacity, effective service delivery and advocacy which are acknowledged weaknesses in the NSA sector and therefore highly relevant to help NSAs to achieve the programme's overall objective. In terms of achieving the OVIs in the result areas the programme was successful in training for skills in PCM, advocacy, negotiation, lobbying, organisational management, fundraising, service delivery methodologies and implementation of strategy (Final Evaluation of the Capacity Building Programme, March 2011)*

*The grant making component of the programme in PE3 was especially effective in helping the programme to deliver .....the trainings that have been given in the core skills have built capacity for service delivery in some NSAs which has had some impact on the sector although it is limited compared with the need for such skills in the sector .....A number of the grantees managed to use the skills they developed in applying for grants under the 'Call for Proposals' system to secure new donor support for their work, which has been a successful impact of the programme (Final Evaluation of the Capacity Building Programme, March 2011)*

#### Detracting Evidence

*'The sustainability of NGOs is a critical problem with most of these bodies facing challenges in terms of capacity and resources. These challenges restrict their proactive role? (Consolidating Democratic Governance in Southern Africa: Malawi, EISA Research Report N°33, Sida, 2007 p. 59)*

*It can be said that the role of CSOs has generally been reactive rather than proactive and that there is therefore a need to build a regular, healthy interaction between the two. The issue of sustainability facing the NGOs is real (EISA Research Report NO 33 p. 54)*

*The sustainability of NGOs is a critical problem, with most of these bodies facing challenges in terms of capacity and resources. These challenges restrict their proactive role. (EISA RESEARCH REPORT NO 33 p59)*

*However, civil society groups at the local level of governance face various challenges that prevent them from functioning effectively in consolidating democracy. The first challenge is that since Malawi is a nascent democracy and the role of civil society is still emerging in this context, most of the civil society groups are in their infancy and the area of their activities is limited. This is the case since many civil society groups are not self-sustaining and they over rely on external donations. As a result, when donor funding is not forthcoming their operations tend to come to a standstill. In addition, some of the NGOs misuse donor funds, which results in the withdrawal of these funds.(EISA Research Report NO 33 p76)*

*The Capacity Building for NSAs project also had a slow start and was not fully able to overcome the delays the course of its implementation ..... MTR noted that grants to NSAs have been generally considered the most positive component ....' (Technical and Administrative Provisions, Democratic Governance Programme)*

*Overall the programme (NSA Capacity Building Programme) was hampered by inefficient handling of the EDF procedures which cause delays to the activities, poor overall management of the programme and an approximate 30% under spend on the total budget which meant that some activities were not developed as planned.....In terms of relationship building the programme was slow to build links with key NSA stakeholders and had limited success in some key areas such as networking and coordinating at district level where the programme was less effective. The reach the programme was able to have and to benefit NSAs in Malawi was somewhat limited given the need of the sector and thus limited the impact of the programme' (Final Evaluation of the Capacity Building Programme for NSAs in Malawi, March 2011)'*

*Capacity Building NSA Programme – The programme was less effective in building capacity in the broader sense since there was a lack of follow up on training and a mentoring or help desk function attached to the training. Specialised training may have helped increase effectiveness and real organisational change and development by addressing key weaknesses such as training of Board members and M&E programme' (Final Evaluation of the Capacity Building Programme for NSAs in Malawi, March 2011)'*

*The pilot District NSA forums and the training of district management teams were limited in their actual effectiveness due to a lack of strategic planning and financial support in the end which can be seen as a weakness in the programme. It should also be noted that the budgets for result areas 4 and 5 may also have been too low and this may also have limited their effectiveness Continued sustainable results in these areas seem unlikely and also with the NSA policy due to lack of ownership (Final Evaluation of the Capacity Building Programme, March 2011)*

**Judgement criterion n°9.2: EC support has contributed to improved rule of law, better regulatory framework, delivery and access to justice as well as the protection of human rights.**

The judicial system in Malawi is widely considered to be inefficient, inaccessible, inequitable and costly. A simple listing of the widely reported issues of concern is sufficient to encapsulate the perceived situation – slow (backlogs), limited accessibility (costly, travel problems, language, lack of legal aid, especially in rural areas), complicated procedures, inconsistent judgements, poor case retrieval and information management, few qualified lawyers, corruption, extended remand of accused. This unhappy situation spills over into an overcrowded and under-resourced correctional system with issues including treatment of prisoners, health, sanitation and accommodation issues and forced labour. The result is increasing use of alternative dispute resolution (ADR) which has a much more effective image despite its informality. EC support to improvement of justice (under ROLP) was certainly a complicated institutional scenario with so many beneficiary institutions of such varying capacity and mandates. However, the primary constraining issues appear to have been the limited capacity and inexperience of MOJCA to manage such wide ranging supported compounded by the inability of MOJCA to master the unforgiving and onerous administrative procedures of the programme estimate instrument (although subsequent project management changes improved on the previously poor implementation record). Support proposed under EDF10 is understood to target fewer beneficiary institutions.

Thus, overall it is suggested that support modalities and wider ranging project scope did not lend themselves to efficiency or effectiveness of implementation but that support was essential to deliver some improved capacity in at least some of the beneficiary institutions and to some improvement in judicial procedures (whilst highlighting also the essential practical role of traditional leaders in ADR).

**Indicator n°9.2.1: Stakeholders consider judicial system is fair, efficient and accessible**

**Findings at indicator level:**

Stakeholders have considerable doubts about the quality of the Malawi judicial system regarding all the criteria mention in the indicator. Although the judiciary is regarded as showing independence from government, speed of judicial process is slow with continuing (albeit reducing) backlogs of criminal, civil, land and industrial cases, accessibility to the system is limited especially in rural areas (such that issues of awareness, cost, time scale, language [English] and access lead to significant use being made of alternative resolution processes), inconsistency in judgements and sentencing (leading to many appeals), complicated court procedures, poor management and case retrieval systems (including access to case law by judges and magistrates), poor sustainability of services and operations (few fines are collected), virtually no access to legal aid (obviously making access difficult for the poor for whom women are a significant proportion), backlog of legislation for updating of laws and ratification of international norms and protocols (e.g. child and handicapped rights, legal education, corrupt practices, land and tenancy, criminal justice, commerce and bankruptcy), numbers of qualified lawyers and teaching, corruption issues and legal issues. Also, issues regarding the correctional system – treatment of prisoners, forced labour, legal framework, health, sanitation, accommodation, conditions and rehabilitation of prisoners.

It is reported that only about 10% of the Malawi population has access to the formal justice system.

**Data and sources:**

*EDF10 CSP Annex III: Democratic Governance Programme MW/FED/022-20*

Supporting Evidence

*'It is expected that Malawi shall have a more responsive and effective judicial authority with sustained administration of justice, increased public confidence in judicial system and improved ability of the private sector to obtain equitable and fair settlement of disputes in reasonable time and at reasonable cost' (MGDS p. xxv)*

*Despite the efforts in human rights training for police, magistrates and judges, the respect of human rights especially in prisons and the police still needs considerable attention. The backlog of court cases to be heard and the resultant overcrowding of prisons has improved though increasing the conditions of service for judges and magistrates and the introduction of community service for petty offenders (Main Conclusions, MTR, EDF10, October 2009)*

*Implementation of improved conditions of service for judges and magistrates – In 2008 parliament approved new conditions of service for the judiciary.....therefore this commitment can be considered as met (Main Conclusions, MTR, EDF10, October 2009)*

*Training of law enforcement officers in HR issues – It can be confirmed that since 1994 human rights have been included as a subject on the curriculum for both police and prison warders recruits training programmes and also as a refresher course for commissioned officers. However, despite efforts at HR training the respect for human rights, especially in prisons and by the police needs to be improved. As noted by the CABS review remaining challenges include congestion of the facilities and the limited capacity of prisons to provide adequate health services for prisoners. Theoretical provision of knowledge and actual action according to that knowledge clearly differ and are hard to measure. Nevertheless GoM commitment has been met (Main Conclusions, MTR, EDF10, October 2009)*

*ROL (Judicial and law enforcement system) has continued to improve slightly mainly considering the judiciary which continues to operate relatively independently and does make rulings that do not concur with government. Understaffing, meagre resources and high work load though, impact on the entire sector. The high number of unheard cases is one of the reasons for prison overcrowding which reflects an increasing prison population including a significant number of prisoners on remand.*

#### Detracting Evidence

*'Many businesses in Malawi are dissatisfied with the level of information on laws and regulations impacting them and the consistency in application of these laws and regulations. More than a third of firms are generally dissatisfied with legal and regulatory environment of the country. 41% believe that regulations are inconsistently applied..... Both the general public and businesses believe that a major obstacle to using the court system is that the courts are influenced by corruption and that using courts entails too high unofficial costs. Many ordinary Malawians and registered businesses report using alternative dispute resolution (ODR) mechanisms to resolve disputes' (Final Main Report Governance and Corruption Baseline Survey 2006 p. 7)*

*'The ability of the judiciary to administer justice is affected by the ease with which the country's citizens have access to the courts. Among the main factors that affect citizen's accessibility are: awareness of judicial functions, distance people have to travel to reach a court, cost of judicial proceedings, language used by the courts' (Consolidating Democratic Governance in Southern Africa: Malawi, EISA Research Report N°33, Sida, 2007 p. 42)*

*Delays in finalizing cases are often a result of poor record keeping and management leading to inconvenience and extra costs in civil matters and to prison overcrowding and collapse of cases when accused are not brought to court and witnesses stop coming after cases are repeatedly remanded. This is compounded in criminal matters by limited sharing of information between role-players in crucial trials' (Technical and Administrative provisions, Democratic Governance Programme).*

*Improving prison conditions by carrying out periodic reviews on remainders for speedy trials and reducing the number of deaths among prisoners due to poor nutrition and HIV/AIDS – whilst these are welcome developments they do not demonstrate actual improvements in prisoners' conditions. The CABS review noted a modest reduction in the number of inmates dying in prison which is a positive indicator. Whilst the number of deaths per month ....fell.... the nutrition and health situation in prisons is still serious and made worse by overcrowding.....A key indicator of progress....would be reduction in the actual number of prisoners. It is further to be noted that GoM decided not to review the context of PAF indicator reflecting on the respect of human rights in prisons but replace it with a more general indicator to tackle prevention of domestic violence which is also a clear indication of the shift in priorities or perceptions of relevance of HR categorization within GoM. Although the figures are showing an improvement the overall situation suggest clearly that the commitment to improve prison conditions has not been met (Main Conclusions, MTR, EDF10, October 2009)*

## Indicator n°9.2.2: Wide scope of beneficiary institutions (9n°) was appropriate to achieve support objectives

### **Findings at indicator level:**

See also I 5.3 below.

The large number of beneficiary sector institutions (variously reported to number between 8 and 12) undoubtedly complicated the role of management of EC sector support, such complication being compounded by the different roles, resources and levels of capacity of these beneficiary institutions. However, given the inter-relation of the components of a diverse and complex sector and the wide-ranging (and very ambitious) specific objectives (improved legal and regulatory frameworks, delivery and access to justice) of EC support, then it was reasonable to have included so many beneficiaries. Project management might have been conceptually or practically easier with fewer beneficiaries but given the nature of the project management problems, these problems would not necessarily have been avoided (even if some possible overlap of donor support might have been foreseen). However, given continuing prioritization of the sector by government and donors, sooner or later, all of these beneficiary institutions would have had to be brought into the support programme whether as a continuing project based approach or as an eventual SWAp.

It has been suggested that MOJCA coordination of implementation and extensive consultation between major sector institutions (Judiciary, Prison Service, MEC, MHRC, Law Commission, and Malawi Police Service) has improved ownership. MOJCA has reportedly begun the process of development of sector policies for a democratic governance sector with two major themes: justice and democratic accountability.

### **Data and sources:**

#### Supporting Evidence

*'Evaluations and reviews (of Rule of Law Programme and Promotion of Rule of Law and Civic Education in Malawi) have found such support essential as it successfully assisted the 13 beneficiary institutions to operate more effectively'* (Action Fiche, Democratic Governance Programme p. 1-2)

#### Detracting Evidence

*'The governance sector is fragmented not only in the number of government institutions but because the different external funding scenarios ..... Fifteen months after signing of the Financing Agreement ..... reported little or no progress in project activities. Only 14% of the start-up PE was spent. There was virtually no progress. It was clear that MOJCA did not have the internal capacity to manage a project of this complexity and magnitude.....'* (ROM MR-002091.02 26/02/09)

*'Joint planning exercises have helped beneficiary institutions (BIs) to improve coordination among themselves in the sector. However, many BIs remain dependent upon external funding for their core activities which may compromise the overall sustainability ....'* (Technical and Administrative provisions, Democratic Governance Programme p. 4)

*'Few if any of the beneficiary institutions are familiar with EC rules and procedures'* (ROM MR-002091 BCS 26/02/09)

### Indicator n°9.2.3: Modalities of support including MOJ as support coordinator were appropriate and contributed to effectiveness

#### **Findings at indicator level:**

Implementation activities of the 9 ACP MAI 023 Rule of Law Project component suffered from many problems going back to the very start of support activities with a faltering transition from the 1<sup>st</sup> to the 2<sup>nd</sup> phase (between 7 ACP MAI 094/8 ACP MAI 004 to 9 ACP MAI 023) resulting in a stop/start between the phases and the need for a new management base. There were 12 identified beneficiary institutions (many of which have their own LFMs under this project) within the sector and this obviously spotlights the diversity (and fragmentation) of the sector but also the complications of coverage of all such institutions and managing EC support. The initial technical assistance (ITA – Interim technical assistance) was not successful and the loss of an early project sponsor (Solicitor General) also weakened project direction although the subsequent appointment of the TFU (Technical Facilitation Unit - which was acting as a largely parallel structure such that capacity building was limited), rapidly improved performance despite the identified weakness of MOJCA which did not have the management tools or resources to adequately handle project implementation. This situation led to delays in preparation and implementation of successive PEs and delayed procurement of vehicles and equipment. However, the ignorance and lack of experience of beneficiary institutions of EDF rules and procedures was a factor here (and PE procedures are not forgiving to the inexperienced practitioner). Onerous reporting requirements demanded reports to the PSC every 2 months for each of the 12 BI accounts plus quarterly reports to NAO/EC and bi-weekly reports to the ROL Task Force. And yet the well-informed PSC was not effective in directing the programme (PSC should and could have played more of a role when it came to setting strategic direction [Annex to draft FA: Democratic Governance Programme]). Intentions to carryout base line data collection were not actioned such that it is difficult to measure or even identify change in the absence of such data, this situation not helped by reportedly vaguely formulated objectives. Finally, donor coordination has been identified as fragmented and weak leading to suggestions of dilution rather than addition of overall impacts of the sum of all sector support (e.g. the 2002-2007 DFID Access to Justice support and EC support have some levels of duplication).

Thus, in summary, the modalities of support as originally constitutes and applied did not contribute to effectiveness, rather to the contrary. But this is not to suggest these modalities were fundamentally flawed as recovery was possible in the latter part of the project. Lessons have been identified and at least some have been learned too. Addendum N°2 to 9 ACP MAI 023 was issued in 2007 to cover:

- a contribution agreement with UNDP for basket funding (with DFID, GTZ and Norway) for support to the Malawi Electoral Commission (MEC) to strengthen organization capacity;
- an administration agreement with WB for co-financing of BESTAP (Business Environment Strengthening Technical Assistance Project) to strengthen the business environment in Malawi through improved access to commercial justice. EC support is focused on strengthening the regulatory environment for business, improving access to commercial justice and improving business and land registration services.

Evaluations and reviews of 9 ACP MAI 023 have found that support has been essential as it has increased effectiveness of the multitude of beneficiary institutions but that an important role is played by traditional leaders in an informal justice system, and that there is a need for training to improve their capacity and to ensure equity of treatment for all applicants.

#### **Data and sources:**

##### Supporting Evidence

*'BIs did develop capacity to continue with activities to a large extent but financial resources is a major challenge and other priorities were more pressing for GoM' .....(Final Evaluation, Promotion of Rule of Law and Civic Education in Malawi, March 2011)*

*Within the justice sub-sector, complementarity and division of labour amongst DP interventions has improved with EU supporting the formal justice system and DFID support focussed mainly on the informal justice system (Financing Agreement, Democratic Governance Programme, MAI002/10)*

##### Detracting Evidence

*There has been virtually no progress in the RoLP component. The start-up Project Estimate (PE) was largely unspent with only 13% of PE budget and activities being completed. Activities omitted in the RoLP start-up period include the collection of baseline data, which will impact later on the efficiency of monitoring implementation effectiveness and impact. This failure is due to many factors including the weak exit strategy of the Phase 1 RoLP. The transition into a second phase was not adequately designed*

*and resulted in a stop/start between phases and the need for a new management base. The failure of the interim Technical Assistance (TA) to both understand the project and progress implementation, together with the delay in the appointment of long-term TA service have been significant factors in the present delay. The loss of the key project sponsor (Solicitor General) and the death of his successor have left the PSC without strong leadership or drive. This is a major weakness of the project. (MR-02091.01 – 13/06/07)*

*In May 2007 the Project had not moved forward at all. Only 14% of the first PE was spent. According to the 2007 MR there was virtually no progress. This was attributed amongst other factors to inadequate coordination between the earlier project and the loss of the then Solicitor General and his successor. It was also clear that the Ministry of Justice and Constitutional Affairs (MoJCA) did not have the capacity to deal with project implementation. Management inputs were not available within the Ministry to adequately handle project management. Few if any of the beneficiary institutions are familiar or understand the EC rules and procedures. The TFU themselves faced difficulties from time to time in following procedures which were sometimes interpreted in different ways by different officials. EC procedures are generally considered to delay and often damage project implementation. (BCS MR-002091.02 26/02/09)*

*It is fundamental to understand that the project belongs to GoM and GoM has the full responsibility to implement. TAs support GoM and are not as such the cause of the problems. The TFU will only work if GoM institutions perform. (RS MR-02091.01 – 13/06/07).*

*'...Activities implemented under the ROL component were relevant to specific BI's needs but not necessarily towards results envisaged in the FA and LFM. Each ROL BI did planning per PE in isolation and it was more a case of fitting BI's needs with some activities in the LFM than plan specific activities that will collectively contribute towards specific results.....Planning activities to be included in the PEs for the ROL component were done individually by BIs and not according logical steps and inputs needed to achieve specific results as defined in the FA. Therefore activities were focussed on BI's needs and not necessarily to achieve specific democratic governance outcomes or results.....Focus was rather on planning specific activities according to specific budget lines with predetermined number of BIs and not to plan for comprehensive solutions to achieve results. Therefore some critical links in the value chain to achieve a specific result is not addressed that has serious implications on impact.....(Final Evaluation, Promotion of Rule of Law and Civic Education in Malawi, March 2011*

**Judgement criterion n°9.3: EC support to civic education has contributed to improved accountability and transparency in the conduct of public affairs and service delivery which has generated greater public confidence and participation in democratic governance.**

Since 1994 and the introduction of multi-party democracy there has been a huge increase in the number of NGOs and other NSAs and a corresponding increase in their involvement in programming, policy formulation, monitoring of government activities and promotion of accountability and responsibility. Traditionally there had been little involvement of the citizenry in the democratic process but as a result of NICE there is reported to be an increase in participation in governance activities (albeit that baseline for NICE is limited such that claimed quantification of such change may be shaky). However their relationship with government has not always been harmonious as their role is unfamiliar and sometimes uncomfortable for both sides. Also, capacity and resources of many NSAs is limited which can affect their effectiveness especially at local levels where their contribution, in terms of assistance to and information dissemination to the rural population is significant. Invitations are issued by government to comment on draft budgets (and other draft legislations) but there has been some doubt expressed as to whether such comments are indeed taken into account by government.

EC support to civic and voter education activities through NICE has been significant such that after some years of such support NICE is recognised as playing a pivotal role in the decentralisation process including use being made of the NICE outreach structure by government and other bodies to pass information to village levels (which are not reachable by other means). NICE started out as a means of civic education in order to spread a wider understanding of democratic principles and systems but this role has taken a greater significance in the light of poor progress in implementation of decentralisation strategies. Also NICE involvement in voter registration for the various elections over the past decade has been successful and wholly compatible with its objectives of civic education and participation of citizens at grass roots level. Other EC support has included assistance to elections and capacity building in MEC

(through a contribution agreement with UNDP) and also support to NSAs (through calls for proposals)<sup>75</sup>.

Overall there is manifest evidence of improved NSA capacity to contribute to governance issues although capacity and resources of many such bodies remains weak and dependent upon continuing outside funding.

### **Indicator n°9.3.1: EC support has contributed to civic and voter education activities at district and regional levels**

#### ***Findings at indicator level:***

The various civic education programmes (including the leading role of NICE) at local levels have disseminated a wider understanding of the democratic system and there is reported to be an increased level of citizen participation in governance activities (e.g. increased calls to current affairs radio programmes). Also, the 2006 Afrobarometer report notes an over-whelming perception that democracy is the preferred form of government and that democracy invokes perceptions of freedom and multi-party elections (although there is still work to be done in sensitization as, buried in the detail of the report, is the revelation that while 43% of respondents appreciate linkages of freedom, an equal proportion have other perceptions, 8% don't know and 5% perceive adverse consequences of democratization).

The effectiveness of local government structures is also an issue. Section 146 (i) of the constitution provides for local government authorities and the local government system is regulated by the 1998 Decentralisation policy and local Government Act which establishes district, town, municipal and city assemblies. These assemblies are to be elected for five years terms led by a Mayor (cities and municipalities) or chair-persons (districts and towns – almost 100% men). Each assembly is served by an administration headed by a chief executive officer (towns, municipalities and cities) or district commissioner (districts). Many functions have been delegated to assemblies, most without commensurate delegation of resources to fulfil delegated responsibilities (According to Responsiveness and Accountability in Malawi, Afrobarometer Briefing Paper N°31, 2006, Decentralisation Policy authorizes transfer of 5% of national revenues for district development). These delegated responsibilities include: education, environmental and emergency services, development planning, land utilization, natural resource management, agriculture, livestock, irrigation, health, roads and streets (undesignated roads), public amenities, water supply, business promotion, policing, and building regulations. In practice, the system of central government transfer faces serious problems of lack of funds and lengthy budgetary procedures compounded by a narrow base for local revenue generation, lack of information and management systems, financial mismanagement, misallocation and corruption (An accountability assessment of Malawi's decentralized government, Journal of Asian and African Studies, 2007).

Many CSOs operate at local levels to influence public decisions through the DEC structure with particular concentration on development priorities, human rights issues, elections, services and use of public resources. The Local Government Act provides for CSO participation for the advancement of local government democracy and good governance by providing for at least 5 persons to be appointed as non-voting members of the assembly by the elected members (mostly from CSO groups). Further, the Local Government Act states that committee meetings are to be open to the public such that CSOs have the opportunity to monitor or contribute to proceedings.

EC support has included 9ACP MAI 005 Support for the Malawi Tripartite Elections 2004 and more recent addendum to 9 ACP MAI 023 for a contribution agreement with UNDP for EC contribution to basket funding in support of MEC's organizational capacity and improved voter registration. Under 9 ACP MAI 005 EC contributed (along with Germany, DFID, Norway and USA) to a UNDP Trust Fund project for support to voter registration, polling and counts, voter education and support to NGOs and media, election observers and capacity strengthening of MEC.

Evaluations have concluded that MEC support activity concentrated on the immediate election periods and more 'between the ballots' capacity building is necessary. Given the delay in the 2010 local government elections there may still be time to source DP funding in advance of such elections (if eventually held in 2011).

<sup>75</sup> although there have been doubts expressed about this modality in view of the capacity problems of NSAs which make preparation of proposals difficult

#### **Data and sources:**

##### Supporting Evidence

*'Awareness raising and public education on democratic principles has also been carried out by NICE. It is widely recognized that NICE is playing a major role in the democratization process and various governmental and NGOs use the national outreach structure of NICE to disseminate information to village level'*

*Technical and Administrative Provisions, Democratic Governance Programme FED/2009/22-020 p1*

*'... NICE's involvement ... in voter registration has raised its profile onto an even higher plane and further emphasised the relevance of such a programme. There is definite anecdotal evidence that the project has made serious inroads into the civic education of the poorer sections of the Malawian community' (ROM MR-002091.03 26/02/09)*

*'NICE has played an important role in voter education during the 1999, 2000, 2004 and 2009 elections ... The EU support to the 2009 elections was channelled through a UNDP-administered basket fund intended to provide .... capacity building support to MEC leading up to the election, support to finalisation of the voters role, coordination and funding of voter education and support to monitoring on election day' (Technical and Administrative Provisions, Democratic Governance Programme FED/2009/22-020 p. 3)*

*The various civic education programmes carried out by the state and by CSOs at the grass roots and through the media have communicated at least an element of trust in the democratic system' (Consolidating Democratic Governance in Southern Africa: Malawi Sida, 2006 p. 57)*

*'(NICE) ... has 17 collaboration MOUs mainly with NSAs whereby NICE effectively assists them to disseminate the principles of civic education' (ROM MR-002091.03 26/02/09)*

*'NICE has been a success story for some years and the work and support given impartially to the authorities in the lead up and conduct of Presidential and Parliamentary elections in May will place it near the pinnacle of its achievements' (ROM MR-002091.03 26/02/09)*

##### Detracting Evidence

*'....NICE has been weak in developing clear monitoring of impacts within the wider community. There is currently plenty of anecdotal evidence that the project is enhancing the citizen participation in public life with examples of many rural services that only exist due to the project' (ROM MR-02091.01 13/06/07)*

*'It is a pity that no earlier proper BL study was completed in order for a survey to measure the precise impact of the project over a clearly defined period' (ROM MR-002091.03 26/02/09)*

*Public perceptions and understanding of democratic accountability remain very low. For example only 36% of Malawians surveyed by Afrobarometer in 2008 'strongly agreed' or 'agreed' that people should control Government. Citizens struggle to have their voices heard and to hold government accountable for public services .....(Financing Agreement, Democratic Governance Programme, MAI/002/10 p3)*

*'People have been governed for a long time and they know what the problems are with their leaders. They will not easily accept broad universal messages which do not speak to their realities. Weave to deliver our civic education in the context of peoples' norms values and practices to be relevant' (Final Evaluation, Promotion of Rule of Law and Civic Education in Malawi, March 2011)*

### **Indicator n°9.3.2: Institutionalisation of structures for national civic education**

#### **Findings at indicator level:**

It has been agreed that NICE will become a public trust but that it will require continuing support during a transition period. Continuing EC support will thus be aimed at long term sustainability of NICE as such a public trust. An obvious risk is that NICE may not be able to attain a sustainable position as a public trust not least due to shortcomings in delivery of GoM commitments to assume full funding of NICE operational costs. It has been agreed that GoM will gradually increase their proportion of funding for NICE (over a 5 year period) with EC commensurately reducing the EC proportion of funding. EC also plans to assist NICE to access funding from other sources during this period. A broad planning process has been carried out within NICE to prepare for the proposed transition to public trust status including consultation workshops with NSAs. It is generally accepted that it is the responsibility of government to undertake civic education of citizens but on the other hand concerns have been expressed at perceived independence of a body dependent upon government funding. There are tentative moves towards preparation of a sector policy and strategies but considerable effort will be necessary to ensure action compliant with the 7 KAAs as pre-requisites for SPSP support.



**Data and sources:**

Supporting Evidence

*'Institutionalisation of NICE is a covenant of the present Financing Agreement' (D-017941 Promotion of Rule of Law and Civic Education in Malawi)*

*'The transition of NICE from an EU project into an autonomous public trust with sustainable operations requires a controlled phasing out of EU support while ensuring that funding from other sources including GoM is gradually built up. This will allow NICE to maintain its presence at district/village levels and to continue building its network and institutional partnerships possibly moving towards a coordination role in the field of civic education in Malawi' (Technical and Administrative Provisions, Democratic Governance Programme)*

*'All institutions should be accountable to the people .....The two-pronged approach of supporting the main legal institutions (top down) and civic education (bottom up) by linking NICE (civic education) to the ROL should provide a major channel to achieve this' (FA 9ACP MAI 23 Promotion of Rule of Law and Civic Education in Malawi)*

Detracting Evidence

*'NICE still has the potential for major grass roots enlargement of its activities and the larger area over which it has worked increases the basis for sustainability. Should EC not continue funding ..... there is every chance that further gains would be seriously jeopardised' (ROM MR-002091.03 26/02/09)*

*'The key risk for NICE is that EC have no long term agreement to continue supporting the organization. NICE have attempted to reduce their operating costs and become more sustainable ..... Currently changes in the government include a new 'Ministry for Information and Civic Education'. How this will impact on NICE needs to be determined .....' (ROM MR-02091.01 13/06/07)*

*'Resources for district development are not only inadequate but are also negatively affected by bureaucratic bottlenecks...democracy in Malawi relies very much on a top-down approach with much needing to be done to make structures effective at local level' (Consolidating Democratic Governance in Southern Africa Malawi Sida 2007 p.61)*

**Indicator n°9.3.3: Evidence of increasing scrutiny and transparency in expenditure of budget support funds through GoM systems (under CABS framework)**

**Findings at indicator level:**

In effect there are two forces involved in public participation in economic governance. The legal framework allows trade unions and employers associations to contribute towards economic policy development but these are not especially effective (and there are even suggestions that subservience of employees to employer and state which was expected during the Banda era has not yet disappeared). Malawi's industrial base is low and does not permit a strong industrial force outside the civil service (much agricultural production is not unionized). Also trade union leadership has not demonstrated historical engagement or advocacy on behalf of their membership.

Regarding CSOs the situation is different but the nature of CSO involvement varies depending upon the constituency of the individual CSO. Certain specialists (professional/technical) CSOs (e.g. MEJN, MCCI or the Society of Accountants of Malawi) do participate in policy formulation and pre-budget consultation (albeit with grumblings that little or no account is taken of their views). Given the low levels of national literacy the wider citizenry is, not surprisingly, much less involved in economic policy formulation (which is largely a centralized process anyway). MGDS preparation was informed by consultation with (some) CSOs and there are reports of some monitoring of progress towards MDGs.

**Data and sources:**

Supporting Evidence

*The impact of institutional and legal frameworks 'for industrial relations during the one-party state in Malawi, Malawi Journal of Social Science 19, 2005*

*'During the Muluzu era, however, there was general concern that parliament was just passing the budget without necessarily scrutinizing it. In the period after the 2004 elections the opposition has been in the majority and has seriously scrutinized the budget before approving it. This happened after training by CSOs in budgetary appraisal analysis and oversight ....' (Consolidating Democratic Governance in Southern Africa: Malawi, EISA Research Report N°33, Sida, 2007 p. 89)*

*'The majority of public institutions in Malawi need to focus on improving performance in service delivery. One key to ensuring this happens is to pay special attention to strengthening the provision of effective*

oversight of government spending and PFM so as to limit opportunities for financial malpractice and abuse of power'. (Final Main Report Governance and Corruption Baseline Survey 2006 p. 9)

'Over the years these networks (of CSOs) have come to play a role in policy making, especially in the budgetary process. They prepare budgetary analysis from their diverse perspectives ...' (Consolidating Democratic Governance in Southern Africa: Malawi, EISA Research Report N°33, Sida, 2007 p. 48)

'NGOs the private sector and committees play critical roles in the provision of education, health, credit schemes, environmental issues and many other issues. Each year during the drafting of the budget the government invites private sector and NGOs to provide input. Consequently the final budget presented in parliament to some extent incorporates the views of these sectors' (Consolidating Democratic Governance in Southern Africa: Malawi, EISA Research Report N°33, Sida, 2007 p. 92)

'The role of CSOs can be viewed from long term, medium term and short term perspectives. In the long term organizations such as MEJN, MCCI and the Society of Accountants of Malawi participate in the formulation of policy documents. They are also involved in the monitoring and evaluation of medium term policy. In the short term the Ministry calls in these organizations for annual pre-budget consultations' (Consolidating Democratic Governance in Southern Africa: Malawi, EISA Research Report N°33, Sida, 2007 p. 94)

#### Detracting Evidence

MEJN (Malawi Economic Justice Network) has reported that government ignores the contributions made by CSOs during pre-budget consultations. MEJN reported that government did not invite them to the 2006/7 pre-budget consultations and the Minister of Finance is reported as stating '....maybe they wanted a special invitation which my ministry could not issue ....they think they are important but I can assure you they are not'. (The National 26/05/06)

Slight progress was made in the field of government effectiveness. institutional capacity has only slightly improved as the quantity and quality of staff still remain rather weak in government institutions and the decentralisation process was basically halted by the lack of calling local government elections (Main Conclusions, MTR, EDF10, October 2009)

## 1.10 Aid Modalities

**Evaluation Question n°10: To what extent has the choice of EC aid modalities contributed to the implementation of EC support?**

**Judgement criterion n°10.1: Options for different aid modalities were considered for focal and non-focal sectors and synergies have been considered.**

Although there has been much greater consideration of risk in preparation of EDF10 CSP (in comparison with EDF9 CSP), with the exception of consideration of budget support risk, analysis of risk has been generally sector and project-specific and, as such, has been more concerned with risks to implementation activities and sustainability rather than the approach or instrument. Regarding budget support consideration of the 7 KAAs is a direct analysis which also identifies monitoring modalities and conditionalities for disbursement of tranches although there is little identification of mitigation measures. That being said there is clear effort in identification of lessons learned from previous experience in Malawi (there is no apparent reference to lessons learned from elsewhere) but there is less obvious direct application of such lessons learned (in part because specific modalities/instruments may be prone to certain complications – such as programme estimates which have proven to be notoriously tricky to implement in Malawi – but there may be no alternative instruments available if it is wished to continue support of this nature or in the same sector). It is likely that additional effort may have been made to train practitioners for example, but no evidence of such mitigation measures has been examined.

Monitoring and evaluation of implementation usually makes little or no direct reference to the choice of modality or instrument (it is usually a 'given') although reference is always made to implementation progress rates of whatever modality.

As above, discussion of modalities has increased with the preparation of EDF10 CSP with reference to the requirements of the Paris Declaration and an overall stated preference for budgetary aid. However, although there is evidence of, if not a wider choice of modalities/instruments being available, of more variety of modalities/instruments being used in programme implementation, the discussion of such instruments is not exactly on choice of modality. The impression gained from programming documents (not only EDF10 CSP but this is typical) is not that there is much choice of modality for a particular intervention but rather choosing that intervention brings with that choice a 'linked' modality (e.g. energy facility).

As noted elsewhere there is little consideration or analysis of EC 'added value' beyond a statement that EC brings specific experience to bear (e.g. transport sector) as a result of being involved in that sector for a long time or as a result of concentration of activities on a limited number of support areas. No evidence has been examined of analysis of EC added value accruing from different modalities (although arguably the EU-Africa Infrastructure Partnership could potentially be described thus).

Different aid modalities have been discussed for focal and non-focal sectors and certainly synergies have been considered but it appears that having selected support areas, modalities then resulted from such choices.

**Indicator n°10.1.1: Evidence of EC analysis of issues and risks in selection in consideration of various possible instruments and approaches**

**Findings at indicator level:**

EDF9 CSP has no analysis (or even mention) of risk in connection with possible instruments and approaches (or in identification of risk strategy).

EDF10 CSP has multiple references to risk, most frequently in connection with support sectors (e.g. risk of climate change affecting agricultural production, risk of food insecurity when maize prices rise, risk of over-exploitation of fuel wood, the secondary environmental effects of project interventions, risk of dependency on single crops and the risk of evaporation of gender equality commitments, good practices and expertise developed at project levels as a result of the shift towards budget support) although the wider implications of risk of government policy change (to which development partners have contributed due to conflicting recommendations) are also mentioned. Most such risks have no mitigation measures identified.

Other identified risks are those associated with budget support with mitigation measures also identified (open and frank dialogue through the CABS forum). Specific risks to budget support are also identified

(e.g. contracting of new debt on inadequate concessionary terms, high levels of new borrowing associated with poor growth and weak export growth (i.e. Malawi could require a scaling up of aid through loans rather than grants which would threaten external debt sustainability) and failure to insulate the economy from periodic shocks.

There is no specific reference to analysis of risk in connection with possible instruments and approaches although a few programme implementation risks are noted in JARs (e.g. JAR 2008 – risk of lower than programmed implementation rates of project operations (EDF8 MPP Phase IV, EDF9 NEPA & IDAF); risks to budget support such as the global financial crisis, deterioration in trade, implementation of the input subsidy programme and over-expenditure in the run-up to elections).

#### **Data and sources:**

##### Supporting Evidence

*'... the main lessons learned (in connection with support to Agriculture) is that there is an urgent need to develop a sectoral approach where GoM, NSAs and development partners can act in a coordinated manner ..... this will mitigate the risk of recurrent government policy changes to which development partners have contributed with conflicting recommendations'* (EDF10 CSP p. 16)

*'As regards risks associated with budgetary aid it will be important to mitigate them through an open and frank dialogue including CABS ....'* (EDF10 CSP p. 17)

*'.... Risks implied in the shift to budgetary aid including SWAps also need to be addressed systematically and upstream ....'* (EDF10 CSP Annex 12 p. 2)

*'... on the whole 'governance' work is risky with tangible results unlikely to be achieved in the short term'* (Evaluation of EC Country Strategy 2003 p. 18)

*'... the approach may be considered a high risk as also expressed by CABS in its decision to proceed with budget support .... The willingness of EC to provide adequate staff resources and flexibility in use of financing instruments is associated with important risk'* (Evaluation of EC Country Strategy 2003 p. 55 (with reference to Evaluation option a))

##### Detracting Evidence

*'Sustainability of interventions is seriously at risk in most intervention areas due to .... Limited public resources, inadequate PFM.... Higher levels of growth are required to increase potential for enhanced revenue collection and thus sustainability levels of improved services. With poor expenditure efficiency and absence of significant growth, continuous large scale funding tends to substitute for government recurrent expenditure rather than create true development. Achievement of the over-riding goal of poverty reduction is becoming elusive'* (Evaluation of EC Country Strategy 2003 p. v)

*Continued cooperation on a reduced scale – a more cautious approach would be to reduce the financial envelope .... and re-concentrate its utilisation. This would be the least risky option in terms of accountability for funds and impact and sustainability of interventions'* (Evaluation of EC Country Strategy 2003)

### **Indicator n°10.1.2: Evidence of application of lessons learned from previous experience in Malawi or elsewhere**

#### ***Findings at indicator level:***

EDF9 CSP considered the results, analysis and lessons learned from past and ongoing EC cooperation although this analysis was more listing of results rather than analysis and identification of lessons learned which included:

- that developing teamwork through 'grassroots' participation and ownership of project initiatives is the only way to gain sustainable benefits (PROSCARP);
- lack of an overall encompassing national strategy to deal with food security issues has probably hampered overall impact and that strengthening of institutional capacity, policy development and implementation is a pre-requisite for success;
- decentralization (in the health sector) would have benefited from a longer preparation period and a full transfer of required resources directly down to district level;
- both the central and peripheral financial administrations are to be strengthened for macro-economic support to succeed.

EDF10 CSP considers lessons learned in an overview of past and present cooperation including:

- poor economic governance and lack of political will had direct and immediate effect on EC-Malawi cooperation (difficult to implement budget support, reducing resources allocated to focal transport sector);
- food crisis over-shadowed virtually all other issues;
- NGO projects are particularly successful (including long term sustainability) especially in food security and WATSAN;
- Infrastructure projects lack sustainability because financial and human resources to operate large facilities are not available;
- with respect to the transport sector: i) a balanced multi-modal transport sector policy and programme is required to foster competition and reduce transport costs; ii) emphasis on road maintenance rather than upgrading is critical since the current road network is not sustainable; iii) local contracting and consulting capacity is limited and project implementation without careful design and implementation is going to suffer; iv) capacity of relevant institutions needs to be improved so as to make budget support possible.

Overall lessons were identified in preparation of EDF10 CSP but there is little obvious application of those lessons as regards choice of modalities, whilst monitoring of implementation (e.g. JAR) makes little reference to performance of modalities as such<sup>76</sup>. However, discussion of modalities has increased with moves towards compliance with the Paris Declaration and EC is now involved in a wide range of cooperative, task sharing and co-funding arrangements with other donors.

**Data and sources:**

Supporting Evidence

*'(PROSCARP) .... Has learned that developing teamwork through grass roots participation and ownership is the only way to gain short term benefits' (EDF9 CSP p. 15)*

*'In line with the .... Government ....analysis that development of the agricultural sector can only go hand in hand with a supportive ME environment as well as social development ....' (EDF9 CSP p. 20)*

*'.... NGO projects are particularly successful not least in terms of longer term sustainability .... Evaluations have shown that infrastructure projects lack sustainability because necessary .... Resources to operate and maintain ... are not available. These are lessons learned that will inform the implementation EDF10' (EDF10 CSP p. 15)*

*'... the main lesson learned is that there is an urgent need to develop a sectoral approach where GoM and NSAs and development partners can act in a coordinated manner' (EDF10 CSP p. 16)*

*'... another lessons learned is that there is a need to move in a pragmatic manner .....*' (EDF10 CSP p. 16)

*'With respect to transport infrastructure main lessons learned refer to: i) MMTSP; ii) emphasis on maintenance; iii) local capacity limited and without careful design, implementation suffers; iv) capacity improvement necessary' (EDF10 CSP Annex 6)*

*Overall a key lesson learned is that poor management of budgets, administration, processes, strategic planning and close monitoring and evaluation affects the overall performance of the programme, limits implementation and ultimately the effectiveness and impact of the programme objectives in relation to the beneficiaries. The lack of linkage to existing structures also affects delivery and a high degree of flexibility and creativity as required when working with NSAs (Final Evaluation of Capacity Building Programme for NSAs, March 2011)*

*'EC .... Has substantial experience in the area of rural development ..... it can also draw lessons from implementation of STABEX projects' (EDF10 CSP Annex 11)*

<sup>76</sup> An example is the multiple references to poor implementation performance of programme estimates and yet there appears to be little analysis of whether this is an intrinsic flaw in the procedures or a simple (or not so simple) inability to master its intricacies on the part of the implementer. On the other hand it has become apparent that direct decentralised cooperation is not proving to be entirely appropriate in support of NSAs and action is being taken by EUD to move away from this modality.

### Indicator n°10.1.3: Monitoring and evaluation of programme implementation covered choice of modality/ instrument

#### **Findings at indicator level:**

JARs cover the various modalities more in terms of implementation progress than choice of modality. Modalities identified include Sugar Accompanying Measures, Water and Energy Facilities, Infrastructure Partnership Instrument, STABEX, FLEX, budget lines (e.g. food security) and EIB (Malawi Global Loan).

#### **Data and sources:**

##### Supporting Evidence

*'... good governance is indeed an instrument for economic growth and development' (JAR 2008 p. 6)*

*'... other innovative solutions such as the market-based instruments, which Malawi has already successfully applied, should be developed ....' (JAR 2008 p. 17)*

*'... the EU DEL with support of EIB informed the government ..... about the possibility of using the Infrastructure Partnership instrument....' (JAR 2008 p. 21)*

*'Close cooperation with EU MS .... and flexibility of use of support instruments is other important factors' (Evaluation of EC Country Strategy 2003 p. vi)*

*'Implementation modalities chosen in terms of instruments used .... Has in most cases been appropriate ....' (Evaluation of EC Country Strategy 2003 p. 37)*

##### Detracting Evidence

*'There is some but rather weak use of the FS instrument (EC BL) and NIP funding from EDF' (Evaluation of EC Country Strategy 2003 p. 23)*

*'The strategy of CSP lacks coherence in that the three major intervention areas ..... are covered by numerous different instruments .... without specifying how they will be linked and what synergies should be created' (Evaluation of EC Country Strategy 2003 p. 35)*

*'This points to the need for having fewer but clearer strategic objectives and for more selective use of instruments' (Evaluation of EC Country Strategy 2003 p. 36)*

*'EC interventions in support of private sector investment, employment creation and trade have achieved success in a number of specific areas but broader impact has failed in the absence of clearer strategic objectives and more selective use of instruments' (Evaluation of EC Country Strategy 2003 p. iii)*

*There was no dedicated M&E system for the programme although monitoring did occur through the various procedures the PMU complied with in depth monitoring of the programme's delivery was not conducted so it is hard to determine the real impact of the programme from the baseline study (Final Evaluation of Capacity Building Programme for NSAs, March 2011)*

*'Choice of instruments and modalities has for the most part been adequate for the intended purpose with a few major exceptions – Nacala Corridor (adequate financial instruments not available); SAF (stretched across too many different objectives); FSBL (where unclear management principles led to inefficient implementation and long term objectives have been targeted with relatively short term instruments' (Evaluation of EC Country Strategy 2003 p. v)*

*The inability of NICE to develop an effective monitoring system to demonstrate results (besides this being highlighted by every evaluation since 2003) is not entirely their fault but appears to be because the overall project framework is skewed and lacks logical coherence. In short monitoring a dysfunctional plan will not lead to the results NICE is looking for and until there is a coherent planning framework this problem will likely persist (Final Evaluation, Promotion of Rule of Law and Civic Education in Malawi, March 2011)*

*'(With respect to SAF) No specifics are given ... on how to achieve such a wide range of objectives with one single instrument which even if important in the context of EC strategy would provide limited leverage ....' (Evaluation of EC Country Strategy 2003 p. 7)*

## Indicator n°10.1.4: Evidence of discussion of modalities at sector and overall levels

### **Findings at indicator level:**

EDF9 CSP has no discussion of modalities beyond reference to eventual development of SWAps in future development assistance in various sectors and to macro-economic support taking the form of direct untargeted budget support. EDF9 CSP makes reference to financial instruments (EDF9 Envelopes A (CSP) and B (unforeseen needs) plus the Investment Facility (EIB) which does not form part of the indicative programme. Reference is also made to budget lines financing specific operations including support to food security (within the Agriculture and Natural Resources focal sector), environment, social/HIV/AIDS and NGOs.

EDF10 CSP refers to systematic development of sector programmes and that with reference to the Paris Declaration, budgetary aid would be the preferred modality followed by joint financing with other development partners. Regarding the focal sectors, no reference is made to modalities with regard to 'Agriculture and Food Security' whilst for 'Regional Integration with focus on Roads Infrastructure', the preferred modality of sector budget support is specified with project support to be maintained only for capacity building. Regarding the non-focal sectors support modalities are identified as follows: Governance – pool funding with UNDP and funding of governance institutions under general budget support (as such institutions are part of the CABS framework; Gender and HIV/AIDS – Global Fund against Malaria, TBC and HIV/AIDS plus support under sector support programmes; Institutional Capacity Building – Technical Cooperation Facility (for preparation of sector plans, strategies, MTEFs, feasibility studies (which may be required under the Infrastructure Partnership and EIB).

For areas outside bilateral development cooperation: Energy supply and generation and WATSAN – Infrastructure Partnership and EIB plus possible synergies and joint operations with WB and EU MS. Support through EIB is expected to include various risk capital investments from the Investment Facility or loans. NGOs have been involved, mainly under the MPP by means of calls for proposals although some doubt has been expressed as to whether this modality is fully responsive to the needs of national NGOs with weak capacities.

### **Data and sources:**

#### Supporting Evidence

*'... strong concurrence between government, EC and EU MS on the government's policies and the need for sector wide approaches' (EDF9 CSP p. 1)*

*'.... In line with the ME framework, EC must also continue its support in the social sectors' (EDF9 CSP p. 2)*

*'... crucial that the government commits to more credible policies towards the private sector with a mix of institutional and financial policies' (EDF9 CSP p. 6)*

*'Malawi has ventured out on to the development of sector programmes and thus of budget support versus the classical type of projects ..... (EDF9 CSP p. 21)*

*'DAS aims at guiding the process of aid mobilization, coordination and utilisation based on the principles of the Paris Declaration on aid effectiveness ....' (JAR 2008 p. 23)*

*'The aim of SWGS is to provide a forum for negotiation, policy dialogue and agreement of plans and undertakings among stakeholders at sector level' (JAR 2008 p. 24)*

*'Development of sector programmes will be systematically promoted. In terms of financing modalities .... Budgetary aid will be the preferred modality wherever possible' (EDF10 CSP p. vi)*

*'The principle of concentration will guide EC country and regional programming. This means selecting a limited number of priority areas of action through dialogue with partner countries ....' (EDF10 CSP p. 2)*

*'By conducting joint reviews and sharing analysis and studies members of CABS have gradually been drawn into collaborating further in sector areas and have been able to provide GoM with coordinated responses on a number of topics from ME to social sector issues and good governance' (EDF10 CSP p. 15)*

#### Detracting Evidence

*'Despite progress towards SIPs and adoption of SWAps .... Reallocation of scarce financial and human resources ... has not yet resulted in improved service delivery....' (EDF10 CSP p. 9)*

*The efficiency of result areas 4 and 5 were particularly impacted by the poor management of PEs which affected the programme implementation in general.....The programme was not efficient in managing the budgets under spending approximately 30% of the total which affected the beneficiaries of the programme. (Final Evaluation of the Capacity Building Programme, March 2011)*

#### **Indicator n°10.1.5: Evidence of consideration of comparative EC added value that would accrue from different modalities**

##### **Findings at indicator level:**

The only reference in EDF9 CSP to EC added value is in the context of the limited number of areas selected for EC support on the basis of their contribution to poverty reduction and for which EC action provides added value (i.e. links between trade and development, support for regional integration, support for macro-economic policies, transport, food security, sustainable rural development, institutional capacity building, good governance and rule of law).

EDF10 CSP has little reference to EC added value, none linked to modalities although there is reference to 'comparative advantage'<sup>77</sup> (based on more than 30 years of experience of operations in Malawi). Such reference is mainly in connection with the principle of 'concentration'<sup>78</sup> with comparative advantage being suggested for nine areas (i.e. trade and regional integration; environment and sustainable natural resource management; infrastructure, communications and transport; water and energy; rural development, territorial planning, agriculture and food security; governance, democracy, human rights and support for economic and institutional reforms; conflict prevention and fragile states; human development; social cohesion and employment).

##### **Data and sources:**

###### Supporting Evidence

*'... EC action provides added value: links between trade and development support for regional integration and cooperation; support for ME policies; transport; food security and sustainable rural development; institutional capacity building particularly in the areas of good governance and rule of law' (EDF9 CSP p. 2)*

*'... the EC is perceived to have an added value in political matters considering its relatively neutral position (compared with bilateral donors)' (Evaluation of EC Country Strategy 2003 p. 18)*

*'... it has been influenced by the known comparative advantage that the EC has in the transport field' (Evaluation of EC Country Strategy 2003 p. 8)*

*In selecting these two focal sectors careful account has been taken of the strategic indications of the forward-looking donor matrix and the comparative advantage that can be offered by the EC' (EDF10 CSP p. 20)*

*'Consideration was given to those sectors where the EC has comparative advantage vis a vis other donor agencies .....' (EDF10 CSP Annex 5)*

<sup>77</sup> Comparative advantage is judged vis-à-vis other donor agencies active in Malawi including EU MS

<sup>78</sup> I.e. selecting a limited number of priority areas of action rather than spreading efforts over too many sectors



**Judgement criterion n°10.2: Selection of aid modalities responded to evolving national needs and responded to the capacities of development partners.**

The CABS forum has undoubtedly contributed to policy and strategy dialogue concerning PFM reform and this dialogue has been informed by the regular PEFA reviews such that CABS is responsible for monitoring of the resulting PFM Action Plan. But the scope of CABS policy dialogue goes beyond simply PFM reform covering wider areas of ME policy, allocation of national budget and implementation of sector programming and preparation of SWAs. This higher level policy dialogue informs sector policy dialogue which has resulted in preparation of a few SWAs (e.g. transport) whilst working towards other sector approaches (e.g. justice). However, ongoing policy dialogue is an intrinsic part of implementation of sector programmes not only to ensure the realism of those programmes and the viability of stated prioritisation but also to monitor implementation and to take responsive decisions informed by such monitoring. This dialogue during the course of implementation of agreed programmes is often found to be at least as demanding as the dialogue leading up to the initial sector policies and strategies, as any shortcomings in resource allocation or availability and reaction to evolving circumstances have to be taken into account. Predictability of resource availability (from donors and government) can be critical not only to the success (or failure) of the sector programme but to the confidence that is essential for effective dialogue.

Certain modalities do have implications regarding policy and strategy dialogue with government and communication between donors. An immediate example is the CABS framework for general budget support which has led the way for sector budget support and SWAs. What has possibly not been fully appreciated is that dialogue during the course of implementation of budget support may be as demanding as the dialogue leading up to establishment of that support (e.g. as institutional capacity issues become apparent as impediments to implementation, whether or not they may have been identified previously)<sup>79</sup>. In this respect<sup>80</sup> there does not appear to have been an assessment of whether existing capacities (or capacities expected to be made available) could realistically be expected to implement effectively. Rather, capacities were assumed to be adequate to implement. As regards the 'match between implementation modalities and changing country needs no evidence has been examined of such assessment although to some extent this has been covered by consideration of risk in preparation of EDF10 CSP.

**Indicator n°10.2.1: Evidence of appropriate modality/instrument/approach compliant with changing situation and needs**

**Findings at indicator level:**

CABS has contributed to the elaboration and monitoring of PFM reform (among other issues) and this monitoring is augmented by reference to regular PEFA reviews (which have found that Malawi continues to exercise fiscal discipline in budget execution). Implementation of the PFM Action Plan is monitored by CABS as conditionality for disbursement of the variable tranche of GBS. Reform and improvement of PFM systems in recent years has included improvement in timeliness of submission of public accounts (due to progress in implementation of IFMIS) with other positive developments regarding debt and payroll management and reform of procurement procedures.

There is an effective policy dialogue on Public Finance Management (PFM) reforms in Malawi. As a result the Public Expenditure Finance Accountability Assessments (PEFA) have been conducted in 2005, 2006 and 2008 leading to a number of reforms and improvements to the PFM system. Donor coordination is sound, GoM being in the lead in convening meetings of the Group on Finance and Economic Management (GFEM) that are held on a quarterly basis and regular, twice yearly, review meetings with the Common Approach Budget Support (CABS) donor group. Within the framework of GFEM, discussions centre mainly on PFEM issues covering both technical and policy issues such as public accounting and auditing, procurement etc. In CABS, discussions are broad and are based on the Performance Assessment Framework (PAF) which includes PFM priorities in the PFM Action Plan. In this context CABS discussions involve all arms of the PFM system (executive, parliament, auditor general etc.). Non State Actors are also involved in CABS discussions in order to promote transparency and accountability as well as advocacy on priority issues for reform

The major change in EC procedures (deconcentration) took place during implementation of EDF9 and this caused delays in procurement and approvals across the entire support portfolio

<sup>79</sup> Experience of SPSP implementation in other countries has shown that sector performance may jeopardise disbursement of variable tranches, especially if, as is often the case, the monitoring system (PAF) is found to have shortcomings not apparent at the outset (e.g. due to definition of indicators, availability and quality of monitoring information or timeliness of reporting). Dialogue to address these issues during the course of implementation can be demanding.

<sup>80</sup> I.e. capacities of development partners to adequately respond to the demands of implementation modalities.

**Data and sources:**

Supporting Evidence

*'In May 2000 4 bilateral donors agreed with GoM a common framework for the provision of ME assistance (CABS – Common Approach to Budget Support). The donors committed themselves to using simplified and common administrative procedures .... coordinating their requests for information and engaging in joint consultations on ME and fiscal issues..... The EC has recently joined this framework .....* (EDF9 CSP p. 9)

*'ME support will be provided in the context of the CABS framework .... The establishment of MTEF will be encouraged and supported as will PERs of various sectors' (EDF9 CSP p. 22)*

*'... through GBS, government and development partners within the CABS group have created a privileged forum for policy dialogue. (JAR 2008 p. 15)*

*'The joint assessment of budget review is concluded through CABS reviews twice a year' (JAR 2008 p. 15)*

*'Calculation of the (EC) variable tranche was based on the CABS PAF assessment on relevant indicators as agreed with GoM' (JAR 2008 p. 15)*

*GoM wishes to commit itself to achieving all social PAF indicators – these are always addressed in the CABS reviews .....* (JAR 2008 Annex 2)

*'GoM committed to engage EC and EU MS in programming dialogue under the frameworks of DAS and CABS' (JAR 2008 Annex 2)*

*'The review of the indicators and targets are done every year through the CABS review' (JAR 2008 Annex 3)*

*"Once the PAF has been agreed by all the parties .... Indicators on PFM and social services are selected for the decision whether to disburse the variable tranches' (JAR 2008 Annex 3)*

*'The performance monitoring was complemented by the JAR with the GBS donors of the PAF in accordance with the CABS monitoring .....* (JAR 2008 Annex 3)

*'CABS assessment revealed that implementation of MGDS was broadly satisfactory since its adoption in 2006' (JAR 2008 Annex 3)*

*'Dialogue between CABS and GoM has continued to be successful' (JAR 2008 Annex 3)*

*'Progress has been made in the implementation of PFM reforms. The budget continues to be a broadly credible instrument for public expenditure management, and allocation of operational resources to essential public service institutions remains satisfactory. However, there are individual votes and programmes where this has not been the case, in particular agriculture during the 2008/09 fiscal year. The 2008/09 in-year reallocation for 24 of the 25 primary votes (agriculture exclusive) amounted to 4% of the approved budget. This compares well with the PEFA acceptable limit of 10%. However, when agriculture is included in the calculation, the reallocation rises to 19%, almost double the PEFA target. In line with the new IMF Programme, (Extended Credit Facility 2010-12) GoM has committed itself to undertake tight fiscal measures to further improve value for money of public spending, including conducting a public expenditure review on travel and vehicle expense from 2009/10 FY onwards'. (CABS Review Aide Memoire March 2010*

*'Results of a public finance management assessment for Malawi, based on the Public Expenditure Financial Accountability (PEFA) framework released in June 2006, revealed that the PFM system in Malawi remains weak though some aspects have improved since the last similar exercise completed in July 2005. This was also noted during the CABS reviews held in March and September 2006 and during the second quarterly IMF review. The improvement is attributable, among other things, to the implementation of Integrated Financial Management Information System (IFMIS) thus leading to some improvements in expenditure control and financial reporting'. (JAR 2006 p4*

*'CABS donor group conducts GoM's performance against commitments on poverty reduction, good governance, human resources, anti-corruption and sound PFM programmes. The performance is assessed against a PAF which is a set of indicators that GoM and CABS group have mutually agreed to use to measure progress. The PAF is updated every year during the CANS review....' (JAR 2008 Annex 3)*

### Detracting Evidence

*At the outset sufficient funds available compared to project budget but the slow procurement process had a negative impact on efficiency and less could be achieved than was planned. Due to specific procurement modalities parameters some tender specifications were scaled down to ensure the tender is within the maximum amount of the procurement modality. The planning schedule for activities did not always correspond with procurement timeframes that resulted in some to be cancelled (e.g. workshops by MoJCA, training activities by National Archives and training by ACB) (Final Evaluation, Promotion of Rule of Law and Civic Education in Malawi, March 2011*

*The impact of the grant making process was affected overall by the late delivery of grants which affected the implementation period for grantees, late training so many did not know what they should be doing compounded by erroneous information given by the TA to the PMU and the grantees and finally the closure of the office at a critical time for all concerned.....Whilst the grants were partially successful in achieving their outcomes there were issues related to M&E of the grants, accountability, ineligible expenses, own contributions and making the final contributions to enable them to complete all their activities in the original proposal .....Poor leadership of the PMU in the areas of decision making, managing the budget, poor application and knowledge of EDF procedures and no overall dedicated monitoring and evaluation system affected the overall impact of the delivery of the programme (Final Evaluation of the Capacity Building Programme, March 2011)*

### **Indicator n°10.2.2: Evidence of consultation/dialogue with GoM/NAO on choice of modalities**

#### ***Findings at indicator level:***

EDF9 CSP has no explicit reference to dialogue with GoM on choice of modalities although reference is made to government leadership of the early stages of the EDF9 programming exercise.

EDF10 CSP makes greater reference to consultation and dialogue (with GoM, NAO, other donors and NSAs/NGOs) but little explicit reference to modalities in this dialogue. Dialogue with GoM covered the principle of concentration of EC support to a limited number of priority areas of action, sector policies, political dialogue, development of DAS (Development Assistance Strategy), CABS (for governance and budget support), programming of EDF10 support, PFM and gender issues.

#### ***Data and sources:***

##### Supporting Evidence

*'There is general consensus... that sector programming (SIPs and SWAps) is the future for cooperation assistance. EC will continue close cooperation with EU MS, especially those MS that are leading or involved in direct policy dialogue with GoM in a specific sector ....' (EDF9 CSP p. 23)*

*'Future reforms and policy dialogue .... will be supported by TA which will always be provided within the framework of the respective SWAps in close cooperation with the relevant line ministry and development partners' (EDF10 CSP p. 21)*

*'EC has built up considerable experience in the road sector ... and has been able to influence policy changes...' (EDF9 CSP p. 19)*

*'Sector policy dialogue will focus in particular on the coherence between policy and implementation ....(EDF9 CSP p. 23)*

*'The policy measures to be taken will be further elaborated in the context of the PRSP process and sector policy dialogue' (EDF9 CSP p. 27)*

*'In parallel with its support for NAS, EC will also pay specific attention to and engage in dialogue with GoM on the policy environment ....' (EDF10 CSP p. 10)*

*'The ability to provide budget support .... will depend on open and frank dialogue....' (EDF10 CSP p. 17)*

*'Programming dialogue – GoM committed to engage EC and EU MS in programming dialogue under the framework of DAS and CABS' (EDF10 CSP Annex 9)*

### Detracting Evidence

*'Despite progress towards SIPs and adoption of SWApS in the major sectors reallocation of scarce financial and human resources to key functions ... has not resulted in improved service delivery .....*' (EDF9 CSP p. 9)

*'BS targeted at specific sectors is unlikely to be feasible until these problems (PFM, fiscal stability) are reasonably resolved through a SWAp' (Evaluation of EC Country Strategy 2003 p. 9)*

*'Progress towards the adoption of genuine SWApS is slow and limited mainly because of a less than conducive overall political and institutional environment (e.g. poor governance, limited government ownership, capacity constraints)' (Evaluation of EC Country Strategy 2003 p. 42)*

### **Judgement criterion n°10.3: EC aid modality combinations are complementary to and coherent with those of other donors.**

No reference is made to the 'EU Code of Conduct on Complementarity' in any EDF programming documents yet examined. However, that is not to say that there is no complementarity or coherence of EC support with that of other donors. There are high levels of both. Again there is much greater reference to the need to ensure such complementarity of support in EDF10 CSP than in EDF9 CSP although the 2003 CLE found ample evidence of complementarity between EC and EU MS in terms of sectoral task division, joint programmes, basket funding and combined TA resources. EDF10 takes these considerations forward in movement towards sector programmes (joint multi-annual programming based on national procedures, common implementation mechanisms, co-financing) although it is not yet clear whether or not EC has taken a lead in implementation of the Paris Declaration. Consultation with other donors, especially EU MS is an integral part of such coordination and although the majority of such collaboration (outside of sector donors consultation groupings and CABS) appear to be on a bilateral basis there is evidence of strong consultation and collaboration regarding division of tasks, joint funding mechanisms, development of sector approaches (and SBS), ME support (GBS) and PFM. There appears to be little or no discussion on choice of modality but rather the pragmatic and effective use of the modalities and instruments available. However, the overall result does appear to be manifest evidence of (an increase in) complementarity, harmonisation and alignment between EC and other donors (even if there is scope for improved policy dialogue with government).

### **Indicator n°10.3.1: Reference made to 'EU Code of Conduct on Complementarity and Division of Labour' in programming documents determining modalities**

#### **Findings at indicator level:**

EDF9 and 10 CSPs make no reference to the EU Code of Conduct but there has been consultation with other donors – see I3.2 below.

#### **Data and sources:**

#### Supporting Evidence

*'EC/GoM cooperation will be in close complementarity with support to be provided by EU MS and other main donors' (EDF10 CSP p. vi)*

*EU will advance coordination, harmonization and alignment. It will better promote donor complementarity by working towards joint multi-annual programming based on partner country's strategies and processes, common implementation mechanisms, joint donor wide missions and use co-financing arrangements. EU will take a lead in implementing the Paris Declaration commitments on improving aid delivery .....*' (EDF10 CSP p. 2)

*'EC is committed to donor coordination and complementarity which has facilitated its planning and choice of focal areas' (Evaluation of EC Country Strategy 2003 p. iii)*

*'This coordination (CABS) in turn has helped to promote donor complementarity mainly through specialization, task division and joint action in different sectors' (Evaluation of EC Country Strategy 2003 p. 42)*

*'There is ample evidence of effective complementarity between EC and EU MS at a strategic level .....* in terms of sectoral task division.... as well as in terms of joint programmes, basket funding or pooling of TA resources. (Evaluation of EC Country Strategy 2003 p. 43)

*'Donor coordination and complementarity has facilitated the elaboration of the .... CSP and related choice of focal sectors' (Evaluation of EC Country Strategy 2003 p. 51)*

#### Detracting Evidence

*'.... no complementarity between the different actions undertaken under the national programmes on the one hand and the regional on the other are clearly spelled out' (Evaluation of EC Country Strategy 2003 p. 10)*

*'Although complementarity with MS is generally good and coherence among the different EC interventions in the field ensured (in terms of non-duplication of effort and resources) there is still a considerable level of synergies and coordination tools established between the different EC interventions .... they continue to operate as separate units in distinct spheres' (Evaluation of EC Country Strategy 2003 p. 26)*

### **Indicator n°10.3.2: Donors, especially EU Member States, were consulted by EC regarding comparative advantages of donor coverage and/or modality**

#### ***Findings at indicator level:***

EDF9 CSP discusses the assistance programmes of other donors (noting that most are assisting government towards sector programmes) and that five donors were coordinating macro-economic support (Denmark, Sweden, UK, Norway and EC). There is also reference to an established framework for donor coordination and formal annual consultative group meetings with government (although it is noted that there remains significant scope for streamlining and coordination of interface with government). Lead donors are identified for key sectors (including EC for transport and agriculture [the latter with UK]). In discussion of the rationale for EDF9 focal sectors the coverage of various sectors by different donors is noted with explanation of how EC support does not overlap their support, especially with regard to the focal sectors.

In discussion of coherence with EC policies, EC pledges to continue close cooperation with EU MS especially in connection with development of sector wide approaches, for pooling of technical resources and for coordination of macro-economic support and dialogue with government to assess PFM.

EDF10 CSP has multiple references to complementarity of EC support with that of EU MS and other donors active in Malawi, with EU seeking to advance coordination, harmonization and alignment, promoting better donor complementarity by working towards joint multi-annual programming based on partner country strategies and processes, common implementation mechanisms, joint donor-wide missions and use of co-financing mechanisms. With reference to donor coordination, specific reference is made to positive experiences of the CABS group as a forum for discussion between development partners involved in budget support (DFID, Norway, Sweden, EC, Germany, WB, IMF, UNDP, AfDB) which has contributed to better alignment of donor assistance, joint reviews, analysis and studies and coordinated response to government (such as macro-economic support, social sector issues and good governance).

Political dialogue has been taking place since 2005 (in line with the provisions of the Cotonou Agreement).

#### ***Data and sources:***

##### Supporting Evidence

*'... there is strong concurrence between GoM, EC and EU MS on the government's policies and the need for sector wide approaches' (EDF9 CSP p. 1)*

*'The Treaty Establishing the EC foresees that the EC and MS shall coordinate their policies and development coordination and shall consult each other on their aid programmes ....' (EDF9 CSP p. 2)*

*'The choice of focal sectors is a direct and logical result of comparing ..... complementarities to EU MS interventions and the search for lead donors' (EDF9 CSP p. 19)*

*'EC will continue close cooperation with MS especially those MS that are leading or involved in direct policy dialogue with government in a specific sector of cooperation ..... (EDF9 CSP p. 23)*

*'... it is evident .... that EU (MS and EC) will remain Malawi's major assistance partner with EC playing a major role' (EDF9 CSP p. 24)*

*'Close collaboration with MS representatives in politically sensitive governance issues and flexibility in use of support instruments are other important factors' (Evaluation of EC Country Strategy 2003 p. vi)*

*'EC has been committed to promoting donor coordination and complementarity through a variety of means including donor specialization, task division, joint action, pooling of TA resources and delegation of implementation responsibilities to EU MS.....' (Evaluation of EC Country Strategy 2003 p. 44)*

*'EC/GoM cooperation shall be in close complementarity with support to be provided by EU MS ....' (EDF10 CSP p. vi)*

*'.... EC GBS will be provided jointly with other donors including EU MS ....(EDF10 CSP p. 21)*

*'Consideration was also given to those sectors where EC has comparative advantage vis a vis.... MS' (EDF10 CSP Annex 5 p. 1)*

#### Detracting Evidence

*'.... In Malawi the preparedness of EU MS to accept a lead role of EC seems rather limited' (Evaluation of EC Country Strategy 2003 p. 18 FN10)*

### **Indicator n°10.3.3: Demonstrative complementarity of EC support with that of other donors**

#### **Findings at indicator level:**

It is clear that EC has made specific efforts to achieve complementarity at national level with other donor support including specialization, task division, joint multi-annual programming, common implementation mechanisms, and joint donor missions and, more recently, co-financing (e.g. administrative agreements with UNDP, WB). The CABS framework appears to have an influence in this respect that transcends its original role concerned with only GBS which, given the general consensus of movement towards SWaps and SBS, augers well for strengthened complementarity in future support to Malawi.

#### **Data and sources:**

##### Supporting Evidence

*'There is ample evidence of complementarity between EC and MS at a strategic level ....' (Evaluation of EC Country Strategy 2003 p. 43)*

*'The EC is committed to donor coordination and complementarity which has facilitated its planning and choice of focal areas' (Evaluation of EC Country Strategy 2003 p. iii)*

*'This coordination (CABS) in turn has helped promote donor complementarity, mainly through specialization, task division and joint action in different sectors' (Evaluation of EC Country Strategy 2003 p. 42)*

*'The choice of focal sectors is a direct and logical consequence of comparing ..... complementarities to EU MS.....' (EDF9 CSP p. 19)*

*'Area 1 will to a large extent be covered by various donors and it intended to be channelled through MASIP. Area 4 will be largely coordinated by DFID with contributions from the EC and in the future, possibly other donors. EC will therefore concentrate on areas 2 and 3 as well as complementing Area 1' (EDF9 CSP p. 20)*

*'EU will .... Advance coordination, harmonization and alignment .... it will promote better donor complementarity by working towards joint multi-annual programming based on partner country's strategies and processes, common implementation mechanisms, joint donor missions and use of co-financing arrangements' (EDF10 CSP p. 2)*

##### Detracting Evidence

*'... although complementarity with MS is generally good and coherence among the different EC interventions .... ensured there is still a considerable lack of synergies and coordination tools ....' (Evaluation of EC Country Strategy 2003 p. 26)*

*'.... no complementarity between the different actions undertaken within the national programmes on the one hand and the regional ..... are clearly spelled out' (Evaluation of EC Country Strategy 2003 p. 10)*

*The project agreement and addenda speak very clearly concerning donor coordination in the sector. It is accepted as weak but it is probably more than weak but fragmented to the extent that added value of inputs overall are seriously diluted....' (ROM MR-002091.02 BCS 26/02/09 – Promotion of Rule of Law and Civic Education in Malawi – Rule of Law Concept)*

**Judgement criterion n°10.4: Selected modalities give value in terms of outputs compared with timely input resources to design and implementation.**

There appears to have been no analysis by EUD of the relative capacity and resource requirements of the different modalities as a factor in the selection of modalities. Rather, the available modalities associated with selected support intervention areas were assessed and compared with available EUD staffing and resources and on that basis a decision was taken on prioritisation of staff time and effort. The issue of comparative assessments has to be considered against a serious capacity constraint in the early years of EDF9 implementation. It is understood that there is now a better match between support portfolio responsibilities and available staff (in terms of numbers and areas of expertise) although there continues to be long-standing unfilled vacancies in some sectors. Similarly no evidence has yet been examined of analysis of input/output ratios and unit costs of outputs.

All procurement processes for EDF9 and EDF10 interventions are reported to have been undertaken in compliance with EDF procedures (and reference has been made to the length of time necessary to comply with such processes). However, although there have been reported improvements in public procurement in Malawi this remains a thorny issue due to lack of adequate capacity in the office of DPP and in line ministries, despite donor support to capacity building. Procurement issues in the road sector have, in the run-up to proposed SBS, been subject to particular scrutiny in view of potential costs overruns (in excess of budget provision) and concerns over procurement practices<sup>81</sup>.

**Indicator n°10.4.1: Detailed comparative capacity assessments of EUD with regard to competing modalities or approaches**

**Findings at indicator level:**

There is no such assessment detailed in the EDF9 or 10 CSPs which is a curious omission given the multiple references in the various JARs to EC DEL capacity constraints limiting the effectiveness of management of the EC support portfolio. Following de-concentration the EUD is now more commensurately capacitated in terms of staffing to address their programming and implementation needs although there are still shortages in some support areas (e.g. gender).

**Data and sources:**

Detracting Evidence

*'EC is anxious to continue to strengthen its capacity to develop strategies and integrate cross-cutting issues but lacks capacity and staffing to do so effectively' (Evaluation of EC Country Strategy 2003 p. iii)*

*'The programme efficiency was constantly hampered by poor management of EDF procedures and the programme overall which caused delays, budget under-spends and erratic implementation of the programme' (Final Evaluation of the Capacity Building Programme for NSAs in Malawi, March 2011)*

*'... while the EC programme in Malawi expanded rapidly after 1995 to become one of the largest in ACP countries, the capacity of EC DEL did not increase correspondingly' (Evaluation of EC Country Strategy 2003 p. v)*

*'The EC DEL is affected by capacity problems and is therefore incapable of taking on additional responsibilities and tasks unless other additional capacity can be identified or staff time saving made within the existing work schedule' (Evaluation of EC Country Strategy 2003 p. 38)*

*'A major reason for this .... capacity constraint could be the lack of a properly resourced support unit in NAO. This has meant that the EC DEL has had to spend staff time on tasks that could have been fully or partly carried out by the NAO office' (Evaluation of EC Country Strategy 2003 p. 38)*

<sup>81</sup> Examination of public Arrears Generated from Contracts in the Road Sector, EC, March 2010; Examination of Procurement of Road Projects, EC, March 2010

*'....However staff and time constraints have prevented the EC DEL so far to put in place a more systematic and institutionalised approach to strategy development and programme management. Confronted with the need to manage a relatively large portfolio with limited human resources (before deconcentration) and an NAO office that functions less than optimally the EC DEL has made a deliberate choice to concentrate its efforts on the effective delivery of its 'core business'. While such a pragmatic approach seems a most legitimate choice under prevailing conditions it also leads to important gaps in the overall EC response capacity ....' (Evaluation of EC Country Strategy 2003 p. 42)*

*The EC DEL is keen to strengthen its overall capacity to develop strategies .... but lacks staff and time to do so properly....' (Evaluation of EC Country Strategy 2003 p. 44)*

#### **Indicator n°10.4.2: Evidence of analysis input/output ratios including unit costs of outputs**

##### **Findings at indicator level**

There is no such analysis detailed in EDF9 or 10 CSPs.<sup>82</sup> Proposals to phase out PIUs in 2012 and replace by short term staff on government salaries is a threat to project implementation in some sectors given the manifest capacity problems in many sector ministries and other institutions.

##### **Data and sources:**

##### Detracting Evidence

*The PMU and Regional Office costs were high compared with the eventual benefits for NSAs.....the opening of regional offices did not offer much added value given the pilot nature of the programme and the lack of planning and strategy for the offices in general. (Final Evaluation of the Capacity Building Programme for NSAs in Malawi, March 2011)'*

*'....Projects whose implementation period is going beyond 30/06/2012 shall have their activities integrated into relevant sectoral ministries and departments.....Government shall provide non-established post to cater for extra work load, holders of such posts shall be engaged on short term contracts and they will be paid salaries applicable to civil servants'.(Circular 18/04/2011, Secretary for Public Service Management – Phasing out of PIUs)*

#### **Indicator n°10.4.3: Adequate procurement processes (e.g. competitive tendering in accordance with national and/or international norms)**

##### **Findings at indicator level:**

It is reported that all EDF9 and 10 project interventions have undertaken procurement in accordance with EDF procedures.

EDF10 CSP makes reference to improvements in public procurement (as a component of PFM) [e.g. improved competition, value for money and procurement control] although noting that there are remaining concerns about some procurement processes (as identified under the CABS framework – lack of competent procurement personnel in ODPP and individual ministries). Some donors are supporting the ODPP (Office of the Director of Public Procurement) in capacity building including establishment of special procurement units and positions.

All national procurement of works, services and goods should be compliant with the 2003 Public Procurement Act ([www.odpp.gov.mw](http://www.odpp.gov.mw))

<sup>82</sup> This indicator is really a continuation of 4.1 above



**Data and sources:**

Supporting Evidence

*'... several specific structural reform measures have been taken that promise to bring some improvements as regards procurement .....'* (EDF9 CSP p. 9)

*'PFEM Action Plan includes activities in the area of strengthening of procurement .....'* (JAR 2008 p. 24)

*'The situation with procurement has improved although there are still concerns about some specific procurement practices ..... A number of donors are supporting the office of DPP and progress is expected .....'*(EDF10 CSP p. 7)

*'Increase funding to .... Office of the DPP (EDF10 CSP Annex List of GoM commitments)*

*'In the area of internal control especially in public procurement there is evidence of improved competition, value for money and procurement controls'* (EDF10 CSP Annex 10a p. 7)

Detracting Evidence

*'... and on a lack of understanding of the government's own newly introduced procurement rules'* (EDF9 CSP p. 12)

*'... nevertheless the DPP continues to experience setbacks in a number of areas including lack of competent procurement personnel, both within DPP and within individual ministries'* (EDF10 CSP Annex 10a p. 7)

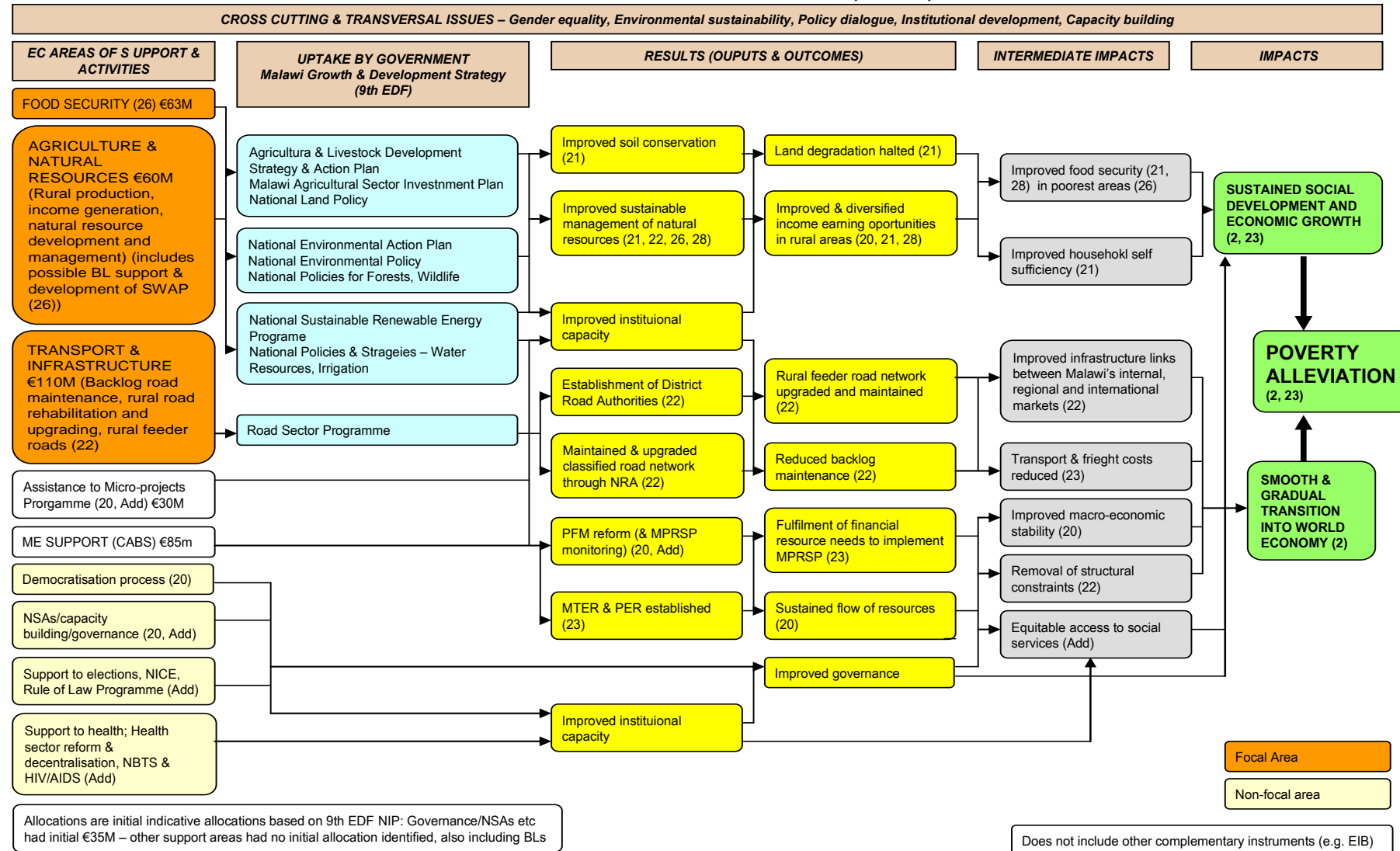
*The Dwangwa Expansion of Irrigated Sugarcane Project was to develop 680 ha of irrigated sugarcane benefiting smallholder out growers. The timeframe of 18 months for implementation was unrealistic and clearly too short to develop 680 ha. Several factors caused implementation delays: Land disputes which had not been foreseen and planned for, the onset of the rainy season at the time the contractor was hired and the difficulties the Trust faced in adhering timely and comprehensively to EC documentation requirements as the assumption that the Trust would be able to cope with the EC procedures proved wrong. The total investment sum had already increased from €3.5m to €4m due to higher land preparation costs. The additional €500,000 were to be raised by the Trust increasing the percentage of its financial contribution to the project from €0.5m to €1m. Due to the delays in implementation and reporting the total STABX grant was reduced by €600,000 to €2.4m. This means that the Trust would have to cover a financial gap of €1.6m through commercial loans in order to bring the project to full completion. Currently only an overall completion rate of 35-40% has been achieved. Full completion would mean circa 300 ha compared to 680 ha originally planned. The whole development is still in an un-operational state as the bulk water and electricity supply systems have not been completed. As a result those community members who had expectations of being part of the scheme that is yet to be developed, have raised concerns regarding their future. The potential beneficiaries are currently facing a situation where the scheme is not functional, but they have not been able to cultivate their plots and therefore do not have the income they would usually have. With prolonged delays this non-utilisation of land will out severe constraints on farmers. In addition the irrigation contractor is battling not to go bankrupt as payments have not been executed as planned (STABEX/2008FMO/2009IP/Component B – The Expansion of Irrigated Sugarcane under Dwangwa Cane Growers Trust – Kasitu North)*

*Many of the delays were caused by a series of problems in the formulation of tender requirements, the tendering process itself and awarding contracts. The complexity of the process was a frequent cause of setbacks. ....In the various EC-funded programmes the evaluators have been involved with – quite a few- delays were more the rule than the exception. At the origin was usually that procedures followed by the implementers did not satisfy EC rules and regulations. While this may be a valid reason to deny approvals the new result has been back loaded projects and hasty execution before a deadline would cut off further funding. This is not beneficial to execution quality. Some EU member states tend to have greater flexibility in their technical support programmes. A typical situation would be that already committed EC funding for a large project.....is not available on time and that MS then step in to bridge the gap (Final Evaluation Report, SADC Regional Statistical Training Project 8ACP RAU 005, Nov 2007)*

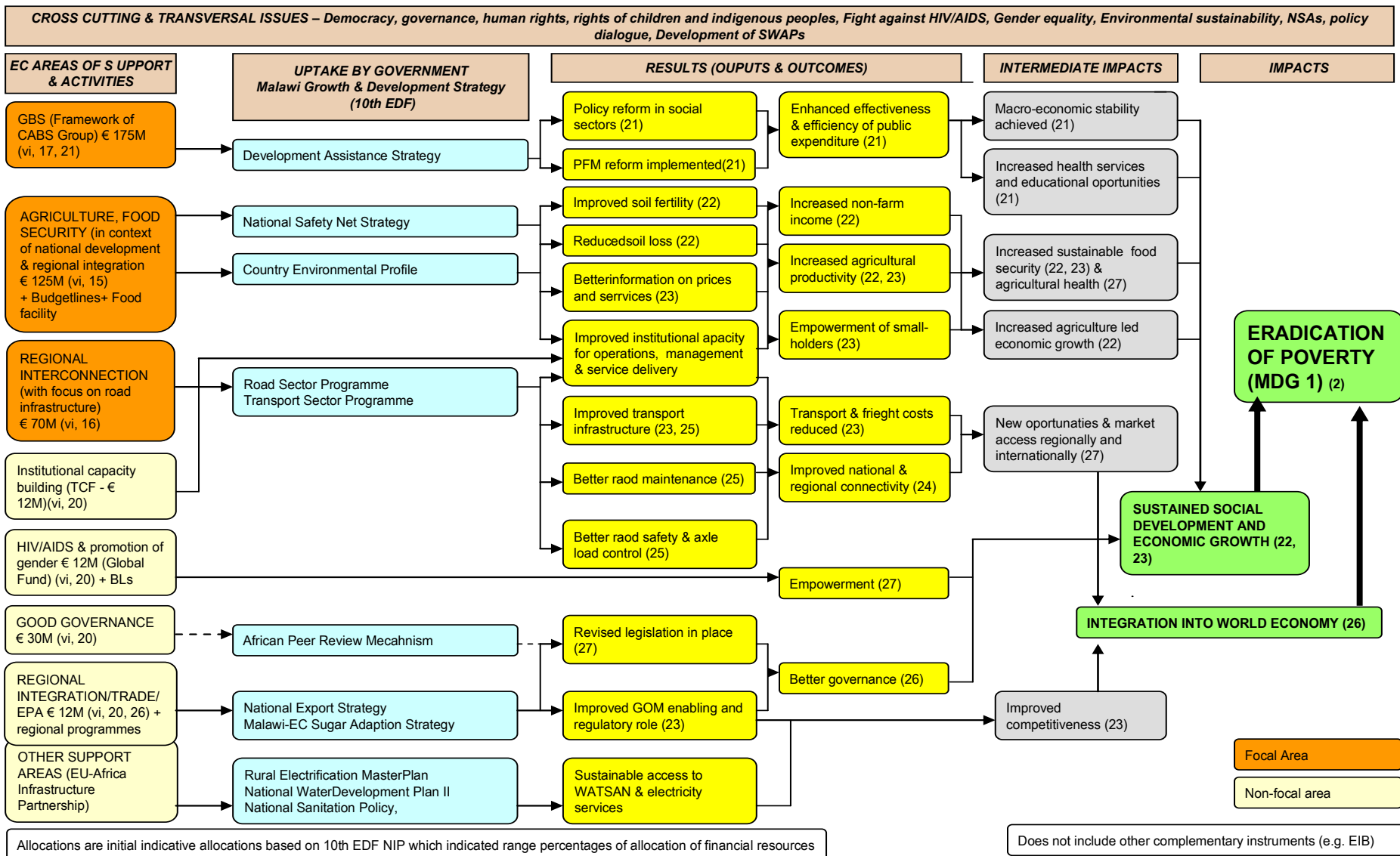
*'PEFA performance indicator 2006: Completion, value for money and controls in procurement – C'* (PEFA Review 2006)

## 2. Intervention Logics

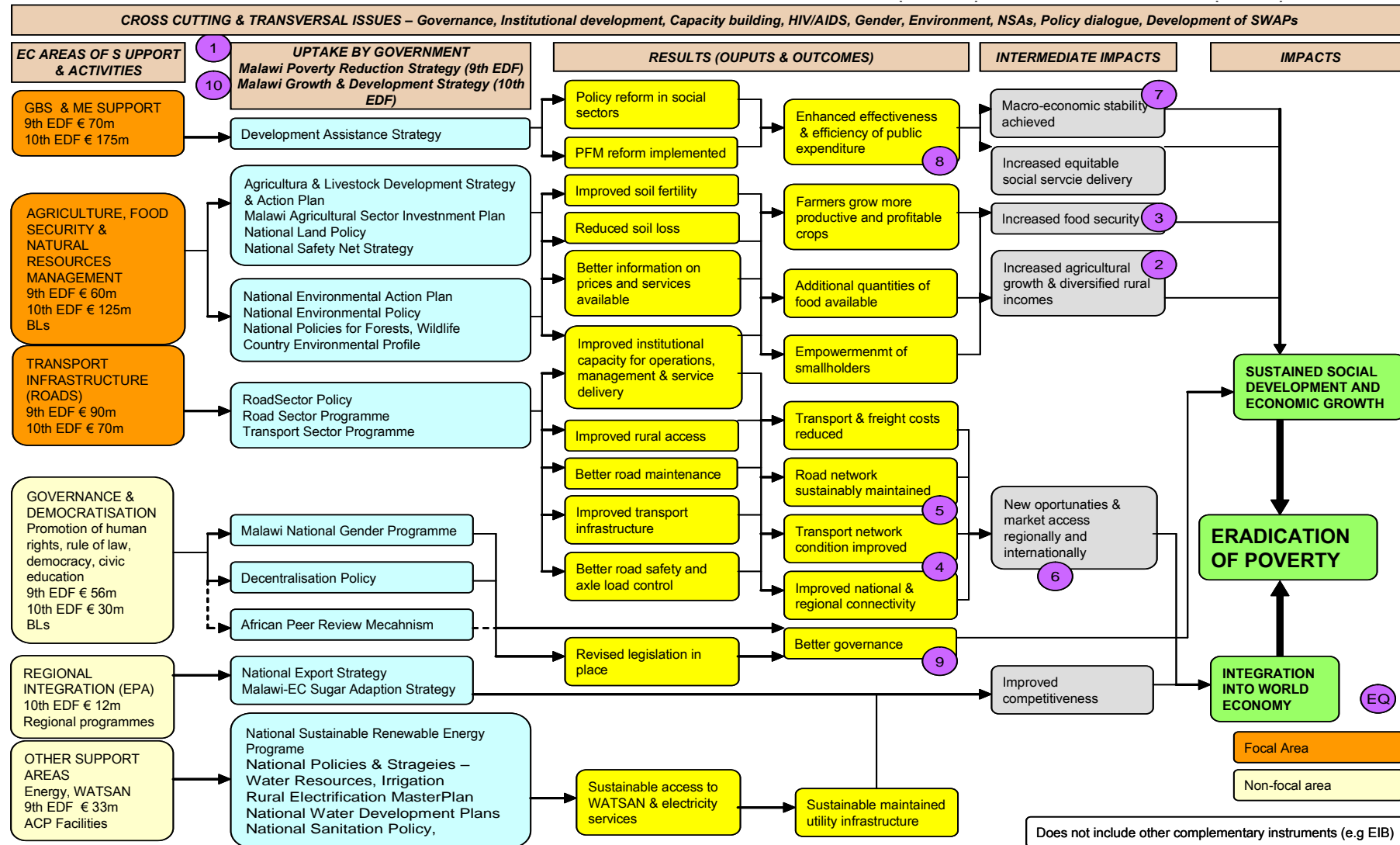
### Intervention Logic: 2001-2007 EDF9 (MPRSP)



### Intervention Logic: 2008-2013 –EDF10 (MGDS)



**Consolidation of Main Issues of Reconstructed Logic: 2001-2007 EDF9 (MPRSP) & 2008-2013 – EDF10 (MGDS)**



### 3. Activities of the Field Phase

#### 3.1 Issues addressed

##### Relevance

**Evaluation Question 1: To what extent have the EC support strategies responded to the changing needs of the Malawian population and those expressed by the GoM?**

Judgment Criterion	Issues to be explored
<b>JC n°1.1:</b> EC support strategy takes into account the short-term and longer term needs of Malawian population including accurate and timely adjustments from programming to implementation based on evolving needs	Confirm perceptions of outside stakeholders (donors, NGOs, CSOs etc.) on degree EC support responds to national and societal needs (1.1.2)
	Collect information on any changes in EC support in response to changing needs during the course of implementation of NIP (i.e. unforeseen circumstances). Clarification of how such changes are detected and how responses are determined (1.1.3)
<b>JC n°1.2:</b> Problem analysis has been a consultation process involving government, NSAs and target population informed by conclusions of previous evaluations.	Confirmation of effectiveness of EC consultation procedures in preparation of CSP (1.2.1, 1.2.2)
	Verification of application of lessons learned from 2003 CLE (1.2.3)
<b>JC n°1.3:</b> EC strategy is responsive to national priorities and policies for development and growth	Confirmation on the part of GOM of extent to which EC objectives continue to be compliant with MGDS (1.3.1)
	Deepen analysis/understanding of depth of EUD analysis of need and selection of EU response (1.3.2)
<b>JC n°1.4:</b> EC strategy is coherent and coordinated with other donor programmes in Malawi	Review of coordination arrangements between EUD and other donors (in preparation and implementation of NIPs) (1.4.1)
<b>JC n°1.5:</b> Absence of conflict between EC development objectives in Malawi and EC global and regional policies and strategic frameworks.	Confirmation of degree of compliance of CSP with EC international strategies and agreements and of internal coherence of CSP/NIP (1.5.1, 1.5.2)
<b>JC n°1.6:</b> EC strategy offered value added in contributing to greater focus of development support to Malawi	Deepening of understanding of definition/criteria for 'added value' and role played by this consideration in selection of support areas (for EDF10) (1.6.1 & EQ10 10.1.5)

In order to collect information on these issues the evaluators carried out the following activities during the field phase in Malawi, May 2011.

Interviews in Lilongwe with the following stakeholders:

- EUD staff on all aspects of preparation of EDF10 CSP
- NAO on consultation practices in preparation of EDF10 CSP and response to changing needs
- NGOs/CSOs (and independent experts) who participated in regional consultation meetings in Blantyre, Mzuzu and Lilongwe on consultation processes in preparation of EDF9 and EDF10 CSPs and the extent to which that support responds to changing national needs

Interviews in Brussels (or elsewhere) – by phone or in person

- EU staff who were involved in the preparation of EDF9 CSP

## Agriculture

### Evaluation Question 2: *To what extent has EC support contributed to increased agriculture-led economic growth?*

Judgment Criterion	Issues to be explored
<b>JC n°2.1:</b> EC support has contributed to development of a SWAP.	Examination of progress towards satisfaction of the 7 KAAs - with particular attention to sector policy development, sector coordination framework, multi-annual investment programme, institutional capacity assessment and sector PAF (2.1.1)
<b>JC n°2.2:</b> EC support to sector reforms and institutional capacity building adequately addressed requirements for the development of the agricultural sector.	What should be regarded as priority key sector reforms? Main obstacles? (2.2.1) Assess perspectives for land reform (particularly with view on GBI) and rural credit schemes (2.2.2) Issue of new large concessions for foreign countries and investors (2.2.2) Achievements and non-achievements of IDAF (2.2.2) Support perspectives under EDF10 (2.2.1) Comprehensive support approach to extension services under EDF10 (2.2.1)
<b>JC n° 2.3:</b> EC support contributed to increased productivity of smallholder sector.	Input Subsidies perspective? (2.3.1) Any measurement data for increasing decreasing land fertility/ degradation? (2.3.2) Attribution EC contribution to increased productivity aspects (2.3.1) Sustainability of crop diversification and environmentally friendly cultivation techniques (part. soil and water conservation structures), replication of techniques (2.3.2) Quality of support to irrigation (2.3.3) Association development after project phase-out (PAMA, ASSMAG) (2.3.4)
<b>JC n° 2.4:</b> EC interventions contributed to improved environmentally sustainable land resources management practices	Extent and sustainability of environmentally friendly cultivation techniques (particularly soil and water conservation structures), replication of techniques (2.4.1) Impact of changing farming practices to take into account better environmental practices and land resource management (2.4.2) Perspectives EC engagement regarding climate change (2.4.1) Changing focus of support from EDF9 to EDF10 (2.4.1) Progress in implementation of forest management plans (2.4.2)
<b>JC n° 2.5:</b> EC interventions contributed to improved market competitiveness of agricultural products	Progress and impact sugar support (2.5.1) STABEX tea and coffee interventions (2.5.3) EFSTT became functional? (2.5.2) Regional support to SQAM? Any national support so far to SQAM? (2.5.2) Up to date export statistics (2.5.3)
<b>JC n° 2.6:</b> EC has contributed to improving mainstreaming of crosscutting issues (gender, HIV/AIDS, environment) in the agricultural sector.	Assess gender disaggregation in FNSJTF/TS M&E (2.6.1, 2.6.2) Assessments on quality of awareness creation and the impact on sexual behaviour available? (2.6.3) Linkages between programmes regarding environmental impact established? (2.6.4)

In order to collect information on these issues the evaluators carried the following activities during the field phase in Malawi, in May 2011.

Interviews in Lilongwe with the following stakeholders:

- EUD staff on all aspects of preparation of EDF10 CSP and implementation of EDF9 and EDF10 CSPs for sector support for agriculture including perspectives on institutional reform, capacity building, smallholder productivity (including input subsidies), land resources

- management, market competitiveness (including sugar, STABEX, SQAM), SWAP preparation and mainstreaming of cross-cutting issues
- Staff and officials from GOM including sector manager Rural Development and Food Security NAO support unit, line ministries (especially MAFS), TS/FNSJTF (covering issues noted above)
  - Other sector donors (covering issues noted above)
  - NGOs (covering issues noted above)

Interviews and/or Focus Group Discussions outside Lilongwe with beneficiaries of EC support programmes, female and male smallholders, NGOs, agricultural research bodies, farmers associations, representatives of sugar industry, project implementation personnel and rural dwellers (subject to logistical considerations).

Issues discussed and beneficiaries: Changes in productivity and attribution of changes; changes in FS (months of food stock); changes in income (through what); crop diversification, increase in average crops grown by farmers (incl. attribution of changes, existing and developing markets and sustainability); environmentally friendly cultivation techniques (impact, changes in fertility and yields, sustainability, replicability); quality of support to irrigation; organisational degree of farmers and whether the programme tackled gender and HIV/AIDS? Any changes in behaviour?

## Food Security

**Evaluation Question 3: *To what extent has EC support contributed to improved food security, at national and household levels (with special regard to female and child headed households, children under five, orphans, HIV/AIDS sufferers and the disabled)***

Judgment Criterion	Issues to be explored
<b>JC n° 3.1:</b> EC support has contributed to improved management of the food security policy by the respective government institutions.	Perspectives inclusion TS into GoM structures (3.1.1) Monitoring of policy implementation? (3.1.1) Assess improvements in NFRA management (3.1.3) Replenishment and maintenance of grain reserve (3.1.2) Perspectives innovative approaches (3.1.4) EC involvement innovative approaches (FSTP?) (3.1.4)
<b>JC n° 3.2:</b> EC supported interventions contributed to farmers increasing and diversifying their agricultural production for subsistence.	Hunger months reduced? (3.2.1, 3.2.3) EC support to trade and marketing policies? (3.2.2) Attribution EC support to diversification (3.2.3) Increase in average crops grown per farmer? (3.2.4)
<b>JC n° 3.3:</b> EC interventions contributed to on- and off-farm income-earning opportunities for rural households (under special consideration of female-headed and child-headed HHs) which provide means to purchase food.	Data on FFH and child headed households/youth for IGPWP? (3.3.3) Total number of beneficiaries' public works programmes? (3.3.2) Inclusion IGAs in public works programmes? Income through structures established through public works programmes? (3.3.2) Increase in income from farming activities? (3.3.1)
<b>JC n° 3.4:</b> EC support facilitated effective safety net interventions to improve the nutritional status of vulnerable groups (children under five, orphans, HIV/AIDS sufferers and the incapacitated)	INFSSS after 2008 (3.4.3) EC supported safety net interventions for other vulnerable groups (orphans, HIV/AIDS sufferers)? (3.4.2, 3.4.3) Continuation of community involvement / activities after project phase-out (3.4.2)

In order to collect information on these issues the evaluators carried out the following activities during the field phase in Malawi, in May 2011.

Interviews in Lilongwe with the following stakeholders:

- EUD staff on all aspects of preparation of EDF10 CSP and implementation of EDF9 and 10 CSPs for sector support for food security including perspectives on management of food

- security (including monitoring, maintenance of grain reserve) diversification of agricultural production, income earning opportunities (on and off farm) and safety net interventions
- Staff and officials from GOM including line ministries and agencies [NFRA, FSNJTF/TS, MOAFS, MOH] (covering issues noted above)
  - Other sector donors (covering issues noted above)
  - NGOs (covering issues noted above)

Interviews and/or Focus Group Discussions outside Lilongwe with beneficiaries of EC support programmes, female and male smallholders, NGOs, farmers associations, project implementation personnel, communities, volunteers and rural dwellers (subject to logistical considerations).

Issues discussed with beneficiaries: Changes in FS and attribution of changes; nature of EC support to FS and nutrition; interventions for vulnerable groups and changes in their nutritional status, community involvement (successes and problems) and continuation of community involvement after project phase out.

## Road Infrastructure (National sector management)

**Evaluation Question 4: *To what extent has EC support to the road sector in Malawi contributed to management of a network that provides levels of service that respond to user needs?***

Judgment Criterion	Issues to be explored
<b>Overall</b>	More information required on performance of EC interventions including outcomes and sustainability issues.
<b>JC n°4.1:</b> EC policy dialogue had contributed to the development and implementation of national road sector strategies, a SWAP and investment programmes	Close examination of degree of preparedness of sector institutions for implementation of a sector programme with concentration on institutional capacity, budgetary reality and discipline, reporting, monitoring quality, procurement discipline, prioritisation, PCM, works quality issues and EU response options in case of shortcomings. Review of transport sector policies, strategies and programmes (4.1.1)
<b>JC n°4.2:</b> EC support has contributed to improved capacity of national sector institutions, contractors and consultants to adequately manage network maintenance and development works	Specific examination of institutional capacity and resources of sector institutions at various levels (4.2.1)
	Review of revenue projections compared with maintenance needs and current/expected absorptive capacity. Explanation of how work plans, programmes and budgets will cover the planned take-over of ~9000km of community roads (mostly unpaved roads in poor condition) (4.2.2)
<b>JC n°4.3:</b> EC interventions contributed to improving road network condition	Update of current capacity situation of national consultants and contractors (4.2.3)
	Update on latest road network conditions. Update on current situation regarding coverage by routine maintenance contracts (type of contract, duration, quality issues, unit costs, backlog etc.) (4.3.1, 4.3.2 & 4.4.2)
<b>JC n°4.4:</b> EC interventions contributed to improving rural access.	Collection of data on freight charges, passenger fares and availability of transport services in rural areas. Collection of data on population distribution in catchment areas of rural road corridors (4.4.2, 4.4.4)
	Interface with and collection of perceptions of sample of rural populations either from existing data or from group discussions along rural road catchment areas (4.4.3)
<b>JC n°4.5:</b> EC interventions have contributed to improving axle load control and road safety.	Confirmation of standard practises regarding implementation of safety audits as a component of design process. Examination of quality of such audits. Examination of typical audits for EC-supported interventions (4.5.1)



Judgment Criterion	Issues to be explored
	Review of current procedures for identification of accident black spots and of mechanisms for mitigation measures. Inspection of black spots and remedial measures (subject to logistics of field visit) (4.5.2) Review of situation regarding availability and operation of weigh stations. Condition survey. Examination of management and enforcement practices. Collection of information on current axle load statistics and evidence of impact of overloaded trucks on national network (4.5.3, 4.5.4, 4.5.6)
<b>JC n°4.6:</b> EC has contributed to improving mainstreaming of crosscutting issues (gender, HIV/AIDS, environment) in the road sector.	Confirmation of standard practises regarding implementation of ESIA's as component of design process. Examination of quality of such ESIA's (and ESMPs). Examination of typical ESIA's and ESMPs for EC-supported interventions. Collection of evidence of compliance with ESIA's (4.6.1) Collection of evidence of consideration of gender issues in ESIA's and implementation of EU-supported interventions and of women's' participation in labour based works of routine and periodic maintenance and rural road rehabilitation (4.6.2, 4.6.3) Collection of evidence of consideration of HIV/AIDS implementation of EU-supported interventions and in general in implementation of routine and periodic maintenance and rural road rehabilitation (4.6.4)

In order to collect information on these issues the evaluators carried out the following activities during the field phase in Malawi in May 2011.

Interviews in Lilongwe with the following stakeholders:

- EUD staff on all aspects of preparation of EDF10 CSP and implementation of EDF9 and 10 CSPs for sector support for transport including perspectives on national sector policies and strategies (SWAp development, dialogue, investment programmes), institutional capacity (revenue and budgetary projections, national consultancy and contracting), network conditions, rural access (rural transport costs, rural accessibility), axle load control and road safety (audits, accident black spots, operation of weigh stations), cross cutting issues (gender, HIV/AIDS, environment)
- Staff and officials from GOM including line ministries and agencies [NRA, NRF, MTPI, CML, PVHO, NCIC, RTD, traffic police] (covering issues noted above)
- Other sector donors (covering issues noted above)
- Construction sector bodies (consultants, contractors associations, Board of Engineers)
- EC intervention implementers (INSTAP, RFRP, IGPWP, MABARM)
- Hauliers and public transport operators [PTO and hauliers associations] (covering issues noted above)
- Transport users

Interviews and/or Group Discussions outside Lilongwe at selected with beneficiaries of EC support, project implementers, rural dwellers, selected District Assemblies. Inspections of accident black spots, weigh stations, roads of all categories (subject to logistical considerations).

Issues discussed with beneficiaries: Impact of road construction/maintenance interventions: Access, transport services, costs, road safety, all weather access (?), trade, farming and income earning activities, VOCs, traffic volumes, other charges, HIV/AIDS, environment and gender issues

## Regional Connectivity (Road infrastructure)

### Evaluation Question 5: *To what extent has EC support to the road sector in Malawi contributed to improved regional connectivity?*

Judgment Criterion	Issues to be explored
<b>Overall</b>	More information required on performance of EC interventions including outcomes and sustainability issues.
<b>JC n°5.1:</b> EC support contributed to development of integrated multi-modal national transport and road sector policies and programmes which are coherent with regional transport policies and with transport sector policies and programmes of neighbouring countries.	Verification of current situation regarding linkages between national and regional transport policies and CSPs in neighbouring countries as regards regional connectivity (5.1.1, 5.1.2)
	Confirmation of action towards ratification and implementation of regional and international protocols e.g. customs procedures, transit charges, insurances, operators licenses, AYSCUDA (5.1.3)
<b>JC n°5.2:</b> EC support contributed to streamlined and improved border formalities to facilitate sustainable trade relations with neighbouring countries.	Review of situation regarding funding provision and operation of one-stop border posts on Malawi border and elsewhere on corridors (Durban, Beira, Tete, Nacala, and Northern). Clarification of reasons for apparent difficulties in initiating one stop operations. Collect information on current border crossing transit times (to be covered to some extent with 5.1.3 above) (5.2.1, 5.2.2, 5.2.3)
<b>JC n°5.3:</b> EC interventions contributed to reduced transport costs between internal, regional and global markets.	Collection of additional VOC data and information on freight charges and typical passenger fares (national and international) (5.3.1)
<b>JC n°5.4:</b> EC interventions contributed to increasing use of Beira and Nacala Corridors by Malawian freight and passenger transport.	Update information on condition, traffic usage and service levels of rail and road transport and ports on Beira and Nacala corridors (plus connecting links between Tete corridor and Beira corridor) (5.4.1, 5.4.2, 5.4.3)
<b>JC n°5.5:</b> EC support has adequately responded to development of national integrated multi-modal transport sector policies	Review recent studies on rail sector, multi-modal transport and PPP plus draft TSIP

In order to collect information on these issues the evaluators carried out the following activities during the field phase in Malawi in May 2011.

Interviews in Lilongwe with the following stakeholders:

- EUD staff on all aspects of preparation of EDF10 CSP and implementation of EDF9 and 10 CSPs for sector support for transport including perspectives on sector policies and strategies (including linkage with regional strategies, ratification and implementation of international protocols) border crossing formalities (one-stop border posts), transport costs (VOCs, freight charges, passenger fares), Beira and Nacala corridors (and Durban, Tete and Northern corridors), multi-media issues and PPP
- Staff and officials from GOM including line ministries and agencies [NRA, NRF, MTPI, Customs and Excise] (covering issues noted above)
- Other sector donors (covering issues noted above)
- Technical assistance to sector bodies (covering issues noted above)
- Concessionaires, hauliers and public transport operators [CEAR, PTO and hauliers associations] (covering issues noted above)
- Transport users (agricultural traders)

Interviews and site inspections outside Lilongwe at selected border posts (subject to logistical considerations)

## Regional Integration (support to trade and investment)

**Evaluation Question 6: *To what extent has EC support to capacity building in trade negotiations of Malawi and related reforms complemented support to regional integration?***

Judgment Criterion	Issues to be explored
<b>JC n°6.1:</b> Complementary EC support benefiting Malawi's capacity to mitigate, implement and benefit from an EPA negotiated at regional level.	Review evolution of EC support to trade facilitation EDF (8) and 9 to EDF10. Confirm whether or not there was an hiatus of such support under EDF9 (6.1.1)
<b>JC n°6.2:</b> Impacts and adjustment costs of EPA process are identified.	Review support to EPA Secretariat and Malawi's EPA negotiations at national level. Confirm full understanding of reasons for closure of 9 ACP MAI 022 and results delivered (if any). Review support to EPA negotiations at regional level and linkage to national level (if any) (6.1.2, 6.2.1, 6.2.2)
<b>JC n°6.3:</b> Upgraded capacity to promotion of exports and diversification of the economy including the mineral sector.	Review current situation regarding EC support at national and regional levels to trade statistics and development of national trade policy. Examine movement towards SWAp (6.3.1)
	Examine possible differentiation of support to trade from private sector development (6.3.1)
	Confirm current situation regarding SQAM and availability of certification and testing standards in Malawi and neighbouring countries. Confirm realism of targets of ISO certification. Review present MBS facilities. Review progress in support activities under current contribution agreement with UNDP (6.3.2)
<b>JC n°6.4:</b> National involvement in EC regional programmes for facilitation of trade and investment (COMESA and SADC).	Review current progress in support activities to MNREE under current administration agreement with WB. Update on current DOM and GSD laboratory facilities. Review findings of 2008 Mineral Sector Review (6.3.3)
	Confirm whether findings of other evaluations are valid (i.e. that there is little coordination or mutual support between CSP and RSP). Review situation regarding communication between regional and national levels and degree of national ownership of regional programmes

In order to collect information on these issues the evaluators carried out the following activities during the field phase in Malawi, in May 2011.

Interviews in Lilongwe with the following stakeholders:

- EUD staff on all aspects of preparation of EDF10 CSP and implementation of EDF9 and 10 CSPs for sector support for trade and investment including perspectives on EPA negotiations (review of EC support under EDF9 CSP), trade facilitation, promotion of exports and diversification of the economy (trade statistics, SQAM), COMRAP, regional programmes (interface between RSP and NSP)
- Staff and officials from GOM including line ministries and agencies [NAO, National EPA Secretariat, TPF, MOF, MBS, MNREE, DOM, GSB, MINAG, MNFA] (covering issues noted above)
- Other sector donors [especially WB and UNDP] (covering issues noted above)

## Budget Support (Macro-economic support)

### Evaluation Question 7: *To what extent has EC budget support and associated policy dialogue contributed to stabilising the external and fiscal balances?*

Judgment Criterion	Issues to be explored
JC7.1: EC budget support positively affected the Country's external and internal financial stability.	Effect of BS disbursements (and aid relief) on current account balance and Foreign exchange reserves. (7.2.1) Consolidated annual trends of BS disbursements (EC and other donors) and their effects on the fiscal deficit. (7.1.1, 7.1.2)
JC7.2: As soon as Malawi was back on track, the tranches were released on time in accordance with originally agreed timetable, which improved predictability of aid flows.	Assessments of gaps between programmed and actual disbursements and corresponding explanations.(7.2.2)
JC7.3: EU Budget Support contributed to the establishment of a framework of policy dialogue within the CABS and other donors' coordination platforms.	Depth of the policy dialogue between CABS or sectoral SWAP platforms and GoM. (7.3.1, 7.3.2)
JC7.4: EC budget support has facilitated harmonizing external assistance (through CABS for instance and other donors' coordination platforms) and offered a value added to the BS brought by Member States.	Internal dynamics of the sectoral and ME coordination platforms. Added value of EC support? (7.4.1, 7.4.2)

In order to collect information on these issues the evaluators carried out the following activities during the field phase in Malawi in May 2011.

Interviews in Lilongwe with the following stakeholders:

- EUD Head of Economic and Public Affairs Section and other EUD staff on all aspects of preparation of EDF10 CSP and implementation of EDF9 and 10 CSPs for sector support for budget support including perspectives on budgetary support (disbursements and disbursement modalities, FOREX reserves, current account balance), CABS Secretariat (policy dialogue, coordination), PFM, MGDS implementation (pro-poor expenditure)
- Staff and officials from GOM including NAO, line/sectoral ministries and agencies [MOF (Budget Department, Treasury, Central Bank), RBM, IBW, sector ministries – transport, agriculture, health, education] (covering issues noted above)
- Partners within CABS and SWAPs - representatives from the current and past European BS providers: DFID, Norway Denmark Sweden
- IMF/WB
- Beneficiaries of institutional support from PRBS

Issues discussed: various notes to the files prepared in principle for each disbursement on BS; reports on the institutional support implemented in the PRBS; different budgets (in principle for the period covered by the evaluation); reports from the Auditors General; IMF/Central Bank notes regarding the current account balance and BS disbursements.

## Budget Support (PFM and social sector expenditure)

**Evaluation Question 8: To what extent has EC budget support contributed to improve Public Financial Management and to orient budgetary priorities and actual expenditures towards poverty reduction?**

Judgment Criterion	Issues to be explored
<b>JC n° 8.1:</b> EC budget support contributed to strengthening the Public Finance Management system, which in turn positively affected the flows channelled through and managed by the Public Finance system.	Changes in the aid disbursement modalities and in the donors trust in the national Public finance system (8.1.1)
<b>JC n° 8.2:</b> EC supported the policy dialogue on the reform on PFM through CABS forum and other coordination platforms set up with the sectoral SWAPs	Nature of policy dialogue between GoM and CABS in the formulation and implantation of the PFM reform (8.2.1)
<b>JC n° 8.3:</b> EC budget support contributed to the improvement of the quality of PFM System	Effectiveness of PFM reform and impact on the MGDS implementation (8.2.2, 8.2.3)
<b>JC n° 8.4:</b> EC budget support contributed to increase channelling of funds by GoM towards pro poor expenditures (in terms of budgeted and actual expenditures).	Pro-poor expenditures (voted and actual) (8.3.1, 8.3.2)

In order to collect information on these issues the evaluators carried out the following activities during the field phase in Malawi in May 2011.

Interviews in Lilongwe with the following stakeholders:

- EUD Head of Economic and Public Affairs Section and other EUD staff on all aspects of preparation of EDF10 CSP and implementation of EDF9 and 10 CSPs for sector support for budget support including perspectives on budgetary support (disbursements and disbursement modalities, FOREX reserves, current account balance), CABS Secretariat (policy dialogue, coordination), PFM, MGDS implementation (pro-poor expenditure)
- Staff and officials from GOM including NAO, line/sectoral ministries and agencies [MOF (Budget Department, Treasury, Central Bank), RBM, IBW, sector ministries – transport, agriculture, health, education] (covering issues noted above)
- Partners within CABS and SWAPs - representatives from the current and past European BS providers: DFID, Norway Denmark Sweden
- IMF/WB
- Beneficiaries of institutional support from PRBS

Issues discussed: As in EQ7 various notes to the files prepared in principle for each disbursement on BS; reports on the institutional support implemented in the PRBS; different budgets (in principle for the period covered by the evaluation); reports from the Auditors General; IMF/Central Bank notes regarding the current account balance and BS disbursements need to be discussed for this EQ as well.

## Governance

**Evaluation Question 9: To what extent has EC support to civic education (NICE) and rule of law contributed to increased participation and oversight of civil society in Governmental and parliamentary decision making processes in Malawi?**

Judgment Criterion	Issues to be explored
<b>JC n°9.1:</b> Improved capacity of NSAs to contribute to debate on social and governance issues.	Deepen understanding of the nature of NSA involvement in programming, monitoring, policy making etc. (9.1.1, 9.1.3) (to be covered in combination with 9.1.2, 9.2.1)
	Review of current situation and transition planning of move towards public trust status (9.1.2, 9.2.1)
<b>JC n°9.2:</b> Legal and regulatory framework modification is open to the participation of NSAs in policy processes.	Review current legal framework for NGOs/CSOs (9.2.2)
<b>JC n°9.3:</b> EC support contributed to improved oversight of parliament through NSAs	Confirm current situation regarding scrutiny of budget preparation including quantum and quality of consultation between GOM and CSOs, modalities and perceptions of effectiveness of such consultation plus more detail on EC support (9.3.1)
	Determine the degree of functionality of the parliamentary committee system and level and nature of donor support to such committees. Identification of involvement of NSAs in committee activities (if any) and details of EC support (9.3.2)
<b>JC n°9.4:</b> EC support contributed to the establishment of strategic advocacy alliances.	Confirmation of current capacity and resources of CSOs, NGOs plus degree of networking and strategic alliances at national and international levels (9.4.1, 9.4.2) (issue to be covered in combination with 9.2.2)
<b>JC n°9.5:</b> EC support to 'rule of law' has contributed to improved judicial procedures.	Review current situation regarding justice sector (9.5.1, 9.5.2, 9.5.3)

In order to collect information on these issues the evaluators carried out the following activities during the field phase in Malawi in May 2011.

Interviews in Lilongwe with the following stakeholders:

- EUD staff on all aspects of preparation of EDF10 CSP and implementation of EDF9 and 10 CSPs for sector support for governance including perspectives on NSA capacity (involvement in policy making, monitoring etc.), legal frameworks, parliamentary oversight, networking and strategic advocacy alliances, NICE (transition to public trust status), ROL (Justice sector)
- Staff and officials from GOM including line ministries and agencies [NAO, MGWYCS, MOJCA, NICE, CONGOMA, NGO Board] (covering issues noted above)
- Bar Association of Malawi (covering issues noted above)
- NSAs/CSOs [including MEJN, MCCCCI, Society of Accountants of Malawi] (covering issues noted above)
- Other sector donors supporting NSA capacity building and ROL (covering issues noted above)
- EC intervention implementers [NICE, ROLP] (covering issues noted above)

Interviews and/or Group Discussions outside Lilongwe with beneficiaries of EC support (NICE), rural dwellers, NSAs/CSOs (subject to logistical considerations).

Issues discussed with beneficiaries: NICE – recognition, perceptions of role, impacts etc. ROL – perceptions of access and functioning of justice system (formal and informal). NSAs/NGOs – role, perceptions of function and effectiveness. Particular attention paid to perceptions of rural dwellers and disadvantaged groups.

## Aid Modalities and Efficiency

### Evaluation Question 10: *To what extent has the choice of EC aid modalities contributed to the implementation of EC support?*

Judgment Criterion	Issues to be explored
<b>JC n°10.1:</b> Options for different aid modalities were considered for focal and non-focal sectors and synergies have been considered.	Determination of extent of risk analysis and application of lessons learned undertaken in preparation of EDF10 CSP in selection of support areas, instruments and approaches (10.1.1, 10.1.2)
	Review of M&E of programme and coverage of chosen modalities and instruments (10.1.3)
	Determination of whether there was really a choice of modality or whether the modality is dictated by the choice of support sectors (10.1.4)
	Deepening of understanding of definition/criteria for 'added value' and the role played by this consideration in choice of modalities (10.1.5) (to be combined with coverage of EQ1, 1.6.1)
<b>JC n°10.2:</b> Selection of aid modalities responded to evolving national needs and responded to the capacities of development partners.	Review of sector dialogue in preparation and implementation of SWAps including response positions in case of shortcomings regarding 7 KAAs (10.2.2)
<b>JC n°10.3:</b> EC aid modality combinations are complementary to and coherent with those of other donors.	Examination of compliance of CSP with 'EU Code of Conduct on Complementarity' and Division of Labour' in programming of EDF10 CSP and implementation of EDF9 NIP (10.3.1)
	Confirmation of state of consultation between EUD and other donors (especially EU MS) in preparation of EDF10 CSP and of perceptions of other donors as to the degree of complementarity of the EU support programme with programmes of other donors (10.3.2, 10.3.3)
<b>JC n°10.4:</b> Selected modalities give value in terms of outputs compared with timely input resources to design and implementation.	Assessment of current EUD capacity for adequate coverage of ongoing programme and the extent to which analysis was made of the capacity levels necessary for different modalities or support areas, where choices were made to cover or not to cover certain areas or modalities because there was/is insufficient capacity in the EU DEL? (10.4.1, 10.4.2)
	Review of procurement processes of EDF (and of other modalities) (10.4.3)

In order to collect information on these issues the evaluators carried out the following activities during the field phase in Malawi in May 2011.

Interviews in Lilongwe with the following stakeholders:

- EUD staff on all aspects of preparation of EDF10 CSP and implementation of EDF9 and 10 CSPs including perspectives on choice of different modalities (risk analysis, M&E, degree of choice, added value, SWAps, changing needs, input/output rations, capacity of EUD), complementarity with support of other donors
- Staff and officials from GOM including NAO, line ministries and agencies
- Other donors

### 3.2 Selection of Programmes and Project Interventions

The table below lists the interventions considered for further assessment during the field phase visit to Malawi in May 2011<sup>83</sup>. The list is ambitious and was subject to further definition in consultation with EUD and in consideration of logistics (and it was not possible to visit all listed interventions in the available time). The list was compiled in order to cover:

- major EDF9 commitments undergoing implementation during the intervention period considered by this evaluation (2003-2010) focussing on impact, sustainability, effectiveness and efficiency;
- a sample of budget line and other category interventions;
- proposed interventions under EDF10 (listed indicatively below and which are mostly at programming stage and will be considered for intended effects) – many of these are continuations of previous support themes from the EDF9 programme;
- a significant proportion of the overall portfolio for EDF9 and 10; the listing below (although it will not be possible to cover all listed project/programmes for logistical reasons) represent approximately 66% of the EDF10 (Envelope A) commitments and 90% of the EDF9 (Envelope A) commitments<sup>84</sup>.

#### Programmes and project interventions included in the field phase (projects thus were planned to be examined by the concurrent ROM mission)

Project n° (decision ref n°)	Project	Budget	Period	EQ
EDF9				
9 ACP MAI 016, (FED/2004/017-417)	Improved Forest Management For Sustainable Livelihoods	€9.0m	12/08/05 – 31/12/12	EQ2: Agriculture
9 ACP MAI 017 (FED/2004/017-037) [Phase I] 9 ACP MAI 038 – (FED/2007/019-433) [Phase II]	Income Generating Public Works Programme (IGPWP) – Phases I and II	€25.0m	08/2005 – 06/2011	EQ2: Agriculture EQ3: Food security EQ5: Road infrastructure (national sector management)
9 ACP MAI 015 (FED/2004/017-412) (FED/2009/021-346)	Farm Income Diversification Programme (FIDP)	€16.2m €20.3m	15/08/05 – 31/12/12 – 11/12/17	EQ2: Agriculture EQ3: Food security
9 ACP MAI020 (FED/2005/017-762)	Sustainable Nutrition Rehabilitation	€6.5m	01/05/2006 – 31/12/10	EQ3: Food security
9 ACP MAI 035 (FED/2008/019-741)	Rural Feeder Roads Programme (RFRP)	€15.0	06/04/07 – 31/12/13	EQ5: Road infrastructure (national sector management)
9 ACP MAI 027 (FED/2007/018-869)	Institutional Support for Transport Sector Public Bodies (INSTAP)	€7.5m	12/05/06 – 30/06/13	EQ4: Regional connectivity (road infrastructure) EQ5: Road infrastructure (national sector management)
9 ACP MAI 021 (FED/2005/017-781)	Malawi Backlog Road Rehabilitation and Maintenance Programme	€38.0m	02/09/05 – 31/12/14	EQ5: Road infrastructure (national sector management)
9 ACO MAI 022	Support to National EPA	€1.6m	11/05/06 –	EQ6: Regional integration

<sup>83</sup> Fiches have been produced after the field visit for major interventions of particular strategic interest.

<sup>84</sup> of commitments as confirmed by the ETR.



Project n° (decision ref n°)	Project	Budget	Period	EQ
(FED/2008/019-740)	Secretariat		30/12/11	(support to trade and investment)
9 ACP MAI 024 (FED/2005/017-849)	Poverty Reduction Budget Support (I & II)	€36.1m	07/10/02 – 30/06/12	EQ7: Budget support (ME support)
9 ACP MAI 030 (FED/2007/019-638)		€45.7m	20/11/06 – 31/12/12	EQ8: Budget support (PFM & social sector expenditure)
7 ACP MAI 002 8 ACP TPS 004 9 ACP MAI 094 (FED/1997/013-624)	Promotion of Rule of Law & Improvement of Justice in Malawi	€9.7m	27/02/98 – 28/07/09	EQ9: Governance
9 ACP MAI 023 (FED/2006/017-941)	Promotion of Rule of Law & Civic Education	€28.0m	20/12/05 – 31/12/14	
9 ACP MAI 018 (FED/2009/021-353)	Capacity Development for NAO Support Unit in MOF	€7.0m	- 11/12/17	EQ1: Relevance EQ10: Aid modalities and efficiency
EDF10 (indicative only)				
FED/2009/021-646	Improved Forest Management for Sustainable Livelihoods (IFMSL)	€9.7m		EQ2: Agriculture
FED/2010/022-433	Rural Infrastructure Development Programme	€32.0m		EQ2: Agriculture EQ3: Food security EQ5: Road infrastructure (national sector management)
FED/2009/021-360	Road Transport Sector Policy Support Programme	€70.0m		EQ4: Regional connectivity (road infrastructure) EQ5: Road infrastructure (national sector management)
FED/2008/020-959	Poverty Reduction Budget Support (Phase III)	€134.0m		EQ7: Budget support (ME support) EQ8: Budget support (PFM & social sector expenditure)
FED/2009/022-040	Capacity Building towards Trade and Private Sector Development	€12.0m		EQ6: Regional integration (support to trade and investment)
FED/2009/022-020	Democratic Governance Programme	€30.0m		EQ9: Governance
Budget Lines				
FOOD/2004/006-173	Malawi - Food Security Programme 2004-2006	€15.0m	24/08/05 – 20/10/2007	EQ2: Agriculture EQ3: Food security
DCI-SUCRE/2008/019-787 DCI-SUCRE/2007/019-	Malawi - Sugar Annual Action Plan for 2008 Accompanying Measures for Sugar Protocol	€10.58m	-	EQ2: Agriculture

Project n <sup>o</sup> (decision ref n <sup>o</sup> )	Project	Budget	Period	EQ
251 DCI-SUCRE/2006/018-410	Countries, Malawi - Sugar Annual Action Plan for 2007 Accompanying Measures for Sugar Protocol Countries, Malawi - Accompanying Measures 2006 for Sugar Protocol Countries			
Other				
ACP-EU Water Facility	EIB Malawi Peri-urban Water & Sanitation Project	€30.85m	01/12/07 -	EQ10: Aid modalities and efficiency

Discussions were carried out with the ROM team concerning choreography of the concurrent visit including possible joint visits and interviews, and of ROM reports being made available to the evaluation team. Joint briefing and de-briefing meetings were held with ROM and EUD and there was good cooperation in the field between the ROM and CLE team.

### 3.3 Data Collection Methods and Tools

In summary the following tools were used during the field phase.

#### Interviews

Interviews were semi-structured in that issues wished to be covered in the interview were prepared in advance by the evaluator and, wherever possible, interview partners were given advance notice of these issues to be covered. However, this approach did not preclude the flexibility to go outside the previously identified issues as appropriate during the course of the interview.

Interviews were arranged with:

- *Individuals* to discuss their individual situation or the situation of their organisation, community and social group in detail, to discuss and access additional documentation/information and to obtain their personal perspectives;
- *Key informants* - individuals who have a specific role or knowledge as representative of a stakeholder or implementer of a support intervention;
- *Groups* (but not specifically constituted focus groups which are discussed below) as encountered during field visits and/or representatives of stakeholders or implementers.

Methodological issues covered during interviews include:

- semi-structured format with prepared questions (but not a rigid format to permit digression and expansion upon issues emerging during the course of the interview);
- open ended questioning should encourage the respondent to expand on the issues of the questions;
- conversational approach to the questioning to permit transition from issue to issue and better understanding of the issues by the evaluator;
- a record of the interview has been made, usually by written notes during the course of the interview. These notes have been 'written up' together with the evaluator's comments and reflections as soon as possible after the interview using the format of 'Interview Report' as set out below.

Analysis consisted of firstly linking the interview material to relevant topics (judgement criteria) and sub-topics (indicators) and thus to a partial answer to an Evaluation Question. In parallel the evaluator's comments and reflections add to this process.

## **Guidelines**

Guidelines for interviews and for field visits were based on the partially completed project fiches which were used as an aide memoir for field surveys and in site meetings with beneficiaries.

## **Focus Groups**

Focus group discussions are a more specific and focussed approach in that they are with a group of persons (e.g. beneficiaries) but who might harbour different (or competing) perspectives on relevant intervention issues. This 'public' forum can, if handled correctly, be an opportunity to cross-check information received from other sources and a reality check on the evaluators developing findings and interpretation of events.

*Methodological issues* – Focus group discussions may involve homogenous groups (people with similar characteristics, experiences and concerns) or non-homogenous groups (people from different communities, organisations or interests). The outcome of the focus group discussions can thus give different perspectives. In the first case (homogenous) the relevance and outcome of an intervention can be explored whilst in the second case the diverse (possible competing) components, interests and perspectives of the situation can be articulated.

Focus group discussions can involve any number of participants although a meeting involving too many people can be difficult to facilitate and ensure that all persons wishing to contribute may be heard. Also, wider participation can make note-taking difficult during the course of discussions.

Although the issues to be covered by the focus group discussion were prepared in advance by the evaluator these guidelines were subject to further amendment after briefing and preliminary meetings with the EUD, NAO and sector stakeholders and individual interviews.

It was not possible to identify focus groups in advance of the field visit but group discussions were held to illuminate the following evaluation questions:

EQ2: Agriculture – beneficiaries of EC support programmes, NGOs, agricultural research bodies, farmers associations, representatives of the sugar industry and rural dwellers;

EQ3: Food security – beneficiaries of EC support programmes, NGOs, farmers associations, communities, volunteers, rural dwellers;

EQ5: Road infrastructure – beneficiaries of EC support, rural dwellers, selected district assemblies;

## **Additional Documentation and Data Collection**

Collection of documents, data and information was undertaken from various sources including beneficiaries, stakeholders, and other funding agencies, GoM, EC HQ in Brussels, international sources and web sites. These documents are listed in Bibliography (Annex 9)

However, at the start of the field phase there were still gaps in the documentary data base available to the evaluation including important documentation on proposed EDF10 SWAps, most recent JAR, draft MTR for EDF10, ETR of RSP (COMESA) and information on interventions in some sectors.

In December 2010, due to EUD staff's schedules and the holiday period the scheduled preparatory mission to Malawi could not go ahead as planned and access to documentation apparently only available in EUD archives had not been made available. Thus, although continuing efforts have been made to access additional documentation before the field visit, some detailed information on specific interventions or support areas was only collected during the field phase (May 2011).

## **Formats**

Reporting formats have been standardised to facilitate records of meetings and case studies of interventions.

Reports (interviews and focus groups) were designed to clearly record the issues discussed and emerging elements whilst the issues to be discussed and relevant EQ/JC/indicators were identified by the evaluator in advance of the proposed meeting. Wherever possible interview partners were given advance notice of the issues to be discussed to allow for any necessary preparation and possibilities for data collection were discussed with development partners and locally based colleagues.

**Interview Report**

INTERVIEW REPORT	Evaluation team member		Date
	Name of interviewee	Function	Place
<b>Issues discussed</b>			
<b>Elements emerged</b>			
<b>Findings/Observations</b>			
<b>Relevant for which EQs/ JCs/ Indicators?</b>			

Focus Group Report

FOCUS GROUP	Evaluation member	team	Date
	Theme		Place
<b>Participants</b>			
<b>Issues discussed</b>			
<b>Elements emerged</b>			
<b>Findings/Observations</b>			
<b>Relevant for which EQs/ JCs/ Indicators?</b>			

### 3.4 Field Visits and Observations

During the course of the field phase the Evaluation Team spent up to week in Lilongwe whilst the remainder of the two week period in Malawi was spent visiting various EC interventions in order to appreciate the implementation of ongoing interventions and an indication of achievement and sustainability of completed projects. Attempts were made to optimise visits and reduce travelling times to a minimum whilst noting, of course, that interventions are spread over wide areas of the country. During the course of these visits which, wherever possible, were joint visits with implementers and representatives of national institutions<sup>85</sup>, attempts were made to gather feedback from beneficiaries and 'users' of the results of the interventions plus an indication of the viability of the investment together with financial, institutional and practical sustainability. Also, the evaluators are well experienced in project/programme implementation and were thus be expected to assess the residual effects of intervention investment (e.g. condition of the infrastructure delivered, use of infrastructure, evidence of maintenance and revenues sufficient to cover operating costs), changes as a result of the interventions (e.g. greater agricultural outputs, improved environmentally sustainable techniques, less soil degradation and erosion) and enhanced institutional capacity for service delivery and support (e.g. operational government departments). As appropriate focus group discussions were carried out where logistically possible.

## 4. Synthesis Phase

During the field phase the preliminary findings and hypotheses developed during the desk phase were tested and confirmed (or refuted). The subsequent synthesis phase builds on experience gained and additional data collected during the field phase leading to deepening analysis, judgments and reasoned answers to the EQs. Overall conclusions and recommendations were drafted based upon EQ answers and an overall assessment of the EC country strategy has been prepared.

The synthesis phase began with a first wrap-up and start of synthesis by the Evaluation Team at the end of the field phase while the team was still together in Malawi. Following up on this initial overview, a key component of the evaluation was bringing together all elements from the desk and field phases in order to draw sound and balanced evidence-based conclusions. This was followed by the field visit debriefing meeting of the Reference Group (end May 2011) through preparation of the synthesis report leading to a seminar in Lilongwe (expected in September 2011) at which the findings, conclusions and recommendations of the evaluation will be presented and discussed. Feedback from the seminar will feed in to the final report.

The evaluation has been based on a limited number of evaluation questions covering seven evaluation criterion – relevance, effectiveness, efficiency, impact, sustainability, coherence and 'EC added value'<sup>86</sup>. These evaluation questions which were developed in co-operation with the Reference Group for this evaluation respond to analysis of the overall EU policy framework and EC Country Strategy for Malawi as set out in EDF9 and EDF10 CSPs. The main principles of the evaluation questions include coverage of similar levels of action and chain of results, outcomes and impacts.<sup>87</sup> Evaluation questions are accompanied by appropriate judgement criteria and indicators which were also developed in co-operation with the Reference Group. EQs, JCs and Indicators were approved at inception stage but were subsequently refined and amended during the desk and field phases of the evaluation. These changes are detailed below:

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<sup>85</sup> In this manner there should be no dispute over the facts of the site visits although interpretation of these details may of course, vary

<sup>86</sup> The evaluation questions also cover cross cutting issues and 3Cs (coordination, complementarity and coherence).

<sup>87</sup> Although coverage of general budget support includes other specific considerations.

**Table: Changes to Evaluation Questions, Judgement Criteria and Indicators**

Judgment Criteria / Indicator (changes)	Justification
<b>EQ 2</b>	
Indicator n°. 2.3.2: Changed from “Increased use of ecologically efficient approaches in EC-supported intervention areas” to <u>“Cropping area brought under environmentally friendly cultivation techniques”</u>	Wording changed to match EC standard indicator 605.
Indicator n°. 2.3.3: Changed from “Expansion of irrigation schemes due to EC support” to <u>“Crop surface area under new / rehabilitated irrigation systems.”</u>	Wording changed to match EC standard indicator 607 and in addition to reflect the fact that activities might include the rehabilitation of existing non-functional irrigation systems and not only include new irrigation schemes.
Indicator n°. 2.3.4: Increase in number and <u>strengthening of existing</u> marketing associations in EC-supported intervention areas.	To reflect the fact that EC support was new and to already established associations.
Removed: former indicator 2.4.2: Decrease in estimated total soil loss (MT/ha/year) in EC supported intervention areas.	As pointed out by EUD it most likely that there is no data available. Indicator 2.3.2 on ecologically efficient approaches in resource management will also look into the issue of reduced erosion.
Indicator n°. 2.4.1: Increasing use of soil <u>and water</u> conservation measures by small farmers <u>on farm-land.</u>	Added “on-farm land” as forestry is addressed in indicator 2.4.2, water conservation is also important.
Indicator n°. 2.5.3: Total value increase of agricultural exports <u>(non-tobacco agricultural commodities).</u>	To point out that it is about diversification to reduce dependence on tobacco as the main export crop.
<b>EQ 3</b>	
To what extent has EC support contributed to improved food security, at national and household levels (with special regard to children under five and HIV/AIDS sufferers), removed: female and child headed households, orphans, disabled	No disaggregated data available with regards to EC support for these groups
<u>Indicator 3.2.1 introduced as new indicator: EC modalities, procedures and support set-up adequately considered specific sector requirements.</u> <u>Subsequently numbering of the other indicators changed</u>	New indicator added to reflect issues that repeatedly came up during the field phase and could not sufficiently be captured by the existing indicators
Judgement Criterion n°. 3.3: EC interventions contributed to on- and off-farm income-earning opportunities for rural households which provide means to purchase food, deleted: under special consideration of female-headed households and child-headed HHs	The field phase revealed that projects do not monitor inclusion, benefits and impact with regards to female headed households and child-headed HHs, so there is no data available on these specific target groups.
Indicator n°3.3.3: Share of women and youth participation in public works programmes. <b>Deleted:</b> from female headed and child headed households	See explanation for 3.3 above
Indicator n°. 3.4.2 EC supported community based treatments for malnutrition <u>enhanced community capacity to react to and adequately address malnutrition</u>	To reflect community capacity.
<b>EQ 4 &amp; EQ 5</b>	
Evaluation questions transposed i.e. <u>EQ4 Regional Connectivity (Road Infrastructure) is now EQ 5. EQ5 Road Infrastructure (National Sector Management) is now EQ4.</u>	Response to suggestion from RG3 that presentation is more logical to introduce the national context before going on to consider regional connectivity.
<b>EQ6</b>	
JC6.4: COMESA Food Facility (COMRAP) delivered results in Malawi which supported regional integration.	Deleted – this issue is being covered principally under the regional programme and also the issue is not coherent with the main body of this EQ which covers support to trade and investment.
<b>EQ7</b>	
<u>Transfer of removed EQ8 Indicator</u> <u>7.2.2, Sectoral SWAPS contributed to enhanced policy dialogue and a more effective implementation of the related sectoral policies. back to EQ7JC7.3 EU Budget Support contributed to the establishment of a framework of policy dialogue with GoM,</u>	The erased question on policy dialogue with a specific question on SWAPS was not appropriate in EQ8 but would have its place in EQ7. It was then reintegrated in EQ7. As the reallocated indicators in the EQ7 JC7.3 did not follow a logical chain anymore: EC specific role,

Judgment Criteria / Indicator (changes)	Justification
<p>Final re-formulation of the EQ7 JC7.3  <u>EU Budget Support contributed to the establishment of a framework of policy dialogue with GoM within the CABS and other donors coordination platforms</u>  <u>7.3.1 the CABS forum plays an active role in the implementation of GoM Poverty Reduction Strategy</u>  <u>7.3.2 The process of sectoral SWAPS contributed to enhanced sectoral policy dialogue and a more effective implementation of the related policies.</u>  <u>7.3.3 EC plays a positive role in its contribution to the various donors coordination platforms</u></p>	<p>specific issues related to SWAPs and more general issues of SWAPs inputs to policy dialogue. These were put again in the correct order.</p>
<b>EQ8</b>	
<p>Merge of EQ8 JC2 and JC3 with 3 indicators and reformulated indicator 2.1. Former JC2 Indicator 4 now moved to JC3  <u>EC budget support contributed to the improvement of the quality of PFM System within the Group on Finance and Economic Management (GEFM)</u>  <u>8.2.1 The Group on Finance and Economic Management (GEFM) is an active GoM Partner in the formulation and implementation of the PFM reform in Malawi</u>  <u>8.2.2. The result of the PFM reform are effective and well reflected in the three successive PEFA exercises</u>  <u>8.2.3. Both EC technical and financial supports positively contributed the formulation/implementation of the PFM action plan</u></p>	<p>After the removal of the indicator on the sectoral SWAPs which was not pertinent anymore in EQ8 targeted only on PFM reform issues, JC8.2 does not appear to be specific enough.                      In addition the CABS role in the political dialogue has been already covered in EQ7 whereas no room was given to another policy dialogue group better focussed on PFM reform, <i>The Group on Finance and Economic Management</i>                      In the response Matrix 23/01/2011 (p.18) it was suggested to merge EQ8 JC8.2 and 8.3 into a specific JC on the policy dialogue related to PFM reform. The former indicator was further reformulated                      JC8.2 EC supported the policy dialogue on the reform on PFM through CABS forum  <i>Previous formulation :2.1 The CABS forum contributed to the elaboration and monitoring of the PFM reform implemented by GoM</i>  <i>New formulation 8.2.1 The Group on Finance and Economic Management (GEFM) is an active GoM Partner in the formulation and implementation of the PFM reform in Malawi</i></p>
<b>EQ9</b>	
<p>EQ 9 To what extent has EC support to civic education (NICE) rule of law (ROL) and NSAs contributed to increased participation and oversight of civil society in Governmental and parliamentary decision making policies in Malawi. Judgement criteria/indicator (changes)                      JC9.1: Improved capacity of NSAs to contribute to debate on social and governance issues  <i>Indicator n° 9.1.1 Extent and nature of NSA involvement in programming decision making and monitoring is appropriate and improved</i>  <i>Indicator n°9.1.2 (now I n°9.3.1) EC support has contributed to civic and voter education activities at district and regional levels</i>                      JC n°9.2: (deleted) Legal and regulatory framework modification is open to the participation of NSAs in policy processes  <i>Indicator n°9.2.1 (now I n°9.3.2) Institutionalisation of structures for national civic education</i>  <i>Indicator n°9.2.2 (now I n°9.1.2) Change of legal frameworks for more effective operation of NSAs/CSOs</i>                      JC n°9.3: (deleted) EC support contributed to improved oversight of parliament through NSAs  <i>Indicator n°9.3.1 (now I n°9.3.3) Evidence of increasing scrutiny and transparency in expenditure of budget support funds through GoM systems (under CABS</i></p>	<p>These changes are as a result of comments received from EUD and have been discussed with JEU and with EUD during the field visit.<sup>88</sup> The following specific comments have been taken into account:                      - There is now reference to NSAs in the EQ.                      - EC support to 'Governance' under EDF9 consisted of two apparently compatible but actually very different components i.e. ROL/Justice and ROL/NICE (civic education/elections) plus additional support to NSAs. The two ROL components have had very different success rates and implementation structures and thus have been differentiated in separate JCs (as has support to NSAs)                      - I 9.2.2 (now I 9.1.2) is retained although EC support to NSAs has not targeted legislative change as such. The fact is that there are increasing calls for changes to the legal framework perceived as being inappropriate for NSAs/NGOs and that any support for improvement of NSAs capacity could empower those NSAs who have actually received such support to get more involved in advocacy for legislation change. Thus any EC support to NSAs could impact on this issue which in itself also impacts on GoM perceptions of the role of NSAs/NGOs (and of bodies offering support to NSAs).                      - Reference to NSAs involvement in parliamentary</p>

<sup>88</sup> Specific reference is made to email correspondence between JEU, EUD and CLE TL in April 2011.



Judgment Criteria / Indicator (changes)	Justification
<p><i>framework</i>)(<i>deleted</i>)                      Indicator n°9.3.2 (<i>deleted</i>) <i>Linkages between NSAs and parliamentary committees</i>                      JC n°9.4: (<i>deleted</i>) EC support contributed to the establishment of strategic advocacy alliances                      Indicator n°9.4.1 (<i>now I n°9.1.3</i>) <i>Evidence of networking and co-operation with other stakeholders in civic education at national and international levels</i>                      Indicator n°9.4.2 (<i>now I n°9.1.4</i>) <i>Improved capacity and resources of NSA/CSOs (financial, methodological, managerial and technical)</i>                      JC n°9.5: (<i>now JC 9.2</i>) EC support to 'rule of law' has contributed to improved <u>rule of law, better regulatory framework delivery and access to justice, as well as the protection of human rights</u>                      Indicator n°9.5.1 (<i>now I n°9.2.1</i>) <i>Stakeholders consider judicial system in law, efficient and accessible</i>                      Indicator n°9.5.2 (<i>now I n°9.2.2</i>) <i>Wide scope of beneficiary institutions (9 nr) was appropriate to achieve support objectives</i>                      Indicator n°9.5.3 (<i>now I n°9.2.3</i>) <i>Modalities of support including MOJCA as support coordinator were appropriate and contributed to effectiveness</i>                      New JC n°9.3: EC support to civic education has <u>contributed to improved accountability and transparency in the conduct of public affairs and service delivery which has generated greater public confidence and participation in democratic governance</u></p>	<p>oversight (JC 9.3 and I 9.3.2) has been deleted as parliament has not been so engaged and is not now involved in NICE even though it is accepted that any disruption of the parliamentary committee system has implications for not only NSA roles in parliamentary oversight but more generally for parliamentary governance as a whole.</p> <ul style="list-style-type: none"> <li>- JC9.5 (now JC 9.2) – the focus has been broadened a little to examine access and better delivery of justice. I 9.5.1 (<i>now I 9.2.1</i>) covers this aspect.</li> <li>- <u>Now JC 9.3</u> now covers specifically NICE with I 9.1.2 (<i>now I 9.3.1</i>), I 9.2.1 (<i>now I 9.3.2</i>) and I 9.3.1. (<i>now I 9.3.3</i>). The current sensitivity of relations between GoM and NSAs is fully appreciated and consideration of proposals for the future are considered under this JC.</li> <li>- The relative concentration of evaluation effort and analysis has been guided by the relative quantities of EC resources allocated i.e. RoL (Justice) – €19m; ROL (NICE) – €9m, NSAs – €5m.</li> </ul>

During the course of the evaluation various issues and constraints have arisen to which the evaluation team has responded – see below:

**Table: Difficulties, constraints and response**

Constraint/Difficulty	Response
Proposed preliminary visit to Malawi did not take place – introductory and initial meetings with EUD, NAO, line ministries and some stakeholders were not possible and collection of some documentation available only in Malawi was not possible until the field phase.	Although there were subsequent very useful telephone conversations with EUD personnel, this issue combined with issues of document availability noted below resulted in difficulty in clearly identifying outcomes of EC support interventions in some sectors at desk phase. Valuable time during the field visit was used searching for missing documents. However, it was possible to access most (not all) 'missing' documentation and aspects of intervention outcome were specifically targeted to better identify effectiveness and sustainability issues.
Limited availability of electronic versions of documents in CRIS.	During the field phase the evaluation team requested access to EUD archives in Lilongwe
Limited availability of hard-copy and electronic versions of some documentation for 'older' EC interventions and programmes implemented during the period 2003-2010 <sup>89</sup> (including some regional projects) – documents were still being received after January 2011.	As well as contracts with EUD in Lilongwe and with EC in Brussels, contracts were made with other donors and, in some cases with consulting firms and individuals who had contributed to such interventions. Although not all such documentation could be traced most gaps were filled.
Comments on the Inception and Desk Reports trickled in over a long period, in some cases after the agreed deadline for receipt (including some very late verbal comments).	All such comments were incorporated in the final versions of the Inception Report and most were included in the final version of the Desk Report (although these issues contributed to delays in preparation of the Desk Report). Some agreed amendments to EQs 7 & 8 (GBS) and EQ9 (Governance) are only covered in this report.
Field visit has only limited time period for wide scope of the evaluation.	In order to maximise efficiency of the limited in-country time period attempts were made (with varying success) to make

<sup>89</sup> In this period interventions were implemented from EDF9, EDF8, EDF7 & EDF6 programmes.

Constraint/Difficulty	Response
	<p>appointments in advance of the field visit and plan the main features of the visit. The time constraint was accentuated by EUD being closed for 30 per cent of the available working days (Mon 02/05 – Malawi Public Holiday, Mon 09.05 – Europe Day plus Fri 06/05 and Fri 13/05 – half days). In the brief time available the evaluation team visited EC interventions in the South and Central regions of Malawi. However, reliance had to be placed on existing ROM and project evaluation documentation to complement field observations.</p>
<p>Concurrent visits in Malawi by multiple EC missions.</p>	<p>The concurrent CLE and ROM visits were known in advance and arrangements were made prior to the visits and in-country to choreograph activities and avert duplication and overlap (e.g. every effort was made to avoid duplication of field visits or coverage of EC interventions; joint briefing and (partial) de-briefing meetings, joint attendance at some SWG and SC meetings). However, the unexpected presence of other missions led to some inevitable confusion among GoM and other donor contacts, whilst the availability of some EUD staff was limited by having to accommodate multiple demands on their time. Coordination meetings were held with most ongoing missions in the Agricultural/FS sectors including division of labour.</p>
<p>Staff turnover in EUD and GoM</p>	<p>Few if any of the EUD personnel currently in post were involved in preparation of EDF9 or even implementation of some EDF9 (and earlier programme) interventions. An even greater turnover of GoM and other stakeholder personnel resulted in a consistent loss of institutional knowledge. Contacts with EU personnel in Brussels, some of whom had an appropriately long memory, resulted in information and identification of other contacts, some of whom it was possible to track down. Also personal contacts of some evaluation team members were fortunately able to provide information and context for the earlier years of the implementation period.</p>
<p>Fuel shortages</p>	<p>In the event this potentially serious constraint to mobility did not arise as the field visit coincided with a 'window' of fuel availability in the south and central regions of Malawi.</p>
<p>Tech. Sec database information not accessible as the project is currently without funds to pay staff, so the appropriate person controlling the database was not available (Agriculture/FS).</p>	<p>Could not be fully mitigated.</p>
<p>Some data sets were not available (Agriculture/FS) because existing M &amp; E systems do not capture the necessary information (e.g. female headed households, child headed households).</p>	<p>Indicators changed to correspond to available data sets.</p>
<p>Some documentation in NFRA not made available on grounds of issues of fraud, misuse of resources.</p>	<p>CLE team worked with available documentation and focussed on interviews to cover questions related to NFRA.</p>

## 5. Project Inventory

Sector	ID		Name of project	Finances			Status	Duration		
	EDF No	Country code		Commitment	Contracted	Disbursement		Start date	DLE	Closing date
<b>EDF Funding</b>										
Roads and Infrastructure	FED/2010/022-433	?	Rural Infrastructure Development Programme (RIDP)	32.000.000,00	0,00	0,00	DE	/	/	/
Roads and Infrastructure	FED/2009/021-360	?	Road Transport Sector Policy Support Programme	70.000.000,00	0,00	0,00	DE	/	/	/
Roads and Infrastructure	FED/2008/019-741	9 ACP MAI 035	Rural feeder roads programme	15.000.000,00	14.235.561,86	3.187.735,32	EC	06.04.2007	31.12.2013	/
Roads and Infrastructure	FED/2007/018-869	9 ACP MAI 027	Institutional Support for Transport Sector Public Bodies	7.500.000,00	7.363.582,76	3.587.445,01	EC	12.05.2006	30.06.2013	/
Roads and Infrastructure	FED/2006/018-538	?	Rural feeder roads programme	15.000.000,00	0,00	0,00	CL	/	/	05.09.2001
Roads and Infrastructure	FED/2005/017-761	9 ACP MAI 021	Malawi Backlog Road Rehabilitation and Maintenance Programme	38.000.000,00	35.577.570,91	22.471.275,36	EC	02.09.2005	31.12.2014	/
Roads and Infrastructure	FED/2000/015-344	6 ACP MAI 087, 6 ACP MAI 088, 7 ACP MAI 130, 8 ACP MAI 030	Lakeshore Road Infrastructure Support	17.000.000,00	16.638.509,01	16.699.867,74	EC	31.03.2002	31.12.2009	
Roads and Infrastructure	FED 1997 013-651	6 ACP MAI 78, 8 ACP MAI 5	Road Management Support Programme	17.400.000,00	14.616.738,32	13.403.949,90	/	19.11.1998	31.12.2006	/
Roads and Infrastructure	FED/2003/016-539	9 ACP MAI 010	Legal Advice and Audit of Price Revision - Construction Karonga-Chiweta Road	68.000,00	68.000,00	66.842,76	EC	22.12.2003	31.12.2006	/
Roads and Infrastructure	FED/2002/015-952	8 ACP MAI 039	9th EDF Transport Sector Implementation Strategy	39.528,17	39.528,17	39.528,17	CL	01.07.2002	30.11.2002	13.06.2003
Roads and Infrastructure	?	7 ACP MAI 131, 8 ACP MAI 21, 9 ACP MAI 14	Rehabilitation and Construction of Golomoti-Monkey Bay Road	26.000.000,00	18.550.260,00	16.819.867,00	/	01.07.2001	31.12.2009	/
			<b>Total Focal Sector Roads and Infrastructure</b>	<b>238.007.528,17</b>	<b>107.089.751,03</b>	<b>76.276.511,26</b>				
Agriculture and Food	FED/2009/021-713	?	Community Based Activities and Small Scale Irrigation (COBASSIP)	0,00	0,00	0,00	CA	/	/	/
Agriculture and Food	FED/2009/021-646	?	Improved Forest Management for Sustainable Livelihoods (IFMSL II) Programme II	9.700.000,00	0,00	0,00	EC	/	11.12.2017	/
Agriculture and Food	FED/2009/021-346	9 ACP MAI 015	Farm Income Diversification Programme Phase II	20.300.000,00	2.316.674,55	938.960,03	EC	/	11.12.2017	/
Agriculture and Food	FED/2007/019-433	9 ACP MAI 038	Income Generation Public Works Programme - Phase II	9.487.500,00	9.228.918,80	7.884.123,25	EC	12.12.2007	30.06.2013	/
Agriculture and Food	FED/2005/020-670	9 ACP MAI 025	Emergency Food Aid Programme For Malawi	4.800.000,00	4.799.771,83	4.559.783,00	EC	17.02.2006	30.06.2008	/
Agriculture and Food	FED/2005/017-762	9 ACP MAI 020	Sustainable Nutrition Rehabilitation	6.500.000,00	6.044.271,75	5.325.595,16	EC	14.07.2005	31.12.2012	/
Agriculture and Food	FED/2005/017-561	9 ACP MAI 019	Institutional Development Agri-Food Sector (IDAF)	7.970.000,00	7.296.236,41	2.690.352,32	EC	21.06.2005	31.12.2012	/
Agriculture and Food	FED/2004/017-417	9 ACP MAI 016	Improved Forest Management For Sustainable Livelihoods	9.000.000,00	8.629.521,62	7.845.753,65	EC	22.12.2004	31.12.2012	/
Agriculture and Food	FED/2004/017-412	9 ACP MAI 015	Farm Income Diversification Programme (FIDP)	16.200.000,00	15.606.495,44	14.091.503,45	EC	03.12.2004	31.12.2012	/
Agriculture and Food	FED/2004/017-037	9 ACP MAI 017	Income Generating Public Works Programme - phase I	15.512.500,00	14.744.804,05	14.396.287,74	EC	18.07.2005	31.12.2011	/
Agriculture and Food	FED/2004/016-604	9 ACP MAI 012	Support For The Implementation of Malawi's Land Reform Programme	1.969.065,00	1.912.108,40	1.370.743,23	EC	11.06.2004	31.12.2010	/
Agriculture and Food	FED/2003/016-518	9 ACP MAI 009	TA to Forestry Department Ministry of Natural Resources	67.332,79	67.332,79	67.332,79	CL	20.12.2003	31.08.2006	28.08.2006
Agriculture and Food	FED/2002/016-083	8 ACP MAI 041	4th Microprojects Programme	35.000.000,00	29.566.887,81	25.237.812,29	EC	01.07.2003	30.06.2011	/
Agriculture and Food	FED/2002/015-914	8 ACP MAI 038	Echo Food shortages Malnutrition	1.393.808,37	1.393.808,37	1.393.808,37	CL	01.05.2002	31.10.2003	15.01.2008
Agriculture and Food	FED/2002/003-021	MAI/2002/0519	SHMPA: Smallholder Dairy Development	994.043,00	994.043,00	894.639,00	EC	07.08.2002	07.08.2006	31.12.2009
Agriculture and Food	FED/2001/015-711	8 ACP MAI 035	TA to Programme Preparation Natural Resources Sector 9th EDF	237.950,16	237.950,16	237.950,16	CL	30.12.2001	31.12.2003	28.08.2006
Agriculture and Food	FED/1996/007-019	7 ACP MAI 70	Promotion of Soil Conservation and Rural Production	15.500,000	14.626,182	14.626,182		01.07.1997	30.06.2002	/
Agriculture and Food	FED/1996/62-79	6 ACP MAI 19, 7 ACP MAI 65	Social Forestry Training and Extension (+7MAI65)	4.840.000,00	4.423.002,00	4.145.873,00	CL	15.11.1997	28.07.2009	10.05.2010
Agriculture and Food	APIP/WP/CE/2004/2005	/	Agricultural Productivity Investment Programme	6.300.000,00	6.300.000,00	3.731.000,00	/	01.10.1997	30.06.2005	/
Agriculture and Food	MAFSP/2004/12	/	Maize Productivity Task Force Association of Smallholder Seed Multiplication Action Group (ASSMAG)	205.487,00	102.743,00	102.743,00	/	04.11.2004	03.11.2005	/
Agriculture and Food	MAFSP/2003/09, MAFSP/2004/16	/	Capacity Building for NAO Support Unit in the Ministry of Finance	1.666.637,00	1.666.637,00	908.367,00	/	14.07.2003	30.06.2005	/
			<b>Total Focal Sector Agriculture 6 Food Security</b>	<b>152.144.323,32</b>	<b>115.331.206,98</b>	<b>95.822.627,44</b>				

Sector	ID		Name of project	Finances			Status	Duration		
	EDF No	Country code		Commitment	Contracted	Disbursement		Start date	DLE	Closing date
GBS & ME Support	FED/2010/022-685	?	Poverty Reduction Budget Support IV	0,00	0,00	0,00	PO	/	/	/
GBS & ME Support	FED/2008/020-959	10 ACP MAI 02	Poverty Reduction Budget Support III	134.000.000,00	104.250.000,00	79.330.000,00	EC	08.12.2008	08.12.2016	/
GBS & ME Support	FED/2008/020-640	?	Addendum to Poverty Reduction Budget Support 2	0,00	0,00	0,00	CA	/	/	/
GBS & ME Support	FED/2008/020-378	?	Poverty Reduction Budget Support III (PRBS III)	0,00	0,00	0,00	CA	/	/	/
GBS & ME Support	FED/2008/019-978	?	Poverty Reduction Budgetary Support Programme 3 for FY 2008/09 to 2010/2011	0,00	0,00	0,00	CA	/	/	/
GBS & ME Support	FED/2005/017-849	9 ACP MAI 024	Poverty Reduction Budgetary Support Programme	36.100.000,00	35.959.935,00	35.805.623,41	EC	07.10.2005	30.06.2012	/
GBS & ME Support	FED/2003/016-456	9 ACP MAI 008	Preparation FP for the Public Works Programme on 9th EDF	49.104,90	49.104,90	49.104,90	CL	14.11.2003	15.02.2006	28.08.2006
GBS & ME Support	FED/2003/016-441	9 ACP MAI 007	Expert to Participate in the IMF Review Mission 5 Nov-18 Nov	16.456,85	16.456,85	16.456,85	CL	03.11.2003	30.11.2005	28.08.2006
			<b>Total Focal Sector GBS &amp; Macro-economic Support</b>	<b>170.165.561,75</b>	<b>140.275.496,75</b>	<b>115.201.185,16</b>				
Non Focal	FED/2010/022-526	?	ECHO Emergency response to measles epidemics	1.500.000,00	1.500.000,00	1.200.000,00	EC	/	15.10.2012	/
Non Focal	FED/2009/022-040	?	Capacity Building Towards Trade and Private Sector Development	12.000.000,00	0,00	0,00	DE	/	/	/
Non Focal	FED/2009/022-021	?	Support to the Gender Equality and Women's Empowerment Agenda (GEWEM)	12.000.000,00	0,00	0,00	DE	/	/	/
Non Focal	FED/2009/022-020	?	Democratic Governance Programme	30.000.000,00	0,00	0,00	DE	/	/	/
Non Focal	FED/2009/022-019	?	Technical Cooperation Facility III	5.000.000,00	0,00	0,00	DE	/	/	/
Non Focal	FED/2009/021-714	?	Institutional Capacity Building Programme (ICBP)	0,00	0,00	0,00	CA	/	/	/
Non Focal	FED/2009/021-353	9 ACP MAI 018	Capacity Development for National Authorising Officer Support Unit in MoF	7.000.000,00	1.469.568,00	672.340,95	EC	/	11.12.2017	/
Non Focal	FED/2008/019-742	9 ACP MAI 028	NSA Capacity Building Project	5.000.000,00	4.766.642,16	3.672.669,66	EC	21.08.2006	31.12.2012	/
Non Focal	FED/2008/019-740	9 ACP MAI 022	Support to the National Economic Partnership Agreement Secretariat	1.600.000,00	1.282.450,12	323.267,28	EC	11.05.2006	30.12.2011	/
Non Focal	FED/2006/018-614	9 ACP MAI 037	Technical Cooperation Facility 2	8.850.000,00	8.133.137,03	5.236.542,26	EC	19.09.2007	30.06.2014	/
Non Focal	FED/2006/017-941	9 ACP MAI 023	Promotion to the Rule of Law and Civic Education	28.000.000,00	26.399.836,91	19.515.762,12	EC	20.12.2005	31.12.2014	/
Non Focal	FED/2000/015-034	9 ACP MAI 11	STABEX 99 Coffee - Raw or Roasted	363.465,00	363.465,00	0,00	EC	24.07.2000	28.07.2009	/
Non Focal	FED/1999/014-597	8 ACP MAI 20	National Blood Transfusion Service	7.800,000	4.056,380	709.607,00	/	17.04.2000	31.03.2006	/
Non Focal	FED/1999/013-032	7 ACP MAI 66	Lilongwe Water Supply II	15.000.000,00	15.000.000,00	15.000.000,00	CL	30.01.1997	09.01.2003	/
Non Focal	FED/1997/013-709	7 ACP MAI 100	Physical Assets Management in the Health Sector	6.450.000,00	5.272.293,00	2.159.642,00	/	01.03.1999	01.03.2004	/
Non Focal	FED/1997/013-624	7 ACP MAI 94, 8 ACP TPS 4, 9 ACP MAI 2	Promotion Rule of Law and Improvement of Justice in Malawi	9.700.000,00	8.126.435,00	7.275.329,00	EC	27.02.1998	28.07.2009	/
Non Focal	?	7 ACP MAI 72, 8 ACP MAI 14	Support for Health Reform and Decentralization	32.700.000,00	23.171.527,00	6.929.142,00	/	/	/	/
Non Focal	?	8 ACP/ACP/MAI/1 8/24/ 29 (Stabex transfers)	Paprika Development Project	1.170.622,00	1.032.905,00	389.486,00	/	01.07.2003	31.12.2006	/
Non Focal	DCI-FOOD/2009/021-735	/	Food Facility to address the budgetary and social impact of soaring international food prices in Malawi	15.900.000,00	15.900.000,00	15.900.000,00	EC	21.12.2009	/	/
			<b>Outside Focal Sectors (incl FLEX and STABEX)</b>	<b>253.901.186,23</b>	<b>162.339.193,02</b>	<b>125.775.145,48</b>				

Sector	ID		Name of project	Finances			Status	Duration		
	EDF No	Country code		Commitment	Contracted	Disbursement		Start date	DLE	Closing date
<b>Budgetlines</b>										
BL Food	FOOD/2006/018-044	/	Annual Work Programme 2006 - NGO food security programme for Malawi	4.991.529,92	4.991.529,92	3.659.387,12	EC	/	31.12.2007	/
BL Food	FOOD/2006/018-500	/	Food Security Programme for Malawi 2006	15.000.000,00	14.678.935,00	8.925.083,10	EC	22.01.2007	12.12.2009	31.12.2014
BL Food	FOOD/2005/017-792	/	Food Security Programme MAFSP 2005	15.000.000,00	13.167.229,98	7.425.631,30	EC	24.02.2004	23.12.2008	/
BL Food	FOOD/2004/082-461	/	Audit of the Agricultural Productivity Investment Programme (APIP) - 1997-2004	186.108,00	/	/	CL	17.05.2004	/	/
BL Food	FOOD/2004/006-173	/	Malawi - Food Security Programme 2004-2006	15.000.000,00	14.877.382,94	14.601.357,36	EC	12.10.2004	06.08.2007	/
BL Food	FOOD/2003/074-629	/	Feasibility study for the creation of a new rural finance provider in Malawi	155.374,05	/	/	CL	28.11.2003	/	/
BL Food	FOOD2003 073-542	/	External Evaluation of the European Commission Food Security Projects	/	/	/	CL	/	/	/
BL Food	FOOD2003 070-889	/	Technical Secretariat to the Joint Food and Nutrition Task Force	/	/	/	EC	01.09.2003	01.09.2006	/
BL Food	FOOD/2003/069-889	/	EI - Pozza - Malawi	239.943,36	/	/	CL	26.08.2003	26.08.2005	18.09.2006
BL Food	FOOD/2003/058-890	/	Malawi - Réserve financière 3ME	3.000.000,00	/	/	EC	07.05.2003	07.05.2007	/
BL Food	FOOD/2003/057-487	/	Mid Term External Evaluation of the European Commission Food Security Programme	62.159,30	/	/	CL	13.03.2003	/	/
BL Food	FOOD/2003/049-046	/	Malawi-MoU mise en oeuvre 16 millions € crise	1.167.953,00	1.167.953,00	537.934,00	EC	04.07.2008	30.06.2009	/
BL Food	FOOD/2002/051-294	/	Malawi - Concern Universal Dedza Food Security Improvement Project	2.757.155,00	2.757.155,00	1.974.150,00	/	02.09.2002	02.09.2007	/
BL Food	FOOD/2002/051-286	/	Malawi - Story Workshop Rural Development Communications Campaign	1.142.363,00	1.142.363,00	1.028.127,00	/	06.08.2002	06.08.2006	/
BL Food	FOOD/2002/003-021	/	Food Security 2002 Malawi - ONG LO30926/99-5561/2000-51812/2001	15.600.000,00	14.992.185,17	13.403.710,67	EC	/	31.12.2009	/
BL Food	FOOD/2002/002-359	/	Food Security 2002 Malawi	16.000.000,00	16.000.000,00	16.000.000,00	EC	/	31.12.2006	/
BL Food	FOOD/2001/002-341	/	Food Security 2001 Malawi	12.800.000,00	12.251.279,62	12.251.279,62	EC	13.10.1999	31.12.2009	/
BL Food	FOOD/2000/003-478	/	Food Security 2000 Malawi	12.800.000,00	12.274.149,06	12.274.149,06	EC	13.10.1999	31.12.2007	/
BL Food	DCI-FOOD/2009 214-274	/	Integrated Food Security Response Initiative (IFSR)	1.000.000,00	/	/	EC	01.01.2010	31.10.2011	/
			<b>BL Food</b>	<b>116.902.585,63</b>	<b>108.300.162,69</b>	<b>92.080.809,23</b>				
DCI Sugar	DCI-SUCRE/2008/019-787	/	Malawi - Sugar Annual Action Plan for 2008 Accompanying Measures for Sugar Protocol Countries	4.911.000,00	0,00	0,00	EC	30.01.2009	15.12.2011	30.01.2015
DCI Sugar	DCI-SUCRE/2007/019-251	/	Malawi - Sugar Annual Action Plan for 2007 Accompanying Measures for Sugar Protocol Countries	5.000.000,00	4.549.802,71	2.492.380,78	EC	12.12.2007	18.12.2010	31.12.2012
DCI Sugar	DCI-SUCRE/2006/018-410	/	Malawi - Accompanying Measures 2006 for Sugar Protocol Countries	667.000,00	652.401,49	366.214,05	EC	22.01.2007	20.12.2009	31.12.2011
			<b>BL Sugar</b>	<b>10.578.000,00</b>	<b>5.202.204,20</b>	<b>2.858.594,83</b>				
NGO	ONG-PVD/2003/065-425	/	Projet de Sante des Jeunes et de Sante de L'Enfant dans les Regions Centre et Sud	/	750.000,00	/	/	01.12.2003	01.12.2007	/
NGO	ONG-PVD/2003/065-398	/	TA Ganya Water and Sanitation Project - Water	750.000,00	750.000,00	536.122,00	/	01.10.2004	01.10.2007	/
NGO	ONG-PVD2003 020-905	/	Hygiene, Assainissement et Approvisionnement en eau Potable en Zone Rurale dans les Districts de Zomba, Mulanje et Chiradzulu, Malawi	/	/	/	CL	01.04.2002	01.02.2006	08.08.2007
NGO	ONG-PVD2003 020-945	/	Rehabilitation for Persons with Disabilities in Malawi	/	/	/	EC	01.05.2003	01.05.2006	/
NGO	PVD/2002/0519/0	/	Malawi Food Security Project	2.999.966,00	2.999.966,00	451.492,00	/	01.02.2003	25.09.2007	/
NGO	DCI-NSAED/2009/201-831	/	Educating Children and Young People in a Changing Climate	990.000,00	/	/	EC	01.01.2010	31.12.2012	/
			<b>BL NGO</b>	<b>4.739.966,00</b>	<b>4.499.966,00</b>	<b>987.614,00</b>				
Environment	ENV/2004/081-803	/	Namizimu Forest Reserve Conservation and Livelihood Development Project	1.021.818,33	/	/	CA	31.12.2004	31.12.2009	/
Environment	ENV/2000/004-125	8 ACP MAI 41	Restauration de la forêt du Noun	/	/	/	CL	20.07.1999	/	30.06.2006
Environment	DCI-ENV/2008/151-966	/	Social justice in forestry	2.000.000,00	/	/	EC	01.01.2009	01.01.2014	/
			<b>BL Environment</b>	<b>3.021.818,33</b>	<b>0,00</b>	<b>0,00</b>				

Sector	ID		Name of project	Finances			Status	Duration		
	EDF No	Country code		Commitment	Contracted	Disbursement		Start date	DLE	Closing date
Health	SANTE/2005/100-657	/	Promotion of Behaviour Change and Increase of Access to Sexual and Reproductive Health Services in the Rural District of Thyolo, South Malawi	1,350,000	1,350,000	360.000,00	/	01.01.2006	31.12.2009	/
Health	SANTE/2005/100-350	/	Scaling up Sexual and Reproductive Health (SRH) and HI/AIDS Services for Young People of 10-24 Years	2.250.000,00	2.250.000,00	850.000,00	/	15.12.2005	15.12.2008	/
			<b>BL Health</b>	<b>2.250.000,00</b>	<b>2.250.000,00</b>	<b>1.210.000,00</b>				
Other	INFCO/2007/019-679	/	Local Information Projects 2007 - Malawi	20.000,00	0,00	0,00	EC	29.10.2007	31.12.2008	31.12.2009
Other	CDC/2009/021-063	/	Capacity Development for Support Unit to the National Authorising Officer in the MoF	0,00	0,00	0,00	CA	/	/	/
Other	DDH/2001/002-797	/	Human Rights Campaign: An Awareness and Action Project	303.577,00	303.577,00	215.753,00	EC	/	31.12.2002	/
Other	GENRE/2004 / 079-761	/	Female Empowerment and Support	680.000,00	/	/	CA	31.12.2004	31.12.2007	/
			<b>Other BLs</b>	<b>1.003.577,00</b>	<b>303.577,00</b>	<b>215.753,00</b>				
<b>Regional EDF</b>										
Regional	FED/2000/015-047	8 ACP MAI 13, 8 ACP TPS 092, 9 ACP MAI 13	Education Civique & Electorale - Phasell + 8 TPS 92	7.400.000,00	7.028.459	4.789.375,00	EC	01.01.2002	28.07.2009	/
Regional	FED/2000/015-110, FED/REG/07418/001	8 ACP RAU 013	SADC Regional Integration	15.615.000,00	12.943.196	5.431.759,00	EC	01.09.2001	31.12.2010	/
Regional	FED/2000/006-347	6 ACP MAI 80, 7 ACP MAI 41, 7 ACP RPR 436, 8 ACP MAI 26	Limbe-Thyolo-Muloza Road Project-Ceiling Increase	36.260.000,00	36.203.259,43	36.203.259,43	CL	31.07.1995	31.12.2003	20.09.2005
			<b>Regional</b>	<b>59.275.000,00</b>	<b>56.174.914,43</b>	<b>46.424.393,43</b>				
<b>Others</b>										
Water Facility			EIB Malawi Peri-Urban Water and Sanitation Project	30.848.000,00	14.930.432,00	/	/	01.12.2007	/	/
Water Facility		9 ACP RPR 39	Concern Universal - Dedza & Ntcheu Safe Water Supply, Sanitation & Capacity Building	2.688.834,00	/	1.468.916,00	/	02.07.2006	02.07.2011	/
			<b>Others</b>	<b>33.536.834,00</b>	<b>14.930.432,00</b>	<b>1.468.916,00</b>				

Summary	Commitment	Contracted	Disbursed
Total EDF Funding	814.218.599,47	525.035.647,78	413.075.469,34
Total Regional EDF Funding (with Malawi benefitting)	59.275.000,00	56.174.914,00	46.424.393,43
Total BL Funding	138.495.946,96	120.555.909,89	97.352.771,06
Total ACP Water Facility Funding	33.536.834,00	not available	not available

## 6. List of Persons Interviewed

### Field Phase

#### GoM and Sector Agencies

- Auda A L Msiska (Mrs), Director of Finance & Administration, Roads Authority
- Amos Phiri (Eng), Senior Engineer – Construction, Roads Authority
- Placid C Kasakatira (Eng), Director of Planning & Design, Roads Authority
- Benjamin Kapoteza (Eng), Director of Construction, Roads Authority
- John Ndola, Director of Roads, Roads Authority
- James Chilwa, RTD
- Magastin Banda, Head of Finance & Contracts, Ministry of Finance
- Peter K Siumbani, Director of Debt & Aid Division, Ministry of Finance
- Dr. Winford Masanjala, Director of Economic Affairs, Ministry of Finance Hennox Mazengera, Chief Executive Officer, Roads Fund Administration
- Harvey Mutare, Balaka Weighbridge
- Petros Mohammed, Weighbridge Operator, Balaka
- Charity P. Musonzo, Chief Trade Officer, Ministry of Industry & Trade
- Diamond Chikhasu, Principal Trade Officer, Ministry of Industry & Trade
- Victor Lungu, Director of Planning, Ministry of Transport & Public Infrastructure (MTPI)
- Steve Siwande, MOTPI
- Mesheic Zimba, Materials Superintendent
- Jeffrey Luhanga, Controller of Agricultural Extension and Technical Services, Ministry of Agriculture and Food Security
- Dalitso Dembo Kang'ombe, Chief Nutritionist, Ministry of Health
- Catherine Mkwangama, Director of Nutrition and HIV/AIDS Programme, Office of the President
- Nasinuku Saukila, C.E.O. National Food Reserve Agency
- Memory Tchale, M&E Officer COOPI
- Richard Mtsotsolo, GoM Senior Health Surveillance Assistant
- Gleno Landa, District Agriculture Development Officer, MoAFS, Thyolo
- Mr. Lazaro, Communication Desk Officer, MoAFS, Thyolo
- Mr. Banda, Land Resources Conservation Officer, MoAFS, Thyolo
- Peter Simbani, Director Debt and Aid Division
- Betty Ngoma, Assistant Director, CABS Coordinator
- M. George Kamba, Assistant Chief Economist
- Mrs. Banda, Director of Account General's Office
- Dr. Daliso Kabambe, Director Budget Division
- Mr. Maseya, Deputy Account General
- M. Kazombo, Director Assets Management
- M. Mtotha, Chief Accountant
- M. Dennis Siti, Cash Management Division, Accounts Gen. Office
- Lizzie Chikoti, Chief Statistician – National Accounts, National Statistical Office
- Mrs. Mandalo, Head of Unit National Authorizing Officer
- M. Henry Mathanga, RBM, Director, Financial Markets
- Violet Chatsika, RBM Manager Financial Market Operations
- Ben Simuyandi, MOF, Budget Division

#### NAO

- Charles Lumanga, Sector Manager, Economics & Good Governance Sector, NAO Support Unit, Ministry of Finance
- Patrick Mputeni, Economics, NAO Support Unit, Ministry of Finance
- Victor Mponda-Banda, NAO Support Unit, Ministry of Finance

- Kelvin Banda, NAO Support Unit, Ministry of Finance
- Madolo Nyambose, Head of Unit, NAO, Ministry of Finance
- Jere Mwila, Technical Assistant, NAO Support Unit, Ministry of Finance
- Agnes Nkhoma, NAO Support Unit, Ministry of Finance
- Barbara Chibambo, NAO Support Unit, Agriculture & Forestry

### Consultants

- Charles F Kewin, Consultant, Project Control, Site Management & Claims Analysis
- Andrew Kasekende (Eng), Associate Director – Project Manager Europe and Africa, URS Scott Wilson Ltd, INSTAP
- Jan Lorange, International Director, Grontmij
- Hugh Bagnall-Oakeley, Team Leader/Administrative Systems Specialist, Cardno: Farmer Institutional & Agri Business Specialist, Oakeley-Thorn Associates Ltd
- Anne Conroy, Consultant, former DCAFS Secretary
- Xavier Rouillard, Consultant, EC Final Evaluation of IDAF mission
- Rudy Ooijen, Consultant, EC Sugar Evaluation Mission

### EUD

- Alexandre Baum, Head of Delegation, EU
- Horst Pilger, Head of Operations, EU
- Alan Munday, First Secretary, Head of Economic & Public Affairs, EU
- Jocelin Comet, Head of Infrastructure/Second Secretary, EU
- Bianca Vandeputte, Attache', Programme Manager – Good Governance, EU
- Julia Ojanen, Attache', Programme Officer – Economics & Public Affairs, EU
- Temwa Gondwe, Economic Affairs, EU
- Cecile Leemans, Programme Manager – Infrastructure, EU
- Peter Phiri, Infrastructure, EU
- Ivan Torre, Head of Finance and Contracts Section,
- Christophe Legrand
- Tomaida Msiska,, EDF RDP Manager, Agriculture & FS
- Jenny Brown, Programme Manager
- Ilona Gruenewald, EDF Rural Development
- Mutemwe Kavalo
- Enrica Pellacani, Head of Rural Development and Food Security
- George Keefa, EDF/BL
- Maria Winnubst, Thematic BL

### Project Implementation Personnel

- Dr. Charles Kisala Kaira, Team Leader, INSTAP
- Kurt Fahleson, Advisor to the Road Traffic Directorate, INSTAP
- Msafiri Mbwana Nziray – M & E, INSTAP TA
- Brian Barr (Eng), TA INSTAP
- Jacques Carstens, Team Leader, Rule of Law Project, Ministry of Justice & Constitutional Affairs
- Melissa Makwarimba – TA Cross cutting issues, INSTAP Team
- Barnaby Burnam TA, INSTAP team
- Jeff Pettifer, INSTAP team
- Alexander Wilson, INSTAP team
- Frank Mafeni, Senior Engineer, IGPWP
- Arthur C Chibwana, National Programme Co-ordinator, IGPWP
- David W Godding, Financial Management Advisor, IGPWP
- Pokani Musa, National Programme Accountant, IGPWP
- C.F. Kewin, RE/SR, JBG-LI
- B. Mawahelo, DER/ME, JBG-LI



- Eng. M.Adere, JBG-LI
- E. Chimtengo, Project Manager, Mota-Engil
- Natalia Duraes, Quality Manager, Mota-Engil
- Stanley Mzembe, SE, Mota-Engil
- Victoria Mhango, Materials Engineer, Mota-Engil
- Chifundo Mulera, Materials Engineer, Mota-Engil
- Luis Rodrigues, Site Agent, Mota-Engil
- Zofuna Chipungu, Safety Officer, Mota-Engil
- Matthews Manda, FIDP
- John Ngalande, IFMLSP/Forestry
- Neill Orchardson, TA Technical Secretariat of the Joint Food Security and Nutrition Task Force
- Arthur Chibwana, IGPWP, National Programme Coordinator
- Richmond Makasa, Programme Manager, EC Project Kasinthula III Extension (Sugar)
- Moses Chibwana, Project Assistant Leader, DAPP Green Pumps FS Project
- Alex Halale, Project Leader, DAPP Green Pumps FS Project
- Mark Miller, Technical Advisor to Ministry of Finance
- M. Tench, Technical Advisor, MoF

#### Donors and Funding Agencies

- Charles Mtenya, World Bank
- David Rohrbach, Senior Agricultural Economist, World Bank
- James Markland, Senior Transport Specialist, World Bank
- Hardwick Tchale, Senior Agricultural Economist, World Bank
- Appolenia Mbowe, Senior Economist, World Bank
- Samson Kwalingana, World Bank
- Benson Bumber Nkhoma, Project Officer, African Development Bank (AfDB)
- Fenwick Kamanga, Governance Expert, AfDB
- Marita Sorheim Rensvik, Norwegian Aid, Second Secretary, Agriculture and Climate Change
- Blessing Bota, Senior Agricultural Advisor, Irish Aid
- Peter Kulemeka, Trust Fund Manager, UNDP
- Jimmy Kawaye, Program Manager, UNDP
- Lamula Nsanja, KfW in charge of BS
- Britt Hilde Kjolas, First Secretary, Country Economist, Norwegian Embassy
- Dr. Florian Lam, Principle Advisor GiZ, Macro-Economic Advisory Services
- Dr. Ruby Randall, Resident Representative, IMF
- Dr. Andrew Tench, GIZ, ME Advisory Services
- Trust Chimaliro, Financial Management Specialist

#### ROM Team

- Michael Dembinski, Consultant, ROM Monitor
- Anthony Nedley, Consultant, ROM Monitor, Team Leader
- G.Jan Van Kamp, ROM Member
- Martin Rall, ROM Mission
- Giuseppe Tomasin, ROM mission
- Karla van Eynde, ROM mission

#### EU Brussels

- Juana Aristizable Pinto, DEVCO E1 Macro-economic support
- Katarina Bastos, DEVCO F3 – Food Facility
- Ulrike Braun, DEVCO E3, Desk Officer, Malawi
- Hervé Busschaert, DEVCO E6 Natural Resources
- Paolo Ciccarelli, DEVCO E7 Transport

- Maddalena Dali, DEVCO G3, Evaluation Manager
- Fabrice Fernandes, DEVCO C1, Macro-economic support programmes
- Jennifer Keegan-Buckley, DEVCO I2, Sustainable Management of Natural Resources
- Carine Nsoudou, DEVCO C1
- Ben Nupnau, DGA1 D2 EPA implementation
- Patrice Pillet, DEVCO C1 Geo-coordinator, Malawi
- Susanne Wille, DEVCO G3 Evaluation Manager

Telephone interviews (in advance of field phase) – all interviewed in person during field phase

- Simon Chirambo, EEAS, Lilongwe
- Jocelin Cornet, EEAS, Lilongwe
- George Keffa, EEAS, Lilongwe
- Alan Munday, EEAS, Lilongwe
- Horst Pilger, EEAS, Lilongwe
- Julia Ojanen, EEAS, Lilongwe

Malawi Embassy, Brussels

- Joseph Chiteyeye

**Inception and Desk Phase**

<b>Name</b>	<b>Position</b>
Aristizabal Pinto, Juana	DEVCO E1 Macroeconomic Support
Bastos, Katariina	DEVCO F3 DCI-Food Facility
Braun, Ulrike	DEVCO E3 Desk Officer Malawi
Busschaert, Hervé	DEVCO E6 Natural Resources
Chiteyeye, Joseph	Malawi Embassy, Brussels
Ciccarelli, Paolo	DEVCO E7 Transport
Dali, Maddalena	DEVCO G3, Evaluation Manager
Ferrandes, Fabrice	DEVCO C1 Macroeconomic Support Programmes
Keegan-Buckley, Jennifer	DEVCO I2 Sustainable Management of Natural Resources
Nsoudou, Carine	DEVCO C1
Nupnau, Ben	DGA1 D2 EPA implementation
Pillet, Patrice	DEVCO C1 Geo Coordinator Malawi
Wille, Susanne	DEVCO G3 Evaluation Manager (deputy for this evaluation)

**List of Persons Interviewed per Phone**

<b>Name</b>	<b>Position</b>
Chirambo, Simon	EEAS Lilongwe
Cornet, Jocelin	EEAS Lilongwe
Keffa, George	EEAS Lilongwe
Munday, Alan	EEAS Lilongwe
Pilger, Horst	EEAS Lilongwe, Head of Delegation

## 7. Focus Group Fiches

<b>FOCUS GROUP</b>	<b>Evaluation team member</b>	<b>John Clifton</b>	<b>Date</b>
			<b>07/05/2011</b>
	<b>Theme</b>		<b>Place</b>
	Perceptions of levels of service of road network		South of Dedza, Lilongwe – Nsipe Road
<b>Participants</b>			
Market Traders and Customers			
<b>Issues discussed</b>			
<ul style="list-style-type: none"> <li>• Road condition and transport</li> <li>• Market encroaching/entirely covering M1</li> <li>• Covered drains</li> <li>• Re-siting market/re-siting road?</li> <li>• Mixture of livestock and sale of goods</li> <li>• Proportion of traders/customers from Mozambique</li> <li>• Distance people travelled – on foot, other means of transport</li> <li>• Safety of road</li> <li>• Knowledge of implementation (Meta), funding (?)</li> </ul>			
<b>Elements emerged</b>			
<ul style="list-style-type: none"> <li>• Main road network continues to be ok with reasonable public transport by rural road conditions seasonally poor with little (and expensive) transport. In rains there may be no transport because of poor road conditions</li> <li>• Market completely over M1 at weekends – traditional site for the market. Safety not really an issue as vehicles have to stop or slow right down</li> <li>• Longitudinal lined drains/ditches along the market area should be covered to allow direct access to stalls and selling areas from road</li> <li>• No-one aware of any moves to resite the market (although this was mentioned at MTPI?) – no-one in favour of movement because custom is mainly from the road</li> <li>• Typical mixture of animals, goods, food, produce etc</li> <li>• Many traders and customers from Mozambique – border runs immediately to the west of the road – no border post or controls</li> <li>• Most people walking to the market either as buyers or sellers. People driving animals may walk for more than one day each way. Customers and sellers walking up to half a day each way depending on what goods they're buying or selling</li> <li>• In general road safety on main roads in Malawi is a function of speed of the vehicles</li> <li>• Bad perceptions of police!</li> <li>• Little or no knowledge of planning or contract arrangements for maintenance or construction</li> </ul>			
<b>Findings/Observations</b>			
<ul style="list-style-type: none"> <li>• Satisfaction with mainroad service conditions and transport services – less so for rural roads</li> <li>• Little knowledge of organisation of road maintenance etc</li> </ul>			
<b>Relevant for which EQs/ JCs/ Indicators?</b>			
EQ1; JCs 1.1, 1.2; Indicators 1.1.1, 1.2.1 EQ4; JCs 4.3, 4.4, 4.5; Indicators 4.3.1, 4.3.3, 4.3.4, 4.4.2, 4.4.3, 4.4.4, 4.5.4 EQ5; JC 5.3; Indicator 5.3.2			

<b>FOCUS GROUP</b>	<b>Evaluation team member</b>	<b>John Clifton</b>	<b>Date</b>
			<b>05/05/2011</b>
	<b>Theme</b>		<b>Place</b>
	Employment generation in rural areas- continued maintenance of infrastructure assets (rural roads)		IGPWP – project interventions
<b>Participants</b>			
Khata Road Maintenance Club (7 members) & country leaders			
<b>Issues discussed</b>			
Rehabilitation activities - costs - contractor - selection, prioritization - employment generation Benefits of road to the country - accessibility - productive agricultural activities - district assemblies - women - linkages to other SE activities Road maintenance activities - approach used - management - payment - tools - quality - supervision & mentoring			
<b>Elements emerged</b>			
<ul style="list-style-type: none"> <li>• Little appreciation of operation or aims of IGPWP and although EC decals in signs and vehicles not much idea of EC or EC links with Malawi</li> <li>• Appreciated chance of employment but all had their own mashambas and were limited in the time they could dedicate to road (maintenance) works.</li> <li>• Clear in benefits of better rural roads for transport of everything – farm produce and inputs, social, schools, health (transport of the sick is an especial issue of importance for them)</li> <li>• Selection of persons for employment (LT and ST) – procedures accepted as fair</li> <li>• About 20% womens' participation in this area – equal work quotas and salaries</li> <li>• Salaries are paid by DC into bank account for the Club but the nearest bank is in Lilongwe. Arrears of salaries – reasons? Problems in DC – IGPWP supplies funds to DC. Costs in accessing money from bank? Nominate &gt;1 person to travel to bank and withdraw money for all members of Club</li> <li>• LB approach to RM. Tools supplied by IGPWP but most tools are farm implements (eg rake, shovel, hoe)</li> <li>• Management of maintenance work by IGPWP but should be handing over to DC (resources for DC)? Sustainability issues?</li> <li>• Quality ok as long as it is only RM – in case of more serious problems then there would have to be outside help (eg load of gravel) – what happens in this case?</li> <li>• Road maintenance club operating &gt;2 years with few drop outs</li> <li>• People walk to work on their section of road (near to their house) – sometimes they come together to work as a gang</li> </ul>			
<b>Findings/Observations</b>			
<ul style="list-style-type: none"> <li>• Maintenance operations ok in the shorter term but can DC continue to pay salaries after withdrawal of IGPWP support?</li> <li>• What happens about periodic maintenance in longer term when more resources are</li> </ul>			

needed (eg re-gravelling or wash outs)?
<b>Relevant for which EQs/ JCs/ Indicators?</b>
EQ4; JC 4.3, 4.4. 4.6; Indicators 4.3.1, 4.3.2, 4.3.3, 4.4.1, 4.4.3, 4.4.4, 4.6.2, 4.6.3

<b>FOCUS GROUP</b>	<b>Evaluation team member</b>	<b>Andrea Queiroz de Souza</b>	<b>Date</b>
			<b>6.5.2011</b>
	<b>Theme</b>		<b>Place</b>
	Impact of IGPWP support on income Sustainability of IGPWP interventions		<b>Mbwatalika village, Lilongwe district</b>

**Participants**

**Beneficiaries of EC support programmes:** 25 male and female farmers, members of 6 afforestation clubs (12 male, 13 female)

**Issues discussed**

The contributions of IGPWP to income increase and other impacts, the sustainability (continuation) of implementation and benefits after phase out of IGPWP support

**Elements emerged**

- Deforestation in the area because of population increase
- Related to that increasing time for women to fetch firewood, lack of poles for construction purposes, falling water tables
- Support consisted of several trainings (technical and leadership), afterwards input packages: hoes, slashes, wheelbarrows, polyethylene tubes...
- Project paid incentives (in three phases) to village investment fund depending on club performance
- Activities started in 2005
- Clubs continue to extend activities, yearly planting or more trees with the objective to cover 19 ha with woodlots
- In addition clubs manage existing forestry resources under a management plan signed with forestry last year
- Trees in the woodlot areas and in individual homes
- Rules and regulations for utilisation of woodlots
- Due to more trees, water tables are increasing, small scale irrigation might have become more feasible
- Money from investment fund was shared among members (14000 Kw divided by 21 members)
- People see impact and want to join clubs

**Findings/Observations**

- Impact on firewood situation after two years, women reduced their workload, save money because they do not buy firewood (before 100 Kw per day had to be spent on firewood)
- Income through the initial payments by the project (during nursery stage, after out planting, after first dry season depending on survival rate)
- In the future considerable income expected through sale of poles (150 Kw per pole, 1500 Kw per oxcart loads)
- In addition beehives (7 from 10 already populated) will render additional income through honey sales
- Construction poles are now available for the club members
- If income from trees is needed, because of certain HH necessities, e.g. funeral, ,clubs agree on cutting trees
- First sales planned for July (10 Oxcart, 15.000 Kw income)

<b>FOCUS GROUP</b>	<b>Evaluation team member</b>	<b>Andrea Queiroz de Souza</b>	<b>Date</b>
			<b>6.5.2011</b>
	<b>Theme</b>		<b>Place</b>
Income impact of irrigation activity Sustainability of support – Continuation of activities after phase out of support		<b>Namfunga village Lilongwe district</b>	
<b>Participants</b>			
<b>Beneficiaries of EC support programmes:</b> 22 male and female farmers, members of irrigation association (13 female, 9 male)			
<b>Issues discussed</b>			
The contributions of IGPWP to income increase and other impacts, the sustainability (continuation) of implementation and benefits after phase out of IGPWP support			
<b>Elements emerged</b>			
<ul style="list-style-type: none"> <li>• Two systems (stream diversion, treadle pumps)</li> <li>• 11.5 ha under irrigation, because of land scarcity no extension of irrigated land possible for members</li> <li>• Support in 2003/2004 (under PWP), continued technical support and trainings</li> <li>• Support consisted of technical advice and training, exchange visits and inputs: garden tools, seeds of different types, fertiliser, treadle pumps</li> <li>• They grow mainly maize to sell it as green roasted maize, this gives the highest profit (30 Kw a cob), they also grow tomatoes, ,onions, banana, Irish potatoes and other vegetables</li> <li>• Good marketing situation due to closeness to Lilongwe town</li> <li>• They continue to work as a group sharing information, getting training, protecting crops from being stolen through rotational safeguarding, paying for manure transport from tobacco factory, small dam construction to improve water availability which is a problem in the streamline diversion</li> <li>• The group is registered and known and is allowed to sell green maize during a period where it is usually not allowed</li> <li>• They work and sell on an individual basis, but have one group field to raise income for the association plus contributions of 1000 Kw each family after harvest sales</li> <li>• Stream line diversion not functional, but currently group is building a small dam, they depend on shallow hand dug wells</li> </ul>			
<b>Findings/Observations</b>			
<ul style="list-style-type: none"> <li>• Members confirmed to be food secure now for the whole year (in comparison to the baseline situation where most run out of stocks in August/September (up to harvest in April) and had to rely on daily wage labour</li> <li>• They stopped working for others and now employ people on daily wage labour basis</li> <li>• Before one harvest, now three</li> <li>• Mostly maize (with some crop rotation) as the sale of green maize roasted so close to town brings most money)</li> <li>• Income example: one farmer who before was able to get 15,000 per year from sales, now gets three times 73,000 (219,000 Kw) from sales</li> <li>• Members report visible increase on assets: motor pumps, one bought a car, improved houses, school fees for secondary school children, more assets in the house (e.g. TV sets)</li> <li>• Other people are copying the approach on their own behalf</li> </ul>			

<b>FOCUS GROUP</b>	<b>Evaluation team member</b>	<b>Andrea Queiroz de Souza</b>	<b>Date</b>
			<b>7.05.2011</b>
	<b>Theme</b>		<b>Place</b>
	Impact and sustainability of EC support		Chazondoka, Lilongwe district
<b>Participants</b>			
Beneficiaries of EC support programmes nutrition- community representatives / volunteers nutrition – COOPI: 15 mothers, beneficiaries and 10 village officials including community volunteers			
<b>Issues discussed</b>			
Nature of EC support to nutrition Interventions for vulnerable groups and changes in their nutritional status Community involvement – successes and problems Continuation of community involvement after project phase out			
<b>Elements emerged</b>			
<ul style="list-style-type: none"> <li>• Interventions: hygiene plus related assets (toilets, dish racks, etc.), vegetable gardens, child care centres, fruit orchards, chicken, trainings in hygiene, importance of breast feeding, preparation of nutritious meals with locally available ingredients</li> <li>• Chicken activity failure as all died (except for the cock) because of diseases and they were unable to get the vaccine from the veterinary service</li> <li>• Women still continue to meet after the end of project, but their focus is now more on economic issues, they formed a savings association</li> <li>• Child care school is also about to fail, as the villagers are not giving the people who run it any incentives</li> <li>• They continue to oversee some of the hygiene assets (VDC obliges people to have dish racks, toilets, etc., and if they do not do it, the villagers do it for them and demand pay)</li> <li>• Cookery sessions stopped with the end of the project, only few women confirmed they are practising the meals they learned at home</li> <li>• Some nutrition advice / preparation of dishes seem to be unrealistic, because people hardly have these ingredients (others they do have)</li> <li>• Consumption of ground-nuts increased, there is a motivation to diversify the diet</li> <li>• Beans, pumpkins, tomatoes, etc. but it is difficult to keep up backyard gardens, because of a lack of water in the villages</li> <li>• They continue with vegetable production on their own (they did not practice it before)</li> <li>• Men assisted in digging the pits for the latrines, fencing the vegetable gardens</li> </ul>			
<b>Findings/Observations</b>			
<ul style="list-style-type: none"> <li>• Impacts: back yard gardens, reduction in diseases due to improved hygiene, clearing bushes around houses reduced malaria, malnourishment in children decreased (confirmed by screening data they still collect)</li> <li>• They grow now more groundnuts to use it in meals, not just as a snack</li> <li>• Nothing on general food production as project focused on vegetables, so any impact on local availability of staple food! Low impact on availability of food</li> <li>• Sustainability seems quite low</li> </ul>			

<b>FOCUS GROUP</b>	<b>Evaluation team member</b>	<b>Andrea Queiroz de Souza</b>	<b>Date</b>
			<b>9.05.2011</b>
	<b>Theme</b>		<b>Place</b>
Implementation process (Potential) Impact of EC support		Shire Valley Cane growers trust	
<b>Participants</b>			
Beneficiaries of EC support programmes Sugar – Kasinthula III: 5 village headmen and women (2 women); 5 male farmers; (all from Kasin III)			
<b>Issues discussed</b>			
Beneficiary selection Potential impact			
<b>Elements emerged</b>			
<ul style="list-style-type: none"> <li>• Very visible impact of sugar cane for beneficiaries of Kasinthula I and II (improved housing, enough food, good clothes, can pay school fees, bicycles, even some motor cycles)</li> <li>• Many people have an income through casual labour</li> <li>• Communities benefited from fair trade community funds: clinics, boreholes, etc.</li> <li>• When sugar cane interventions started in 1997 only very few people were interested as they did not know the potential benefits</li> <li>• Now seeing the benefits of Kas I and II everybody wants to join in</li> <li>• The village headmen allocate the land. For the project they had to reallocate as plots of two ha are needed to be profitable</li> <li>• Criteria: Who had land in the area already would get a plot, they give it to the head of the HH and the HH then needs to see how to share among the family (with children, etc.)</li> <li>• Some Female Headed Households are also benefiting (widows and divorced women with children), no information on how many</li> <li>• Beneficiaries so far participated in the project by guaranteeing the security of the materials and inputs and by planting the sugarcane</li> <li>• Many were able to work as casual labourers for the sub-contractors</li> <li>• Village headmen were involved in feasibility study in 2006 and there are monthly meetings to report on progress and discuss issues</li> <li>• No incomes from the fields for the last two years without compensation has been very difficult for them as they usually use that land for growing sorghum and cotton</li> <li>• Difficult to grow food crops here because of little rains, cotton at times does not fetch good prices</li> <li>• A lot of jealousy and envy around Kas III</li> <li>• First harvest expected by the end of the year</li> <li>• Income from one ha of cotton is around 8000-90,000 Kw net</li> </ul>			
<b>Findings/Observations</b>			
<ul style="list-style-type: none"> <li>• Social issues in the villages (inclusion of some, exclusion of others, land allocation) major issues</li> <li>• They dropped the plan to also include food crops into the irrigation activity</li> <li>• Little inclusion of future beneficiaries in the whole scheme, but good cooperation with the local authorities</li> <li>• High expectations regarding future incomes</li> </ul>			



<b>FOCUS GROUP</b>	<b>Evaluation team member</b>	<b>Andrea Queiroz de Souza</b>	<b>Date</b>
			<b>6.05.2011</b>
	<b>Theme</b>		<b>Place</b>
Impact of EC funded project Sustainability of project activities		Farmer Field School; Mduka Group, Traditional Authority Kaomba, Kasungu	
<b>Participants</b>			
Beneficiaries of EC support programmes: men and women benefiting from 'Support to Vulnerable Groups to achieve Food Security (SAFE project)': 21 women, 10 men, 3 staff from CARE			
<b>Issues discussed</b>			
Narration and verification of project impact Project impact on cross-cutting issues Sustainability of project activities and benefits			
<b>Elements emerged</b>			
<ul style="list-style-type: none"> <li>• Project interventions included:                             <ul style="list-style-type: none"> <li>○ Establishment of Farmer Field School (demonstration plots)</li> <li>○ Establishment of Village Savings and Loans</li> <li>○ Training of Village Development Committee (VDC)</li> </ul> </li> <li>• Project provided training in:                             <ul style="list-style-type: none"> <li>○ Improved farming practices</li> <li>○ Soil fertility enhancement practices</li> </ul> </li> <li>• Beneficiaries' perception of project impact:                             <ul style="list-style-type: none"> <li>○ Farm yields (maize) have increased</li> <li>○ Improved seed varieties have now proliferated to more groups (multiple of 5)</li> <li>○ Malnutrition rates have declined through increased consumption of groundnuts</li> <li>○ Incomes at household level have increased because beneficiaries are growing groundnut seed through ICRISAT</li> <li>○ Households have easy access to money at low interest rates, through the Village Savings and Loan scheme</li> <li>○ Households are now more aware about importance of the Village Development Committee as a channel to demand services from government</li> <li>○ Households are now aware of how to prevent HIV/AIDS infections, and how to care for those affected</li> <li>○ Women and men now participate equally in development projects</li> <li>○ Women now empowered to be more assertive</li> </ul> </li> <li>• Sustainability                             <ul style="list-style-type: none"> <li>○ The project helped to establish 'Chitete Farmers' Cooperative' through which the farmers will be marketing their groundnuts collectively, and also speaking with one voice.</li> <li>○ The project trained community facilitators who are supposed to continue training and encouraging the farmers.</li> <li>○ Seed has been left in the community, which the farmers will continue to be used</li> </ul> </li> <li>• Challenges/Opportunities</li> <li>• Opportunity is that the project assisted the community to establish linkages with ICRISAT</li> </ul>			
<b>Findings/Observations</b>			
<ul style="list-style-type: none"> <li>• Project was a success and achievements were above target (as per logframe)</li> <li>• Time will tell whether the community facilitators will indeed remain committed by continuing to train and encourage farmers, in the absence of incentives which they were getting through project funds.</li> <li>• Interesting to observe that indicators of success at project-level (logframe level) differ from what beneficiaries perceive to be measures of success e.g. Project reported 50% of</li> </ul>			

households eating an average of 3 meals per day, while beneficiaries reported a decline in malnutrition as a measure of success. Both of these indicators explain that the project has made a positive impact on nutritional status, but the beneficiaries see things differently. The lesson is that project indicators should also integrate indicators which help beneficiaries to understand what is going on.

<b>FOCUS GROUP</b>	<b>Evaluation team member</b>	<b>Andrea Queiroz de Souza</b>	<b>Date</b>
			<b>9.05.2011</b>
	<b>Theme</b>		<b>Place</b>
Project Impact Sustainability of project activities and benefits		Thyolo, Tafika Dairy Project, Mbelua Village	
<b>Participants</b>			
Beneficiaries of EC support programmes FIDP, Thyolo district, Tafika Dairy Project, Mbelua Village: 13 women, 3 men, Agriculture Extension Development Coordinator			
<b>Issues discussed</b>			
<ul style="list-style-type: none"> <li>• Explanation of project interventions</li> <li>• Beneficiaries' perceptions of project impact</li> <li>• Beneficiaries' perceptions of sustainability of project activities and impact</li> </ul>			
<b>Elements emerged</b>			
<ul style="list-style-type: none"> <li>• Group established in 2006</li> <li>• Group has membership of 35 (28 women and 7 men)</li> <li>• Problem in the area was food insecurity</li> <li>• Project interventions included:                         <ul style="list-style-type: none"> <li>○ Construction of marker ridges</li> <li>○ Provision of fertilizer and improved seed varieties</li> <li>○ Training in new production technologies such as sasakawa, manure making, agroforestry</li> <li>○ Construction of modern grain silos</li> <li>○ Provision of dairy cattle</li> </ul> </li> <li>• Beneficiary perception of project Impact                         <ul style="list-style-type: none"> <li>○ <b>Farm productivity:</b> <ul style="list-style-type: none"> <li>▪ New farming technologies have improved to soil moisture retention, soil fertility and improved soil structure</li> <li>▪ Maize yields have increased almost two-fold</li> <li>▪ All 35 members have constructed marker ridges in the fields</li> <li>▪ Other village members also copying from group members</li> <li>▪ Have established communal agroforestry nursery, which allows members to obtain trees to plant out in their farms</li> </ul> </li> <li>○ <b>Dairy Cattle</b> <ul style="list-style-type: none"> <li>▪ Started off with 5 kholas (animal kraal) and 10 animals, now all 35 members have a khola with 56 dairy cattle.</li> <li>▪ These additional kholas have been constructed using money from milk sales.</li> <li>▪ Members have shared young calves through a 'pass-on scheme'</li> </ul> </li> </ul> </li> <li>• Group members have now have reliable income from milk sales</li> </ul>			
<b>Findings/Observations</b>			
<ul style="list-style-type: none"> <li>• The dairy component is a very successful intervention which brings income on a daily basis</li> <li>• Sustainability is in-built, and members have already demonstrated their commitment by ensuring that project activities and impact are replicated to other members</li> </ul>			

<b>FOCUS GROUP</b>	<b>Evaluation team member</b>	<b>Andrea Queiroz de Souza</b>	<b>Date</b>
			<b>11.05.2011</b>
	<b>Theme</b>		<b>Place</b>
Explanation of project interventions Beneficiary perception of project impact Beneficiary perception of sustainability of project activities and impact		Chiradzulu	
<b>Participants</b>			
Beneficiaries of EC support programmes Tithandizane Farmers Club, Green Pumps, implemented by DAPP: 11 men, 4 women, Agriculture Extension staff			
<b>Issues discussed</b>			
<ul style="list-style-type: none"> <li>• Explanation of project interventions</li> <li>• Beneficiary perception of project impact</li> <li>• Beneficiary perception of sustainability of project activities and impact</li> </ul>			
<b>Elements emerged</b>			
<ul style="list-style-type: none"> <li>• Group has 50 members, comprising 30 women and 20 men</li> <li>• Each group of 10 has a green pump</li> <li>• There are a total of 6 green pumps in the area</li> <li>• All materials and installation were funded through the project</li> <li>• Project interventions included:                         <ul style="list-style-type: none"> <li>○ Training and implementation of demonstration plots on new farming practices and technologies. Crops included tomato and maize, grown through minimum tillage practices (conservation agriculture)</li> <li>○ Demonstration plot on drip irrigation</li> <li>○ Construction of 'Green pumps' to supply water for irrigation and household use</li> </ul> </li> <li>• <b>Beneficiary perception of Impact</b> <ul style="list-style-type: none"> <li>○ Planting in holes, increases soil moisture retention and maximizes soil nutrient utilization and hence contributes to high crop yields</li> <li>○ Incomes have increased from sale of crops grown on plots that are practicing conservation agriculture techniques</li> <li>○ Green pump technology has increased water availability for cultivation of winter crops and clean water for household use</li> </ul> </li> <li>• A committee has been established, and a few members have been trained to maintain the pump</li> </ul>			
<b>Findings/Observations</b>			
<ul style="list-style-type: none"> <li>• Green pump technology appeared versatile in terms of its simplicity, cost and efficiency, compared to the more common treadle pump</li> <li>• Crops that were in the field were impressive, with high income projections for the members</li> <li>• At the time of the visit, it was not clear whether project activities could indeed be sustained after the project funding comes to an end, especially on the green pump. Although it is a very good intervention, only time will tell if members will continue to look after the green pumps, using their own money.</li> </ul>			

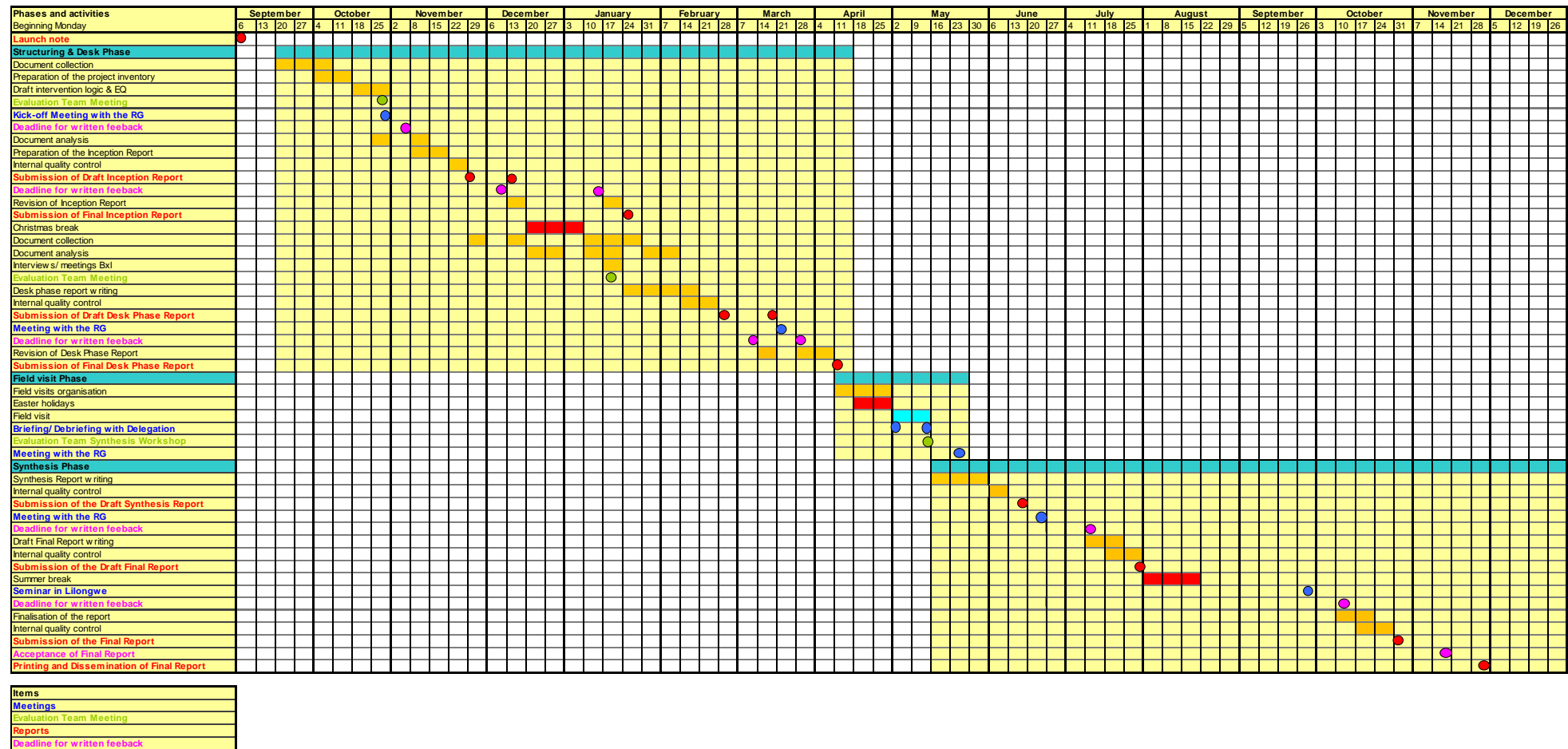
<b>FOCUS GROUP</b>	<b>Evaluation team member</b>	<b>Andrea Queiroz de Souza</b>	<b>Date</b>
			<b>11.05.2011</b>
	<b>Theme</b>		<b>Place</b>
Explanation of project interventions Beneficiary perception of project impact Beneficiary perception of sustainability of project activities and impact		Mbulumbuzi, Chiradzulu	
<b>Participants</b>			
Beneficiaries of EC support programmes Women's Forum, Mbulumbuzi, Nutrition Education and Food processing display. Project Implemented by DAPP: 12 women, Senior Chief Mpama, Community Development staff, Health staff (3 men)			
<b>Issues discussed</b>			
<ul style="list-style-type: none"> <li>• Explanation of project interventions</li> <li>• Beneficiary perception of project impact</li> <li>• Beneficiary perception of sustainability of project activities and impact</li> </ul>			
<b>Elements emerged</b>			
<ul style="list-style-type: none"> <li>• The women forum had organised a display of various foods, which were made using locally grown crops</li> <li>• Explanation given on the 6 food groups</li> <li>• Dishes on display included wine from sweet potato, local tea (chidede), 1-pot dish, meats, soya bean products, eggs, sweet beer, and local vegetables</li> <li>• Explanation given on link between the food and human health</li> </ul> <p><b>Beneficiary perception of Impact</b></p> <ul style="list-style-type: none"> <li>• Some of the foods have a medicinal value especially for those with HIVAIDS</li> <li>• Provision of clean water and sanitation has contributed to a decrease in cases of dysentery</li> <li>• Rates of malnutrition have declined to 50% (could not establish what the pre-project rate was)</li> <li>• There have been no cases of cholera in the area for the past 5 years</li> </ul>			
<b>Findings/Observations</b>			
<ul style="list-style-type: none"> <li>• Impressive display of how locally available foods can be used to improve nutrition status, even for those with HIVAIDS. This is very important because the tendency sometimes is to believe that only modern medicines can provide relief to those affected by HIVAIDS, forgetting that the medicines only work if one is also eating a balanced diet</li> </ul>			

## 8. Activity Schedule of Field Phase

DATE	JOHN CLIFTON (TL)	SYLVIANE MENARD	ANDREA QUEIROZ DE SOUZA	DOREEN CHANJE
Mon 02/05/11	Travel (FKT)/JBG/LLW	Travel CDG/AMS/NBI/LLW	Travel FRA/AMS/NBI/LLW	Travel Blantyre/LLW
	Team Meeting			
Tues 03/05/11	Meeting HOD, EUD			
	Briefing meeting – CLE/ROM/NAO/EUD Introductory/logistics meetings and interviews – EUD/NAO			
	Team Meeting			
Wed 04/05/11	Field visit MBARM Lilongwe – Nsipe Meetings/interviews, WB, AfDB, DFID	CABS meetings Meetings/interviews - EUD	Meetings/interviews - EUD	Meeting/Interview – MOH
			Interviews MOAFS, Office of the President, MOAFS Technical Secretariat	
			Field trip logistics	
	Team Meeting			
Thurs 05/05/11	Meetings/interviews MOTPI, RFA, IGPWP, NCIC Field visit – IGPWP (focus group)	Meetings/interviews - UNDP	Meetings/interviews IGPWA, NFRA, EUD Interview EC Consultant	Field trip logistics
	Team Meeting			
Fri 06/05/11	Meetings/interviews EUD, MOTPI, INSTAP, ROM	Meetings/interviews – AfDB, Kfw	Meetings/interviews – NORAD, Irish Aid	
			Field visit – Mbwatalika & Namfuga (focus groups) IGPWP Interview EC Consultant	Field visit – sustainable nutrition – support to vulnerable groups to achieve food security (SAFE) – Kasungu (focus groups)
Team Meeting				
Sat 07/05/11	Field visits MBARM Lilongwe – Nsipe Mangochi – M.Bay (focus group) M.Bay – Masasa Bulaka weigh station Lakeshore Infrastructure Support Project		COOPI (field visit and focus groups)	
			Travel Lilongwe/Blantyre	
Sun 08/05/11	Lakeshore Infrastructure Support Project Salema – Dongwa Meeting/interview - WB		Updating documentation/notes	
Mon 09/05/11	Meetings/interviews – RA, CML, NAO	Meetings/interviews – NORAD, GTZ, MOF, IMF	Field visit – Kasinthula III Extension (sugar) & FGD Interview EC Consultant	Field trip logistics
	Review Meeting		Review Meeting	
Tues 10/05/11	Preparation for meetings/updating documentation & notes Meetings/interviews – INSTAP, EUD, JTC -	Meeting/interviews – CABS coordinator, MRF, Office of the Accountant General (Budget Division, Assets Management,	Field visit FIDP, Thyelo Meetings/interviews – MOAFS, FGD	

DATE	JOHN CLIFTON (TL)	SYLVIANE MENARD	ANDREA QUEIROZ DE SOUZA	DOREEN CHANJE
	MOTPI	Cash Management, Accountancy)		
	Review Meeting		Interview EC Consultant	
Wed 11/05/11	PSC Meeting – INSTAP Meetings/interviews – ROM, EUD	Meetings/interviews – ME Advisory Services GTZ, Office of Accountant General (cash management), National Statistics Office, NAO, RBM, (Financial Markets)	Field visit – Green Pumps FS Project DAPP Travel Blantyre-Lilongwe	
	Team Meeting			
	Team Meeting – preparation for de-briefing meeting			
Thurs 12/05/11	Meetings/interviews – MIT, WB, UNDP De-briefing PS MOTPI Preparation of presentation for de-briefing meeting	Meetings/interviews – WB, EUD	Preparation for de-briefing meeting Meetings/interviews – EUD, WB	
	Team Meeting			
	De-briefing meeting – CLE/ROM/NAO/EUD			
Fri 13/05/11	Meetings/interviews – WD, UNDP, INSTAP	Meetings/interviews – MOF, RBM	Agriculture/FS – de-briefing EUD	
	Team Meeting – Synthesis & Programming CLE			
Sat 14/05/11	Meeting/interview – INSTAP Notes/documentation update	Travel LLW/NBI/FRA & CDG		Travel Lilongwe/Blantyre
Sun 15/05/11	Travel LLW/JBG/FKT			

# 9. Work Plan



## 10. Country Information

<b>Data Profile Malawi</b>				
	<b>2000</b>	<b>2005</b>	<b>2007</b>	<b>2008</b>
<b>World view</b>				
Population, total (millions)	11,83	13,65	14,44	14,85
Population growth (annual %)	3,2	2,8	2,8	2,8
Surface area (sq. km) (thousands)	118,5	118,5	118,5	118,5
Poverty headcount ratio at national poverty line (% of population)	..	52,4	..	..
GNI, Atlas method (current US\$) (billions)	1,75	2,86	3,55	3,89
GNI per capita, Atlas method (current US\$)	150	210	250	260
GNI, Purchasing Power Parity (current international \$) (billions)	6,98	8,44	10,62	11,28
GNI per capita, Purchasing Power Parity (current international \$)	590	620	740	760
<b>People</b>				
Income share held by lowest 20%	..	..	..	..
Life expectancy at birth, total (years)	51	51	52	53
Fertility rate, total (births per woman)	6,2	5,8	5,6	5,5
Adolescent fertility rate (births per 1,000 women ages 15-19)	161	147	138	133
Contraceptive prevalence (% of women ages 15-49)	31	..	..	..
Births attended by skilled health staff (% of total)	56	..	..	..
Mortality rate, under-5 (per 1,000)	164	134	122	115
Malnutrition prevalence, weight for age (% of children under 5)	22	18	..	..
Immunization, measles (% of children ages 12-23 months)	73	82	83	88
Primary completion rate, total (% of relevant age group)	65	55	54	..
Ratio of girls to boys in primary and secondary education (%)	93	99	100	99
Prevalence of HIV, total (% of population ages 15-49)	13,5	12,3	11,9	..
<b>Environment</b>				
Forest area (sq. km) (thousands)	35,7	34,0	33,4	..
Agricultural land (% of land area)	50,2	52,8	52,8	..
Annual freshwater withdrawals, total (% of internal resources)	..	..	6,3	..
Improved water source (% of population with access)	63	74	..	80
Improved sanitation facilities (% of population with access)	50	54	..	56
Energy use (kg of oil equivalent per capita)	..	..	..	..
CO2 emissions (metric tons per capita)	0,1	0,1	0,1	..
Electric power consumption (kWh per capita)	..	..	..	..
<b>Economy</b>				
GDP (current US\$) (billions)	1,74	2,86	3,59	4,27
GDP growth (annual %)	1,6	2,6	8,6	9,7
Inflation, GDP deflator (annual %)	30,5	15,3	7,4	9,0
Agriculture, value added (% of GDP)	40	33	34	34
Industry, value added (% of GDP)	18	21	20	21
Services, etc., value added (% of GDP)	43	47	45	45
Exports of goods and services (% of GDP)	26	20	22	23
Imports of goods and services (% of GDP)	35	44	25	26
Gross capital formation (% of GDP)	14	23	26	27
Revenue, excluding grants (% of GDP)	..	..	..	..
Cash surplus/deficit (% of GDP)	..	..	..	..
<b>States and markets</b>				
Time required to start a business (days)	..	37	37	39
Market capitalization of listed companies (% of GDP)	..	8,1	..	41,4
Military expenditure (% of GDP)	0,7	1,3	1,2	..
Mobile cellular subscriptions (per 100 people)	0	3	7	12
Internet users (per 100 people)	0,1	0,4	1,0	2,1
Roads, paved (% of total roads)	..	..	..	..
High-technology exports (% of manufactured exports)	2	7	2	2



<b>Global links</b>				
Merchandise trade (% of GDP)	52,3	58,6	60,6	58,7
Net barter terms of trade index (2000 = 100)	100	82	85	76
External debt stocks, total (DOD, current US\$) (millions)	2.705	3.183	836	963
Total debt service (% of exports of goods, services and income)	13,3	..	..	..
Net migration (thousands)	-85	-30	..	..
Workers' remittances and compensation of employees, received (current US\$) (millions)	1	1	1	1
Foreign direct investment, net inflows (BoP, current US\$) (millions)	26	52	92	170
Net official development assistance and official aid received (current US\$) (millions)	446	573	742	913
Source: World Development Indicators database, April 2010				

## 11. EC Strategy and Intervention Logic

### Overview of EC-Malawi Co-operation

The EC has been a major co-operation partner of Malawi for decades (the evolution of EC support over successive EDF cycles is discussed in 3.2.1 below).

Malawi became an ACP country in 1975 with the EU Delegation being established in 1976 and EC development assistance starting shortly thereafter. Since then EC support has focussed on rural development, agriculture and food security and infrastructure which are key issues for land-locked Malawi. Cross-cutting issues supported have included gender, environment and HIV/AIDS. In recent years, budget support has become increasingly important (GBS and SBS) within the HIPC framework and in supporting macro-economic stability, whilst creating fiscal space for increased pro-poor GoM expenditure on social sectors.

Regionally, EC works with SADC and COMESA (Malawi is a member of both) to support poverty reduction in southern and eastern Africa through support to regional integration, economic growth, development, conflict resolution and political co-operation.

The allocation of EDF support is shown below<sup>90</sup>.

**Table 65: Allocation of EDF Support**

SECTOR		EDF9			EDF10
		Indicative allocations			
		Initial CSP/€m	After MTR/€m	After ETR/€m	Initial CSP/€m
EDF9	EDF10				
A ENVELOPE					
FOCAL AREA					
Agriculture & natural resources	Agriculture & food security	(50-70) <sup>91</sup> 60	89.8	63.6	(110-130) 125
Transport infrastructure	Regional integration (Transport infrastructure)	(80-140) 90	65.5	65.5	(65-85) 70
ME support	GBS	(60-110) 70	31.5	65.5	(150-175) 175
Non-focal areas		(50-80) 56	89.9	98.8	(45-90) 66
Sub-total Envelope A		276	276.7	293.4	436
B ENVELOPE		69	68	51	15
<b>GRAND TOTAL</b>		<b>345</b>	<b>345</b>	<b>345</b>	<b>451</b>

Other EC support is provided outside the EDF bilateral co-operation framework and EIB provides financing in the form of demand-driven risk capital investments (Investment Facility) or loans (subject to national macro-economic framework and business environment) aimed at economically justifiable investments, mainly in revenue-generating sectors which are promoted by private, public or PPP initiatives (e.g. large infrastructure projects, especially water and energy; support to SMEs by means of loans or guarantees).<sup>92</sup>

<sup>90</sup> Sources: EDF9 CSP, Addendum N°1 08/02/05, Addendum N°2 21/05/07, EDF10 CSP.

<sup>91</sup> Allocations to sectors are identified in CSP by a range of support (envelope) usually expressed in CSP as a percentage of financial resources with an initial allocation within this envelope. This envelope is shown (thus) in the table above with the initial allocation shown under this envelope. Commitments are then entered into (e.g. contracts) within this overall budget figure.

<sup>92</sup> A non-exhaustive list of (loosely defined) support modalities reported to be in use during the period 2003-2010 includes: administration and contribution agreements, combined TA resources, basket funding, sectoral task division, co-financing, common implementation mechanisms, joint multi-annual programmes, Sugar Accompanying Measures, Facilities (e.g. energy, water), Infrastructure Partnership, STABEX, FLEX, budget lines, EIB (Malawi Global Loan), budgetary aid, SWAps, programme estimates, projects.

## General Framework and Principles of the EC co-operation

EU's co-operation is based upon Article 177 of the Treaty of Rome establishing the European Community<sup>93</sup> as amended by Article 188D of the Lisbon Treaty 2009 which determines that the sphere of development co-operation shall have three objectives:

- fostering sustainable development of developing countries;
- assisting the smooth and gradual integration of developing countries into the world economy;
- campaigning against poverty in developing countries.

These objectives have been confirmed and reinforced in Article 1 of the African, Caribbean and Pacific (ACP)-EU Partnership Agreement, signed in Cotonou in 2000 which places main emphasis on the objective of reducing and eventually eradicating poverty. Co-operation between EC and the Republic of Malawi should pursue these objectives.

In their Statement on EC Development Policy (November 2000) the Council of the European Union and the EC determined a limited number of areas on the basis of their contribution towards reducing poverty and for which EC action provides added value:

- link between trade and development;
- support for regional integration and co-operation;
- support for macro-economic policies;
- transport;
- food security and sustainable rural development;
- institutional capacity building, particularly in the areas of good governance and rule of law.

The Statement also specifies that in line with the macro-economic framework, the EC must also continue to support social sectors (education and health).

The Treaty establishing the European Community foresees that the EC and EU Member States shall coordinate their policies on development co-operation and shall consult with each other on their aid programmes, including international organisations and during international conferences.

The overall policy objectives towards Africa are set out in the 2005 Communication (COM/2005/489/final – EU Strategy for Africa)<sup>94</sup>. The document gives a comprehensive, integrated and long-term framework for EU relations with Africa. The 2005 European Consensus on Development presents common objectives and principles for development co-operation and sets the framework for EU development policy which is based on three pillars:

- I. promoting peace, security and good governance as central pre-requisites for sustainable development;
- I. supporting regional integration, trade and inter-connectivity to promote economic development;
- II. improving access to basic social services (health and education) and protecting the environment.

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<sup>93</sup> which set up EDF as an extra-budgetary fund for technical and financial assistance.

<sup>94</sup> [http://europa.eu/legislation\\_summaries/development/african\\_caribbean\\_pacific\\_states/r12540\\_en.htm](http://europa.eu/legislation_summaries/development/african_caribbean_pacific_states/r12540_en.htm)

## **EC Intervention Logic**

### **Evolution of EC Strategy and Support**

There has been a striking consistency of EC support to Malawi for more than a decade.

EDF7 and 8 (before 2001) – co-operation focussed on natural resources, health and transport infrastructure with non-focal areas including private sector development, promotion of democracy, rule of law, social sectors and revenue collection. Identified cross-cutting issues were gender and environment.

EDF9 (2001-2007) – alignment of support with MPRSP concentrating on focal sectors natural resources, food security, agriculture, transport and infrastructure plus non-focal areas health and education (micro-projects), budget support, PFM reform, macro-economic support and support to social sectors. Identified cross-cutting issues included governance, institutional development, capacity building, support to NSAs, and support to trade, HIV/AIDS, gender and environment.

EDF10 (2008-2013) – strategy developed within both good governance and macro-economic stability frameworks and alignment of support to MGDS with focal areas rural development, food security, agriculture and regional integration (with focus on local and regional road infrastructure) and GBS plus non-focal areas PFM, macro-economic support and policy reform in social sectors. Identified cross-cutting issues include governance, institutional capacity building, EPA, trade and investment, HIV/AIDS, gender and environment (energy and water).

#### **EDF9**

At the time of design of the EDF9 CSP/NIP, the MPRSP was still under preparation although the draft GoM strategy had been the subject of dialogue with donors. This strategy was based upon free market principles and a multi-sectoral approach to address the causes of poverty including access to land, low productivity of small-holder agriculture and low rural incomes. Expansion of off-farm employment, promotion of private sector growth and support to social services were objectives through realignment of public expenditures on social sectors (education and health).

The dependence of Malawi on financial and technical assistance of donors in implementation of poverty reduction programmes was noted as was the 'strong concurrence' between GoM, EC and EU Member States on the need for SWAPs. At the same time severe constraints were noted including budgetary indiscipline, low absorptive capacity, HIV/AIDS and land pressure.

The EDF9 programming involved consultation with public and private sectors, CSOs, NSAs, NGOs, EU Member States and other donors and development agencies. It was thus concluded that EC support to poverty reduction should focus on: agriculture, food security and natural resources management; transport infrastructure; and macro-economic support (focussed on social sectors – health and education). The A-envelope was €276m; the B-envelope was €69m EDF9 funds included STABEX and FLEX

Assistance to agriculture, food security and natural resources management aimed at diversified rural production, income generation, natural resources management plus development of safety nets.

Support to transport infrastructure continues to support the NRA plus other key sector institutions (for sustainable road maintenance of past investments), increased rural access by rehabilitation of feeder roads and improved regional access.

Macro-economic support to social services included support to development of performance indicators and PFM.

Non-focal areas included continuing support for micro-projects, civic education (for democratisation), good governance and NSAs.

Food security and transversal issues were also funded via a variety of Budget lines.

## **EDF10**

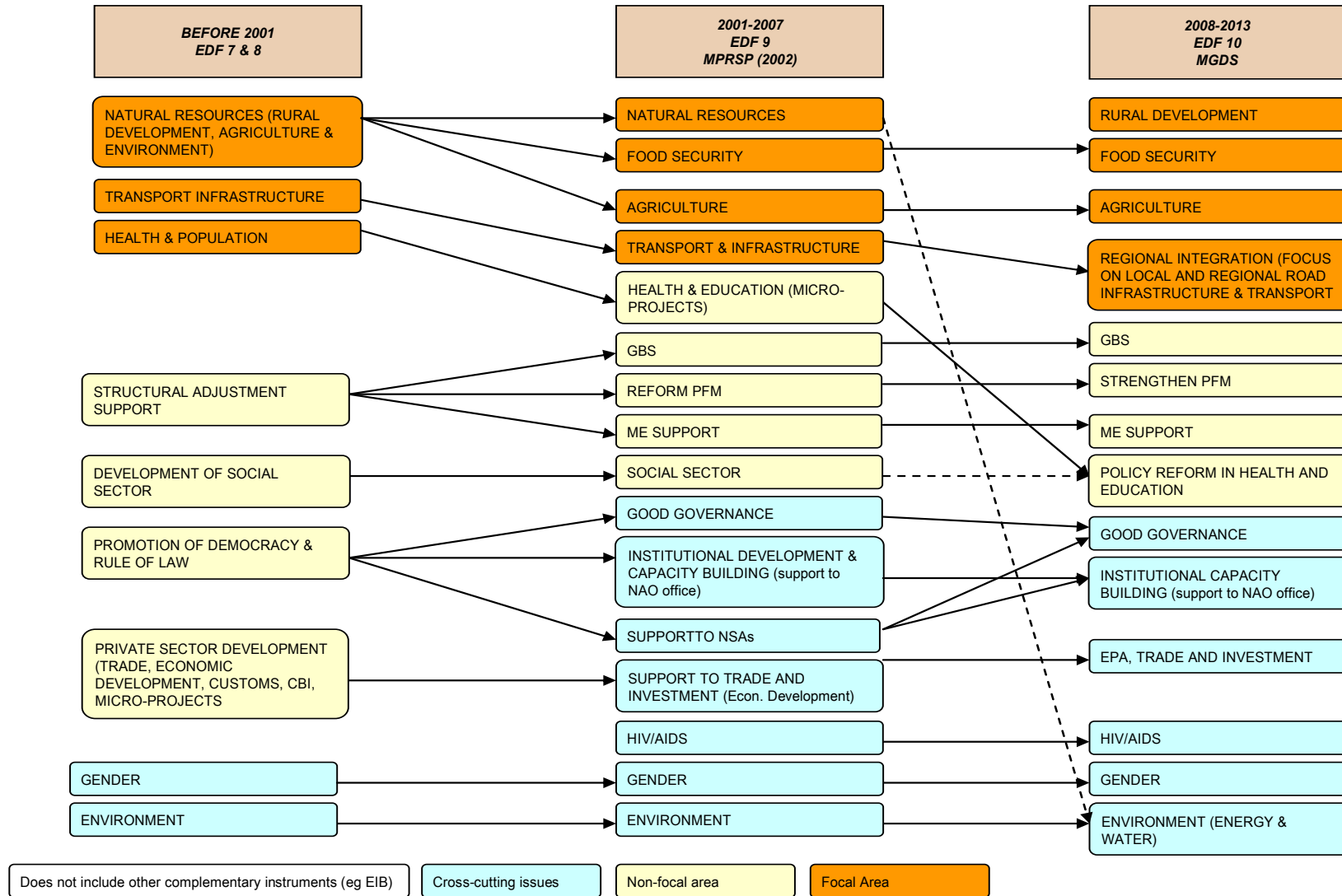
EDF10 support to Malawi is informed by the policy objectives of MGDS (2006), under which poverty reduction is to be achieved by creation of wealth through economic growth and infrastructure development. The MGDS has five themes: economic growth, social protection, social development, infrastructure development and improved governance. Within these themes the MGDS seeks concentration of effort on six priorities: agriculture and food security, irrigation and water development, transport infrastructure development, energy generation and supply, integrated rural development and prevention of nutrition disorders and HIV/AIDS.

EC support and that of EU Member States should be complementary whilst synergies will be sought with WB in development of SWAPs. Budget support will be the preferred modality followed by joint financing with other donors.

The EDF10 CSP was designed to be developed under both good governance and macro-economic stability frameworks. A main element is General Budget Support (GBS) aimed at strengthening macro-economic stability and PFM plus policy reforms in social sectors. In addition, the two focal areas are agriculture and food security (in the context of national development and regional integration) and; regional inter-connection (focus on road infrastructure). Non-focal areas of support include good governance, EPA – investments and trade, HIV/AIDS, promotion of gender and institutional capacity building. Other sectors such as energy, sanitation and water may be financed under EU-Africa Infrastructure Partnership and/or EIB.

Figure 35: Evolution of EC Support to Malawi

**EVOLUTION OF EC SUPPORT TO MALAWI**  
 (broken line - - - indicates partial continuation of activities/support)



## Implementation

### Budget Support

The EC has supported structural adjustment since 1993 with the objectives of supporting reform programmes while mitigating the impacts of existing fiscal austerity programmes. Counterpart funds supported the GoM expenditure in social sectors (health and education), debt repayment and backlog road maintenance.

Under the EDF9, macro-economic support to finance the MPRSP took the form of non-targeted budget support. The 2003 evaluation of the Commission's country strategy recommended increasing the proportion of budget support. Under the EDF10, general budget support represents an indicative allocation of 35-40% of financial resources (i.e. €25-30m per year). EU budget support is being provided jointly with other donors (in the framework of the CABS Group) in support of the MGDS objectives of macro-economic stability, policy reform in social sectors and PFM. It is meant to contribute to improvements of education and health MDG indicators.

The GoM has committed to a reduction of domestic debt by means of decreased expenditures combined with lower domestic interest payments, thus generating savings which will be used to support pro-growth (infrastructure, agriculture) and pro-poor (health, education) expenditure. The aim is to promote a low fiscal deficit, lower interest rates, controlled inflation, higher investment and increased economic growth plus restoring international reserves<sup>95</sup>.

### Focal Areas

#### Focal sector 1: Rural Development, Agriculture, Food Security and Natural Resources

The EC strategy in the agriculture and food security focal sector aims at helping to remove structural constraints impeding the development of the agricultural sector. The overall objective is to increase household incomes and improve food security in rural areas.

The Country Strategy Paper 2001-2007 outlined how this objective was to be accomplished, focusing on the creation of an institutional enabling environment, improving and diversifying income earning opportunities in rural areas, improving economic and sustainable management of natural resources and supporting safety net interventions.

The EC's EDF10 strategy continues to focus on agriculture as a key area for reducing poverty and hunger and generally maintains the Commission's previous strategic orientation. In comparison to the EDF9 strategy, there is a more explicit distinction between agricultural interventions aiming at economic growth and addressed to households with greater productive capacities, and food security interventions aiming mainly at availability and accessibility of food targeted at the more disadvantaged households<sup>96</sup>. CSP 2008-2013 plans to support agriculture-led growth through continued support for the sustainable management of natural resources, the provision of packages of measures to increase productivity, measures to increase Malawi's competitiveness on the global market and improvement in marketing of agricultural products.

The EC foresaw support to the development of a SWAP while providing assistance through classical programmes and, if appropriate, through budget support. The development of the very recently approved SWAp for the agriculture sector is in the context of the FISP medium term plan and Green Belt Initiative for Irrigation (which is addressed under the Rural Infrastructure Development Programme (RIDP) CRIS: MW/FED/022-433). Cross-cutting issues, particularly environment, growth and institutional capacity were to be central to preparation and implementation.

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<sup>95</sup> Although it is currently reported that chronic hard currency shortages continue.

<sup>96</sup> Under EDF9 most support to food security was supplied under thematic budget line.

Regarding food security, EDF10 addresses availability, access and nutrition aspects. The EC intends to support food availability at household level through activities stimulating production and at national level through innovative approaches such as weather insurance and South African Future Exchange Markets (SAFEX) and traditional approaches such as the National Food Reserve Agency. Accessibility of food is to be supported through conditional transfers to able-bodied groups through cash for work programmes and unconditional transfers to vulnerable groups. Nutrition is to be addressed by promoting food with higher nutritional value and through awareness-raising and education on dietary matters with particular attention to vulnerable groups.

#### Focal sector 2: Local and regional road infrastructure and transport (Regional integration)

There is a basic difference of emphasis of support between the project-based approach of EDF9 (Transport & Infrastructure) and the proposed SBS approach of EDF10 (Regional Integration - focus on local and regional road infrastructure and transport). The approach under EDF8 and EDF9 CSPs was predominantly project-based that resulted in multiple capital investments in reconstruction, backlog maintenance and maintenance of classified roads,<sup>97</sup> although contractual complications and delays have beset some interventions. Capacity building and support to sector institutions have also been delayed (EDF9 INSTAP and the SPSP under EDF10 – the FA has only very recently been signed) and there has been slow progress in preparation of a SWAP and SBS for support under EDF10.

The Sector Working Group in Transport has become a more regular forum for dialogue with increasing participation.

Under IGPWP Phase I some rural roads were rehabilitated with maintenance of these roads under IGPWP Phase II and additional reconstruction of feeder roads and bridges.

#### **Non-Focal Areas<sup>98</sup>**

Under the EDF9 the non-focal sectors were identified as good governance, civic education, micro-projects, health, non-state actors and institutional capacity building. Under the EDF10, non-focal sectors were reassessed and were identified as governance; regional integration – trade; HIV/AIDS & gender and capacity-building to support focal sector activities as strategic areas and/or cross-cutting issues.

#### Good Governance & Civic Education

The EC support to civic education and to the judiciary are components of an EC initiative promoting rule of law and civic education (NICE). Promotion of the rule of law and improved access to justice gained momentum during the EDF9 and this has been extended under the EDF10 where common understanding and coordination in the justice sector will hopefully lead towards a SWAP. Other aspects of governance and the rule of law component encompass PFM and improved transparency and capacity of sector institutions, as well as capacity building of the Malawi Electoral Commission.

#### Micro-Project Programmes

Under the EDF9 micro-projects in the areas of education, health, water and sanitation (WATSAN) and community development have been implemented. Emphasis has been on agriculture and supporting income generating initiatives of local communities but poor planning at district level has limited effectiveness.

<sup>97</sup> Capital works include: Masasa- Golomoti-Monkey Bay (89km), Monkey Bay-Mangochi (62km), Lilongwe roads (41km), Lilongwe-Nsepe (168km), Chikwana-Nchalo-Bangula (86km), Mzuzu roads (17km); backlog maintenance (MBARM Programme); Rural Feeder Roads Programme.

<sup>98</sup> The description of what constitutes a non-focal or cross-cutting issue is not consistent in either EDF) CSP or EDF10 CSP such that certain issues are expected to be mainstreamed in sector interventions (e.g. gender or HIV/AIDS) whilst ostensibly being considered as a non-focal sector. Similarly institutional capacity building and institutional development appear to be arbitrarily split between non-focal and cross-cutting status.



## Health

EC support to the 'Health Reform and Decentralisation Project' aimed to support central and district level health service management under the EDF9 but has failed to deliver the anticipated results primarily due to the high turnover and loss of trained medical personnel and management staff.

## Non State Actors (NSAs)

Support to NSAs includes interventions aimed at improved governance, service delivery to local communities, capacity building for NSAs for advocacy and implementation of development co-operation programmes. The EC support to NSAs is provided under a specific capacity building programme (9ACPM128).

## Institutional Capacity-Building

The implementation of the EDF9 NIP was facilitated by the Technical Co-operation Facility (TCF) and provided a Technical Assistance Facility (TAF) to support training and management of GoM institutions and programme management. The EDF10 continues this assistance to NAO and through TCF to assist the GoM in preparing sector plans, strategies, medium-term expenditure frameworks, pre-feasibility and feasibility studies.

## Regional Integration, Trade and Investment

Malawi is pursuing EPA negotiations as part of the ESA EPA group but negotiations have been protracted and it is feared that development and agricultural issues have not been adequately covered, such that adjustment costs could be significant. The EC has provided support to the National EPA Secretariat where provision was primarily to be at the regional level.

## HIV/AIDS

Support to fight HIV/AIDS is specifically provided for as a non-focal sector as it is envisioned that this will be mainstreamed into all interventions. The EC has been a major contributor to the Global Fund to combat HIV/AIDS, TB and malaria. HIV/AIDS is also addressed at sectoral level enhanced by support to the Malawi Blood Transfusion Service (8ACPM120, 9ACPM126).

## Gender

Promotion of gender has under the EDF10 been elevated as a non-focal sector with support to the government's commitment to reducing gender inequalities in accessing productive resources, development opportunities and decision-making. Support focuses on capacity building amongst stakeholders and on the establishment of monitoring mechanisms to differentiate impact on poor women and men with the aim that all interventions equally benefit and empower poor women and men.

## **Cross-Cutting Issues**

EC-funded programmes in the areas of food security, agriculture, nutrition, health and civic education have - to various degrees - integrated cross-cutting issues such as children and gender equality, HIV/AIDS, environmental concerns and institutional development. Objectives of the Cotonou Agreement and support to reach the MDGs promote that such cross cutting issues are at least considered at project level.

## Children and gender equality

Food security policies identify the needs of women and vulnerable groups such as children and HIV/AIDS sufferers with provisions for conditional and unconditional transfers to address accessibility as well as expanding education on nutrition.

## Environment

Environmental issues are of crucial importance for focal sector 1 (Agriculture and food security) as soil conservation and halting/reversing land degradation have to be adequately addressed, otherwise yields will continue to decline. For this reason sustainable management of natural resources features prominently in the EC response strategies of both EDF9 and 10. EDF10 furthermore envisages the exploration of potential for biological/organic agriculture, the funding of environmental policy-making, the country's participation in Multilateral Environmental Agreements and the development of a monitoring system of indicators on sustainable management of natural resources as possible areas of EC support. Within this area support to sanitation and water supply under the Water Facility is also considered.

#### Institutional Development

EC regards institutional strengthening as an essential and cross-cutting element of its response strategy as institutional weaknesses in the public sector are seriously hampering implementation of government policies. For the agricultural sector this is reflected in capacity building measures for government, small holder organizations and NSAs; whilst in the transport sector this support has been aimed at sector institutions plus national contractors and consultants.

## 12. Malawi's Progress towards Achieving the MDGs

Malawi remains one of the least developed countries in the world ranked at 106<sup>th</sup> out of 182 countries<sup>99</sup>. Through MGDS (2006-2011) Malawi aims at achievement of the MDGs and the 2009 Malawi MDG report shows progress – five of the MDGs are likely to be achieved (MDGs 1: Eradication of extreme poverty; 4: Reducing infant mortality; 6: Combating HIV/AIDS, malaria and other diseases; 7: Ensuring environmental sustainability). The other three MDGs are unlikely to be met (MDGs 2: Achieving universal primary education; 3: Promoting gender equality and empowering women; 5: Improving maternal health).

Highlighting the current situation:

**MDG1: Eradicate extreme poverty** – poverty head count has reduced by 5% between 2006 and 2008 but 39% of the population are still living on <US\$1/per person per day (MDG target 27%).

**MDG2: Achieve universal primary education** – although primary school education is free the enrolment rate is only 83% but the proportion of repeat years between grades 1 and 5 is still 24% (2008). Youth literacy is 84%. This MDG will only be attained by increased sector investment beyond historical levels-

**MDG3: Promote gender equality and empower women** – gender inequality continues in access to productive resources, development opportunities and decision making. The ration of girls/boys in primary school is 1.03 but drops to 0.79 in secondary school with the tertiary education ratio much lower.

**MDG4: Reduce child mortality** – U5 mortality is currently 122/1000 live births with infant mortality at 69/1000 live births (2008).

**MDG5: Improve maternal health** – maternal deaths have reduced from 984/100000 live births to 807/100000 between 2004 and 2010 but this is hugely above the MDG target of 155/100000 which is unlikely to be achieved due to poor performance in improvement of attended delivery rates.

**MDG6: Combat HIV/AIDS, malaria and other diseases** – HIV/AIDS infection rates among pregnant women (15-24 years) reduced from 24% to 12% between 1998 and 2010, whilst TB mortality is also declining.

**MDG7: Ensure environmental stability** – forest cover continues to decline from 41% to 36.2% between 1990 and 2010 but the number of households with sustainable access to potable water is increasing-

**MDG8: Develop global partnership for development** – urban employment is increasing as is demand for communication (the number of mobile telephone subscribers is increasing but by 2010 was still only 2.3% of the population).

Detailed statistics on Malawi MDG progress in the following table.

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<sup>99</sup> 2009 Human Development Index (HDI)

## Status at a Glance

### Malawi's Progress Towards Achieving the Millennium Development Goals

GOAL/TARGET	Indicator	Current Status	2015 Target	Feasibility of achieving the Goal
<b>MDG1:</b> <b>Eradicate Extreme Poverty and Hunger</b>	Proportion of population living below US\$1 per person per day	39 %	27%	Likely to be met
	Poverty Gap Ratio	17.8	8%	
	Poorest Quintile Share in National Consumption	10.1 %	20%	
	Prevalence of Underweight Children	17 %	14%	
	Proportion of population below minimum level of dietary energy consumption	15%	11.8%	
<b>MDG2:</b> <b>Achieve Universal Primary Education</b>	Net Enrolment in Primary	83 %	100%	Unlikely to be met
	Proportion of Pupils Starting Grade 1 Reaching Grade 5	75.7 %	100%	
	Literacy Rate (15-24yrs)	84 %	100%	
<b>MDG3:</b> <b>Promote Gender Equality and Empower Women</b>	Ratio of Girls to Boys in Primary Education	1.03	1	Unlikely to be met
	Ratio of Girls to Boys in Secondary Education	0.79	1	
	Ratio of Literate Women to Men 15 – 24 Years Old	0.94	1	
	Share of Women in Wage Employment in non-Agriculture Sector	15 %	50%	
	Proportion of Seats Held by Women in Parliament	22 %	50%	
<b>MDG4:</b> <b>Reduce Child Mortality</b>	Under-five mortality rate	122 per 1,000	78 per 1,000	Likely to be met
	Infant Mortality rate	69 per 1,000	44.7 per 1,000	
	Proportion of 1 year children immunized against measles	84 %	100 %	
<b>MDG5:</b> <b>Improve Maternal Health</b>	Maternal mortality ratio	807 per 100,000	155 per 100,000	Unlikely to be met
	Proportion of births attended to by skilled health personnel	75 %	100%	
<b>MDG6:</b> <b>Combat HIV and AIDS, Malaria and other diseases</b>	HIV prevalence among 15 – 24 year old pregnant women	12%	0%	Likely to be met
	Ratio of orphans to non-orphans in school	0.15	-	
	Deaths rates associated with Malaria	3%	-	
	Access to Malaria Treatment	22%	-	
	Proportion of Household with at least one ITN	60%	-	
	Death rates associated with Tuberculosis	8%	-	
	Proportion of TB Cases under DOTS	86%	-	
<b>MDG7:</b> <b>Ensure Environmental Sustainability</b>	Proportion of land covered by forest	36.2%	50%	Likely to be met
	Proportion of area protected to maintain biological diversity	0.16%	0.18%	
	Proportion of population using solid fuel	98%	0%	
	Proportion of population with sustainable access to an improved water source	81%	74%	
	Proportion of population with access to improved sanitation	93%	86.2%	
	Slum population as percentage of urban population	67.7%	-	

<b>MDG8: Develop Global Partnership for Development</b>	Net ODA as a percentage of Real Gross Domestic Product	22%	-	Likely to be met
	Unemployment of 15 – 24 year old (urban)	4%	-	
	Telephone lines subscribers per 100 population	2.3%	-	
	Cellular subscribers per 100 population	21%	-	
	Internet users per 1,000 population	10.5%	-	

Note: '-' means no target set for the indicator

Source: 2009 Malawi Millennium Development Goals Report, GoM

## 13. Bibliography

### EC Documents

TITLE	YEAR	TYPE OF DOCUMENT
<b><i>EC General Documents</i></b>		
EPA Information Seminar, Blantyre (Malawi) 26 <sup>th</sup> – 27 <sup>th</sup> July 2010 Mission Report	2010	Report
EPA Information Seminar – European Commission , Trade D3D	2010	Report
Evaluation of the Commission of the European Union's Cooperation with Malawi – TOR	2010	Report
Study of the European Commission's co-operation with Sugar Protocol countries: Assessment of the Accompanying Measures for Sugar Protocol Countries (AMSP)	2010	Report
Study of the European Commission's co-operation with Sugar Protocol countries: Assessment of the Accompanying Measures for Sugar Protocol Countries (AMSP)	2009	Report
Accra Agenda for Action	2008	Strategic Document
Africa EU Strategic Partnership: A Joint Africa EU Strategy	2007	Strategic Document
EC: Communication on the EU Code of Conduct on Division of labour in Development Policy COM(2007)72 final	2007	Strategic Document
EC: Support to Sector Programmes	2007	Guidelines
EC (Agrifor Consult): Country Environmental Profile	2006	Report
EC: Communication on Conflict Prevention COM(2001)211	2001	Strategic Document
EC: Food Security Thematic Programme. Thematic Strategy Paper and Multiannual Indicative Programme 2007-2010	2007	Strategic Document
EC: Guidelines on the Programming, Design & Management of General Budget Support	2007	Report
EC: Methodology for Evaluations of Budget Support Operations at Country Level	2008	Report
European Instrument for Democracy and Human Rights (EIDHR) Strategy paper 2007-2010	2007	Strategic Document
EU Strategy for Africa: Towards a Euro-African pact to accelerate Africa's development	2005	Strategic Document
Paris declaration on Aid Effectiveness	2005	Strategic Document
Brussels Programme of Action (BPOA) for LDCs – Comprehensive Mid Term Review for Malawi (Decade 2001-2010)	2005	Report
Partnership Agreement ACP-EC (Cotonou Agreement, revised)	2005	Strategic Document
The EU Consensus on Development	2005	Strategic Document
Partnership Agreement ACP-EC (Cotonou Agreement)	2000	Strategic Document
<b><i>Country / Regional Strategy Papers and Reviews</i></b>		
EP: Conclusions on the SADC Regional Strategy Paper (RSP) and Regional Indicative Programme (RIP) under the EDF10	2010	Report
EC: Country Strategy Paper and Indicative Programme 2008-	2008	Strategic Document

TITLE	YEAR	TYPE OF DOCUMENT
2013		
EDF10 CSP Annex IV: Support to Gender Equality and Women's Empowerment Agenda in Malawi (GEWEM) MW/FED/022-021	2008	Strategic Document
EC: Addendum to Regional Strategy Paper and Indicative Regional Programme SADC I+II	2007	Strategic Document
EC: Addendum 2 to the Country Strategy Paper and the National Indicative Programme	2006	Strategic Document
EC: End-Term Review of the Country Strategy Paper and Indicative Programme 2001-2007	2006	Report
EC: Addendum to the Country Strategy Paper and the National Indicative Programme	2004	Strategic Document
EC: Mid-Term Review of the Country Strategy Paper and Indicative Programme 2001-2007	2004	Report
EC: Fiche Contradictoire – 2003 Evaluation Report on the EC's Country Strategy for Malawi	2004	Report
EC: Addendum 1 to the Country Strategy Paper and the National Indicative Programme	2005	Strategic Document
EC: SADC Regional Strategy Paper/Regional Indicative Programme – End of Term Review	2005	Report
EC/MWH: Evaluation of the European Commission's Country Strategy for Malawi	2003	Report
EC: Regional Strategy Paper and Indicative Regional Programme for Eastern Southern Africa and the Indian Ocean 2002-2007	2002	Strategic Document
EC: Regional Strategy Paper and Indicative Regional Programme for the Southern African Development Community 2002-2007	2002	Strategic Document
EC: Country Strategy Paper and Indicative Programme 2001-2007	2001	Strategic Document
<b>Annual Reports</b>		
2008 Joint Annual Report	2009	Report
2008 Joint Annual Report	2009	Report
2007 Joint Annual Report	2009	Report
2006 Joint Annual Report	2008	Report
2005 Joint Annual Report	2006	Report
2004 Joint Annual Report	2005	Report
2003 Joint Annual Report	2004	Report
2002 Joint Annual Report	2003	Report

#### Republic of Malawi Governmental Documents

TITLE	YEAR	TYPE OF DOCUMENT
Draft Estimates of expenditure on recurrent and capital budget for the FY 2010/11 Vol. I & II (vote 010-190&200-273) and Output Based	2010/11	Report

A Shadow Report to the Malawi Government Sixth Periodic Report on the Implementation of the Convention on the Elimination of all Forms of Discrimination against Women	2010	Report
The Agriculture Sector Wide Approach (ASWAp)	2010	Strategic Document
Report of the Auditor General on the Accounts of the Government of the Republic of Malawi – for year ended 30 <sup>th</sup> June 2009	2010	Report
Revised Estimates of expenditure on expenditure and capital budget for the FY 2009/10: detailed estimates vol. II (vote 2010-279), vol. IV (vote 360-570)	2009/10	Report
The Government of Malawi Greenbelt Initiative	2010	Strategic Document
Malawi Aid Atlas 2009/10 FY Nov 2010	2010	Report
Malawi Aid Atlas 2008/09 FY Jan 2010	2010	Report
Monitoring and Evaluation System for Food Security and Nutrition Policies of Malawi	2010, 2009, 2008	Reports
National Crop Estimates 2009/2010	2010	Statistics
Statement made at the 45 <sup>th</sup> Session of the Committee on the Elimination of all Forms of Discrimination against Women (CEDAW)	2010	Report
The Popularization of SADC Protocol on Gender and Development Project: Awareness Raising through Community and Village Meetings	2010	Report
Procedures for the Management of Non-emergency Maize Reserves in the Strategic Grain Reserves	2010	Strategic Document
Annual Economic Survey National Statistical Office	2009	Report
Consolidated Annual Appropriation accounts for the FY ended 30 <sup>th</sup> June, Vol. 1	2009	Report
Impact and Output Indicators for Agriculture, Food Security, Nutrition, Natural Resources and Fisheries/Aquaculture Project/Programmes in Malawi	2009	Strategic Document
MGDS Annual Review	2009	Report
Malawi Biomass Energy Strategy	2009	Strategic Document
Malawi most preferred Aid Modality, Briefing Notes	2009	Report
Report of the Auditor General on the Accounts of the Government of the Republic of Malawi – for year ended 30 <sup>th</sup> June 2008	2009	Report
Annual Debt and Aid Report, 07/2007 – 06/2008,	2008	Report
Consolidated Annual Appropriation accounts for the FY ended 30 <sup>th</sup> June, Vol. 1	2008	Report
Financial Statement for 2007/08 FY, budget document No 3	2007/08	Report
Welfare Monitoring Surveys	2005,2006, 2007, 2008, 2009	Reports
Malawi Millennium Development Goals Report	2008 2009	Report
Urban Development Plan – Mangochi Town Assembly – 2008 to 2013	2008	Strategic Document



Budget Document 3 Approved Financial Statement for 2006/07 FY	2006/07	Report
Poverty Reduction Strategy Paper—Growth and Development Strategy	2007	Strategic Document
SADC Multi-Country Agricultural Productivity Programme	2007	Strategic Document
National Census of Agriculture and Livestock (NACAL)	2007	Report
Annual Debt and Aid Report, 07/2006 – 06/2007	2007	Report
Draft Financial Statement for 2005/06 FY, Budget Document No3	2005/07	Report
Governance and Corruption Baseline Survey	2006	Report
Malawi Growth and Development Strategy 2006-2011	2006	Strategic Document
Poverty Reduction Strategy Paper Annual Progress Report	2006	Report
SADC Energy Programmes and Projects	2006	Report
Malawi's National Adaption Programmes of Action (NAPA) under the United Nations Framework Convention on Climate Change	2006	Report
Multiple Indicator Cluster Survey (MICS)	2006	Report
Trade Agreement Between the Government of Malawi and the Government of the Republic of Zimbabwe	2006	Report
Annual Debt and Aid Report, 07/2005-06/2006	2006	Report
BPoA for LCD Malawi comprehensive Mid-term review	2005	Report
Food Security Monitoring Report	2005	Report
Malawi and the Millennium Development Goals 2000-2005: Challenges & Achievements	2005	Evaluation Report
National Aquaculture Strategic Plan (NASP) 2006-2015	2005	Strategic Document
Poverty Reduction Strategy Paper Annual Progress Report	2005	Report
Preferential Trade Agreement Between the Government of Malawi and the Government of the Republic of Mozambique	2005	Report
Second Integrated Household Survey	2005	Report
Support to NEPAD–CAADP Implementation	2005	Strategic Document
The Development of the Shire-Zambezi Waterway Project	2005	Report
The Public Sector Investment Programme	2005	Strategic Document
Quarterly Economic Review July-September 2005	2005	Report
Auditor's General Report for the FY ended 30 <sup>th</sup> June 2002 and 2003 issues requiring further report from controlling officers	2004	Report
Consolidated Annual Appropriation accounts for the FY ended 30 <sup>th</sup> June, Vol. 1	2004	Report
Country Report on International Merchandise Trade Statistics: Compilers Manual	2004	Report
Food Security Monitoring Report	2004	Report
Integrated Framework – Diagnostic Trade Integration Study, Lilongwe, Ministry of Commerce and Industry	2004	Report

Malawi Demographic Health Survey	2004	Report
Report on the Malawi National Consultative Meeting on the World Commission on Dams (WCD) Report – Dams and Development: A New Framework for Decision Making	2004	Report
SADC: Malawi Country Report	2004	Report
National HIV AIDS: a call for renewed action	2003	Strategic Document
Essential Health Care Package	2002	Report
Poverty Reduction Strategy Paper	2002	Strategic Document
Malawi Core Welfare Indicators Questionnaire Survey	2002	Report
Trade Policy Review	2002	Report
Water Quality Report for the SADC/GEF Lake Malawi/Nyasa Biodiversity Conservation Project	N/A	Report
Draft Final Analysis of Constraints on Economic Growth – The Republic of Malawi – The Millennium Challenge Account	N/A	Report

### Evaluation Reports

TITLE	YEAR
EC: Audit of the European Commission's Support to Food Security in Sub-Saharan Africa. Statement of preliminary findings related to the mission to Malawi	2011
EC/HTSPE: End of Term Review of Accompanying Measures for Sugar 2006 and STABEX 2008 FMO/2009 IP/Component B, Final Draft Report	2011
EC (Rouillard): Final Evaluation Institutional Development across the Agri-Food Sector, First Draft – Working Document	2011
EC (ADE): Study of the European Commission's co-operation with Sugar Protocol countries: Assessment of the Accompanying Measures for Sugar Protocol Countries (AMSP)	2010
EC (Aesa): Final Evaluation of Phase I of the Income Generation Public Works Programme	2010
EC (Cardno): Final Evaluation of the Sustainable Nutrition Rehabilitation Programme	2010
NEPAD: CAADP Post Compact Review Malawi. Country Technical Review Report	2010
Dorward, et al: Evaluation of the 2008/2009 Agricultural Input Subsidies Programme, Malawi	2010
COOPI: Community based management of malnutrition in Lilongwe and Salima. End of Term Evaluation Report	2010
Concern Worldwide: Enhancing the effectiveness of nutrition practitioners in the treatment and prevention of malnutrition utilising CTC, MTR	2010
EC (ADE): Study of the European Commission's co-operation with Sugar Protocol countries: Assessment of the Accompanying Measures for Sugar Protocol Countries (AMSP)	2009
EC (Niras): Final Evaluation of the Support to the Implementation of Malawi Land Reform Programme	2009
EC/htspe: End of Project Evaluation of the National Component of the Sustainable Nutrition Rehabilitation Programme	2008
Public Expenditure and Financial Accountability (PEFA)	2008
WFP: Country Portfolio Evaluation of WFP Assistance to Malawi	2009
EC (ADE): Evaluation of the Commission's Support to the Region of Eastern and Southern Africa and the Indian Ocean Volume 1-3	2008
EC (htspe): End of Project Evaluation of the National Component of the Sustainable Nutrition Rehabilitation Programme	2008

GTZ/DED Final Evaluation, Malawi – German Programme for Democracy and Decentralisation in Malawi	2008
FAO: Technical Assessment of Data Quality and Information Use of the Malawi IFNSSS	2008
GoM (SOAS): Evaluation of the 2006/7 Agricultural Input Subsidy Programme	2008
GTZ: Final Evaluation on Malawi-German Programme for Democracy and Decentralisation	2008
KfW: Rural Water Supply for Mangochi District, Phases I and II	2008
UNDP: Final Evaluation of the UNDP & UNCDF's Local Development Programme	2008
EC (ABD): Final Evaluation of the STABEX funded programmes in Malawi	2007
EC (ADE): Evaluation of the Commission's Support to the Southern African Development Community – SADC	2007
EC (Italtrend): Mid Term Assessment of Phase I and Trigger Evaluation for Phase II of the Income Generating Public Works Programme	2007
A Joint Evaluation of General Budget Support / Malawi Country Report 1994-2004	2006
EC (Agrisystems): Evaluation of the Association of Smallholder Seed Multiplication Action Group (ASSMAG) of the Maize Productivity Task Force	2006
WB: Country Assistance Evaluation	2006
EC (AGEG): Final Evaluation of the Agricultural Productivity Investment Programme in Malawi. Final Report	2005
DFID: Evaluation of DFID Country Programmes: Malawi 2000-2005	2005
EC (Eurata): External Evaluation of the European Food Security Projects in Malawi	2004
EC (MWH Consultancy): Evaluation of the European Commission's Country Strategy for Malawi	2003
WB: Country Assistance Evaluation	2000
WB: Country Assistance Strategy	1998

### Other Donors, Organizations

TITLE	YEAR	TYPE OF DOCUMENT
DCAFS (Conroy, Anne): Towards increased harmonization of investments in agriculture and food security	2011	Report
DCAFS (Bagnall-Oakeley, Hugh): Development Partner Project Portfolio	2010	Report
Centre for Environmental Policy and Advocacy (CEPA): Sustainability of the Malawi Farm Input Subsidy Programme	2010	Policy Brief
Department for International Aid: Aid to Malawi – Eighth Report of Session 2009-10 – House of Commons, Committee of Public Accounts	2010	Report
DFID: Malawi Country Economic Memorandum – Seizing Opportunities for Growth through Regional Integration and Trade : Poverty Reduction and Economic Management 1, Africa Region , Washington DC, The World Bank	2010	Report
FAO: <a href="http://faostat.fao.org">http://faostat.fao.org</a>	2010	Statistics
Grain: Unravelling the “miracle” of Malawi's green revolution	2010	Article
IMF: Letter of Intent, Memorandum of Economic and Financial Policies, and Technical Memorandum of Understanding	2010	Strategic Document
IMF: Malawi: Staff Report for 2009 Article IV Consultation and Request for a Three-Year Arrangement Under the Extended Credit Facility	2010	Report

International Business Times US: IMF raises Malawi growth forecast	2010	Report
ODII: Sector-based approaches in agriculture – From expensive experiment to genuine impact	2010	Policy brief
UNDP: Human Development Report 2010 – HDI Rankings	2010	Report
WB: Doing Business 2010	2010	Report
WB: Mining Sector Strategic Environmental And Social Assessment (SESA), Washington DC, The World Bank	2010	Report
Bertelsmann Stiftung: BTI 2010 Country Report Malawi (Bertelsmann Transformation Index).	2009	Report
Columbia University: Foreign Direct Investment in Blantyre, Malawi: Opportunities and Challenges	2009	Report
CRS: Integration of water, sanitation and hygiene into HIV programs: Lessons from Malawi	2009	Report
DFID Malawi 2009/10 Poverty Reduction Budget Support: Options Appraisal Report	2009	Report
IFC – Doing Business in 2010 Malawi, Washington DC, The World Bank and the International Finance Corporation	2009	Report
ODI (Cabral): Sector-based approaches in agriculture. Past experience, current setting and future options	2009	Report
OECD: Aid for Trade at a Glance: Country and Agency Chapters – Malawi	2009	Report
UNICEF: Using Mobile Phones to Improve Child Nutrition Surveillance in Malawi	2009	Report
World Bank : Malawi Mineral Sector Review – Source of Economic Growth and Development: Oil, Gas and Mining Policy Division, Africa Region, Washington DC, The World Bank	2009	Report
WB: Malawi at Glance	2009	Report
IMF: Letter of Intent, Memorandum of Economic and Financial Policies, and Technical Memorandum of Understanding	2008	Strategic Document
IMF 6 <sup>th</sup> Review PRGF	2008	Report
IMF Staff report ESF	2008	Report
GTZ: Gender Mainstreaming Action Plans	2008	Strategic Document
OECD: Gender Equality and Social Institutions in Malawi	2008	Report
OECD Monitoring of Paris Declaration Malawi	2008	Report
UNDP: Mapping of Integrity and Accountability in Water Activities and Relevant Capacities in the SADC-Region	2008	Report
WHO: Country Cooperation Strategy at Glance	2008	Report
DFID: Country Assistance Plan 2007-2011	2007	Strategic Document
EISA: Consolidating Democratic Governance in Southern Africa: Malawi	2007	Report
GTZ: Energising Sustainable Development	2007	Strategic Document
IITA/SARRNET: Cassava Transformation in Southern Africa (CATISA) Project – Malawi Report	2007	Report
SIDA: Consolidating Democratic Governance in Southern Africa: Malawi, EISA Research Report No 33	2007	Report

TearsFund: Assessing EPAs from the Perspective of Malawi	2007	Report
UNDP: Human Development Report 2007/2008	2007	Report
UNDP – Human Development Report 2007/8 – Fighting Climate Change: Human Solidarity in a Divided World – Famine in Malawi: Causes and Consequences	2007	Report
USAID: Malawi Water and Sanitation Profile	2007	Report
World Bank: The Cost of Being Landlocked: Logistics, Costs and Supply Chain Reliability	2007	Report
African Union; Brief on Economic Partnership Agreements. 26 October 2006, Jointly prepared by the Commission of the African Union and the Economic Commission for Africa	2006	Report
African Union; Nairobi Declaration on Economic Partnership Agreements, Africa Union, 14 April 2006	2006	Report
FIAN: The Human Right to Food in Malawi	2006	Report
IMF Country Report No: 06/155: Malawi: Poverty Reduction Strategy Paper –Annual Progress Report	2006	Report
IMF HIPC Completion point,	2006	Report
UNICEF MICS	2006	Report
AfDB: Malawi Country Strategy 2005-2009	2005	Strategic Document
CRS: HIV/AIDS and Food Security in Malawi	2005	Report
Scottish Government: Malawi Economic Brief, May 2005	2005	Report
USAID: Food Insecurity Malawi	2005	Report
WHO: Malawi Health Statistics	2005	Report
World Bank/IFC Doing Business in 2006 – Creating Jobs, Doing Business online database, Washington DC; World Bank and International Finance Corporation.	2005	Article
World Bank: World Development Indicators ; World Development Indicators 2005 CD-ROM, Washington DC	2005	Report
BASIS: Decentralization, Participation and Access to Water Resources in Malawi	2004	Report
KfW: Road Maintenance and Bridge Construction Programme	2004	Report
World Bank: Malawi Diagnostic Trade Integration Study	2004	Report
World Bank Malawi Country Economic Memorandum – Policies for Accelerating Growth, Poverty Reduction and Economic Management 1, Africa Region, Washington DC; The World Bank	2004	Report
WWF: Sugar and the Environment. Encouraging Better Management Practices in Sugar Production	2004	Report
EarthTrends: Environmental Institutions and Governance	2003	Report
USAID: Sustainable Resource Management	2003	Report
WB (E. Clay): Malawi and Southern Africa Climatic Variability and Economic Performance	2003	Report
Institute for Policy Research and Analysis for Dialogue: Women's Property and Inheritance Rights and the Land Reform Progress in Malawi	2002	Report
UNCTAD – Infrastructure Development in Landlocked and Transit Developing Countries: Foreign Aid, Public Investment and the Transport	2001	Report

Cost Burden of Landlocked Developing Countries		
ODI (Foster, Brown, et al): What is different about agric. SWAps?	2000	Report
OECD: Gender Equality and Social Institutions in Malawi	N/A	Report

### Sectoral Documents<sup>100</sup>

TITLE	YEAR	TYPE OF DOCUMENT
<i>Agriculture and Food Security</i>		
EC Project: Income Generating Public Works Programme (IGPWP, Phase II)	2010	FA, ROM
EC Project: Income Generating Public Works Programme (IGPWP, Completion Report for Phase 2, Programme Estimate 1	2010	Report
EC (Cardno Agrisystems): Formulation Mission of Agriculture and Food Security Interventions to be supported under the EDF10	2010	Report
Community Based Activities and Small Scale Irrigation Programme (COBASSIP)	2010	IF
EC Project: FA to address the budgetary and social impact of soaring international food prices in Malawi	2009	FA, ROM
EC (Cye): Value Chain Analysis of Selected Commodities. Institutional Development across the Agri-Food-Sector	2009	Report
EC Project: Farm Income Diversification Programme (FIDP)	2009	MTR
EC Project: Implementation of Agricultural Inputs Subsidy Programme 2008/2009	2009	FA, Report
EC Project: IFMSL Phase 1, Draft Final Report	2009	Report
EC Project: Improved Forest Management for Sustainable Livelihoods II	2009	TAP
EC Project: IDAF, Programme Estimate No. 2, Final Report	2008	Report
<u>Progress Report by TA to EU Program manager on the improvement of Operational and Management Efficiency of the NFRA</u>	2008	Report
EC Project: Income Generating Public Works Programme (IGPWP)	2005	ROM, MTR, Evaluation
EC Project : Sustainable Nutrition Rehabilitation Programme	2005	ROM/Eval. Report
EC Project: Farm Income Diversification Programme	2004	FA, ROM
EC Project: Food Security Programme 2004-2006	2004	FA, ROM
EC Project: Improved Forest Management for Sustainable Livelihoods	2004	FA,ROM
EC Project: Institutional Development of the Agri-Food Sector (IDAF)	2004	FA, ROM
EC Project: Support to Implementation of Malawi Land Reform Programme	2004	FA, ROM, Report
EC Project: Agricultural Productivity Investment Programme	2004	FA, ROM
EC Project: Maize Productivity Task Force Association of Smallholder Seed Multiplication Action Group	2004	FA, ROM
EC Project: Capacity Building for NAO Support Unit in the Ministry of Finance	2003	FA, ROM, Report

<sup>100</sup> This table encloses only project related reports. Other project specific documents are not listed here but will be reviewed for all projects.

TITLE	YEAR	TYPE OF DOCUMENT
EC Project: EU Micro-projects Programme (4 <sup>th</sup> MPP)	2002	FA, ROM
EC Project: SHMPA: Smallholder Diary Development	2002	FA, ROM
EC Project: Public Works Programme	2001	FA, ROM, Report
EC Project: Promotion of Soil Conservation and Rural Production	1996	FA, ROM
EC Project: Social Forestry Training and Extension (+7MAI65)	1996	FA, ROM
<i>Regional Interconnectivity and Transport</i>		
European Commission EuropeAid Cooperation Office : Draft Report – Examination of Public Arrears Generated from Contracts in the Road Sector	2011	Report
European Commission EuropeAid Cooperation Office : Draft Report – Examination of Procurement of Road Projects	2011	Report
Malawi Transport Sector Multimodal Development and Potential Public Private Partnership Study	2010	Report
EC Project: Rural Infrastructure Development Programme (RIDP)	2010	AF, TAP
First Joint Transport Sector Review – Aide Memoire	2010	Report
First Joint Transport Sector Review, Lilongwe, 9 <sup>th</sup> – 10 <sup>th</sup> June 2010	2010	Report
EC Project: Road Transport Sector Policy Support Programme	2010	FA
EuropeAid – Infrastructure Trust Fund – Thematic Discussion on Transport – Joint PFG and EC Meeting, Brussels	2010	Report
EC (COWI) - SPSP Formulation Study for the Malawian Transport Sector – Final Formulation Report	2009	Report
EC External Services Evaluation Unit – Outcome and Impact Level Indicators Road Sector – Working Paper	2009	Report
Malawi – Beneficiary Framework Contract Lot 2 – Transport and Infrastructures – Technical Assistance to Rail Sector Development – Draft Final Report	2009	Report
EDF10 – ACP –EC Partnership Agreement – Malawi Road Sector: Sector Policy Support Programme	2009	Report
EC Project: Rural Feeder Roads Programme	2008	ROM
EC Project: Rural Infrastructure Support Programme	2008	FA
EC Project: Institutional Support to Transport Sector Public Sector Bodies	2007	ROM, Report
EC Project: Rural Feeder Roads Programme	2005	FA, ROM, Final Report
EC Project: Malawi Backlog Road Rehabilitation and Maintenance Programme	2005	FA, ROM, MTR
EC Project: The Development of the Shire – Zambezi Waterway Project – Concept Paper Submitted to the Heads of State and Government of the Implementation Committee of NEPAD (HSGIC)	2005	FA, Report
EC Project: Support for the Implementation of Malawi's Land Reform Programme	2004	ROM/Eval. Report
EC (Tera International) 'Malawi Transport Cost Study', Lilongwe: Malawi Ministry of Transport and Public Works and International Bank for Reconstruction and Development.	2004	Report
EC (Consortium Legis (Ply) Ltd) : Transport and Trade Facilitation : East and Southern Africa – Review of Present Problems and Reform Initiatives Vol 1 – Final Report	2003	Report

TITLE	YEAR	TYPE OF DOCUMENT
EC Project: Rehabilitation and Construction of Golomoty Monkey Bay Road	2001	FA, ROM, Report
EC Project: Lakeshore Road Infrastructure Support	2000	FA, ROM
EC Project: Road Management Support Programme	1996	FA, ROM
EC Project: Limbe-Thyolo-Muloza Road Project-Ceiling Increase	1995	FA, ROM
<i>Macroeconomic Support and PFM</i>		
Common Approach to Budget Support (CABS) Joint Analysis of the Government of Malawi's 2010/11 National Budget, 09/2010	2010	Report
European Union: Malawi Public Financial Management (PFM) Eligibility Report	2010	Report
European Union: Malawi Macro-Economic Assessment - Eligibility Report	2010	Report
GBS Road Map Malawi EDF10 Second allocation	2010	Report
PFEM Action plan	07/ 2010	Report
PFEM Action plan	03/ 2010	Report
PFEM Action plan	10/ 2009	Report
CABS review	03/2009	Report
Common Approach to Budget Support (CABS) Joint Analysis of the Government of Malawi's 2009/10 National Budget, 10/2009	2009	Report
CABS review	03/ 2008	Report
EC Project: Poverty Reduction Budgetary Support Programme III	2008	ROM, Reports
CABS review	03/ 2007	Report
CABS review	10/ 2007	Report
EC Project: Poverty Reduction Budgetary Support Programme II	2007	ROM, Reports
CABS review	09/ 2006	Report
CABS review	03/ 2006	Report
Joint Framework for budget support cooperation between the Government of Malawi and the CABS group 09/2009	2009	Report
Public Finance Management Reform in Malawi, SIDA country Economic report 2005:1	2005	Report
EC Project: Poverty Reduction Budgetary Support Programme	2005	ROM, Reports
EC Project: Capacity Building for Economic Management and Policy Coordination	2000	ROM, Reports
<i>Regional Integration</i>		
EC Project: Support to EPA Secretariat	2008	FA, ROM
EC Project: SADC Regional Integration	2001	FA, ROM, Evaluations, AWP
<i>Governance</i>		



TITLE	YEAR	TYPE OF DOCUMENT
EC Project: Democratic Governance Programme	2010	FA
EC Project: Promotion of Rule of Law and Civic Education in Malawi	2006	FA, ROM
EDF10 CSP Annex III: Democratic Governance Programme MW/FED/022-020	2008	Report
Millennium Consulting group Ltd: Governance and corruption baseline	2006	Report
EC Project: Support for the Malawi Tripartite Elections	2004	FA
EC Project: Promotion of the Rule of Law and Improvement Justice in Malawi	1997	FA, ROM
<i>Trade / EPA</i>		
European Union - Malawi Delegation Press Review 16 <sup>th</sup> / 30 <sup>th</sup> July 2010	2010	Report
FA Project: Capacity Building Towards Trade and Private Sector Development	2010	FA
EC Project: Capacity Building towards Trade and Private Sector Development	2009	FA
EC Project: Support to the National EPA Secretariat (National Development and Trade Policy Forum)	2006	FA, Report
EC Project: Capacity Building for Economic Management & Policy Coordination	2000	FA, ROM, Evaluation
Imani Development ; Study on Capacity Building in Support of Preparation of Economic Partnership Agreements; Malawi and the European Union. Prepared by the Government of Malawi by Imani Development	2004	Report
<i>BL Food</i>		
EC GBS: Food Facility to address the budgetary and social impact of soaring International food prices in Malawi	2009	FA, IF
EC: MoU mise en oeuvre LO 2001: Technical Secretariat of the Food and Nutrition Joint Task Force	2009	FA, ROM
EC: Multi Annual Food Security Programme for Malawi	2006/2007	FA, ROM
EC Project: Malawi – Concern Universal Dedza Food Security Improvement Project	2002	FA, ROM
EC Project: Malawi – Story Workshop Rural Development Communications Campaign	2002	FA, ROM
<i>BL Environment</i>		
EC Project : Restauration de la forêt du Noun	2000	FA, ROM
<i>BL Sugar</i>		
EC Project : Accompanying Measures for Sugar Protocol Countries, Annual Action Programme 2008	2008/2009	IF and FA
EC Project : Accompanying Measures for Sugar Protocol Countries, Annual Action Programme 2007	2006/2007	IF and FA
EC Project : Accompanying Measures for Sugar Protocol Countries, Annual Action Programme 2006	2006	FA
<i>BL NGO Co-Financing</i>		
EC Project: TA Ganya Water and Sanitation Project – Water	2003	FA, ROM
EC Project: Rehabilitation for Persons with Disabilities in Malawi	2003	FA, ROM
EC Project: Malawi Food Security Project	2002	FA, ROM

TITLE	YEAR	TYPE OF DOCUMENT
<i>BL Health</i>		
EC Project: Promotion of Behaviour Change and Increase of Access to Sexual and Reproductive Health Services in the Rural District of Thyolo, South Malawi	2005	FA, ROM
EC Project: Scaling up Sexual and Reproductive Health and HIV/AIDS Services for Young People of 10-24 Years	2005	FA, ROM

### Others

Author	TITLE	YEAR	TYPE OF DOCUMENT
Dorward and Chirwa	The Evaluation of the 2008/2009 Malawi Agricultural Input Subsidy Programme: Lessons Learnt from Impacts. In: Policy Brief No.3, May 2010	2010	Article
Gillson, I	Deepening Regional Integration to Eliminate the Fragmented Goods Market in Southern Africa, Africa Trade Policy Notes, Notes #9	2010	Report
Minot, Nicholas	Staple Food Prices in Malawi	2010	Report
MVAC	Malawi Vulnerability Assessment Committee (MVAC) Bulletin, November 2010.	2010	Report
Jayne, T.S., et al	Malawi's Maize Marketing system	2010	Report
IFPRI	Global Hunger Index: The challenge of hunger.	2010	Report
Mutumwe no, Nawa	Southern Africa: COMRAP – Enhancing food security	2010	Article
Mutunwen o, Nawa	'Zambia's Sugar Surge' The Courier	2010	Article
NGOCCN	Popularisation of SADC Protocol on Gender and Development Project: Awareness raising through community and village meetings, NGOCCN, Malawi	2010	Report
Chapoto, Antony; Jayne, T.S.	The Impacts of Trade Barriers and Market Interventions on Maize Price Predictability: Evidence from Eastern and Southern Africa	2009	Report
Denning et al.	Input Subsidies to Improve Smallholder Maize Productivity in Malawi: Toward an African Green Revolution. In: PLoS Biol 7(1): e1000023	2009	Report
Jayne, T.S. and Tschirley David	Food price spikes and strategic interactions between the public and private sectors: Market failures of government failures? In: Commodity Market Review 2009-2010	2009	Article
Jayne, T.S. et al.	The 2008/09 Food Price and Food Security Situation in Eastern and Southern Africa : Implications for Immediate and Longer Run Responses	2009	Report
WLSA	Shadow Report to the Malawi Government: 6 <sup>th</sup> Periodic Report on the Implementation of the Convention on the Elimination of Discrimination against Women, WLSA, Malawi	2009	Report
Earth Trend	Environmental Institutions and Governance	2008	Report

AICD	Working Paper 14 – Transport Prices and Costs in Africa : A Review of the Main International Corridors	2008	Report
CEDAW	Shadow Report to the Malawi Government combined CEDAW Periodic Report, WLSA, Malawi	2006	Report
Griffith, M	Much to Lose, Little to Gain – Assessing EPAs from the Perspective of Malawi	2007	Report
Harrigan, Jane	Food insecurity, poverty and the Malawian Starter Pack: Fresh Start or false start? In: Science Direct, Food Policy 33. The University of London	2007	Report
TearFund	Assessing EPAs from the Perspective of Malawi	2007	Report
AFRODAD	The Politics of the MPGs and Malawi –A Critical Appraisal of the Global Partnership for Development (Goal 8)	2005	Report
MTPSD	Formulating a Strategy for Private Sector Development in Malawi – A Concept Paper	2005	Report
Kuzvinzwa ; h:	Subcommittee on Customs Cooperation Road Map for the Establishment of a SADC Customs Union	2004	Report
Melber, H.	Joining Hands: Regional Integration in Southern Africa Regional Cooperation: What Future for SADC?	2004	Report
Oygaard, Ragnar; et al.	The Maze of Maize: Improving Input and Output Market Access for poor Smallholders in Southern African Region, the Experience of Zambia and Malawi. Agric. Univ. of Norway	2003	Report
Sano, Hiroaki& Mizuno, Kengo	Regional Transport Infrastructure Development in Southern Africa : JBIC Review No 2	2000	Report
Gorell. R.S.J	Accident Data Collection and Analysis: The Use of MAAP in the Sub-Saharan Region of Africa, 3 <sup>rd</sup> African Road Safety Congress, Pretoria 14 <sup>th</sup> – 17 <sup>th</sup> April 1997	1997	Report
ARIA	The Development of Trade Transit Corridors in Africa's Landlocked Countries – Assessing Regional Integration in Africa (ARIA IV)	N/A	Report
ARIA	Economic Partnership Agreements and their Potential Impact on Intra-African Trade – Assessing Regional Integration in Africa (ARIA IV)	N/A	Report
Ewell, Peter	Sweet potato production in Sub-Saharan Africa: Patterns and Key Issues. International Potato Centre	N/A	Report

### General Websites

Author	TITLE
ACTESA	<a href="http://www.actesacomesa.org">www.actesacomesa.org</a>
CIA Factbook	<a href="http://www.cia.gov/library/publications/the-world-factbook/geos/mi.html">www.cia.gov/library/publications/the-world-factbook/geos/mi.html</a>
COMESA	<a href="http://www.comesa.int">www.comesa.int</a>
Commission of the EU	<a href="http://ec.europa.eu/trade/index_en.htm">http://ec.europa.eu/trade/index_en.htm</a>
Indes Mundi	<a href="http://www.indexmundi.com/malawi">www.indexmundi.com/malawi</a>
WHO	<a href="http://www.who.int/whosis/">www.who.int/whosis/</a>
World Bank	<a href="http://web.worldbank.org/WEBSITE/EXTERNAL/COUNTRIES/AFRICA/EKT/MALAWI">http://web.worldbank.org/WEBSITE/EXTERNAL/COUNTRIES/AFRICA/EKT/MALAWI</a>
World Bank	<a href="http://www.google.com/publicdata">www.google.com/publicdata</a>

## 14. Project Fiches

<b>Project name: Institutional Support to Transport Public Sector Bodies Programme (INSTAP)</b>			
<b>1. Project Data</b>			
Financing source and Project number: D – 018869 EDF			
Sector: 21010 – Transport policy & administrative management			
Intervention level or administrative region: ACP Malawi			
EC allocations and disbursements			
Initial allocation (according to FA) €7,500,000	Revised allocation EUR (rider to FA)	Contracted funds EUR TA – €3,185,500 Secondary commitment – €6,653,861	Disbursed funds EUR N/A
Starting date (planned / actual) : 15/05/2006 – 15/08/2006			
End date (planned /effective or likely): 31/12/2012			
Project objectives (overall and specific) Overall Objective: To achieve a safe, efficient and sustainable road network Project Purpose: Establish a comprehensive Road Sector Programme, together with an adequate and realistic financial strategy			
Major project activities: TA with up to 8 long term posts and multiple short term posts. Other inputs for provision of equipment and implementation of capacity building and training activities by means of four annual Projection Estimates.			
Expected outputs/outcomes according to indicators: MoTPW lead role strengthened, enhanced road asset management; road traffic and safety regulations established and enforced; private sector participation strengthened and human resource base improved; criteria for sector budget support met.			
<b>2. Project Achievements</b>			
Obtained outputs/outcomes / impacts: Results lagged behind schedule for all output groups noted above but disappointing output except for criteria for sector budget support which was achieved.			
Unexpected outcome/impact: An external factor that might have a negative influence on the progress in the component 'Road Traffic and Safety regulations established and enforced' is that the Bill creating the Road Traffic Authority (RTA) may not be passed until early in 2010. This could further delay the results and hamper the smooth development of this component of the Programme.			
Beneficiaries (quality and eventually number): Road sector agencies (RA & RFA) plus MoTPW			
Consideration of Gender specific aspects in design and monitoring (If not yet mentioned above provide eventual results and impacts): The Technical and Administrative Provisions (TAP) include guidance on cross-cutting issues requesting that all agencies involved address them specifically among their stated policy objectives. Employment conditions and opportunities to women and disadvantaged groups and HIV/AIDS awareness are indicated to be the subject of specific study conducted during implementation. Under PE2 one training visit of MoTPW to Swaziland in Gender and Diversity Management (+ one on Road Safety Management in Sweden). NCIC organised three workshops on cross-cutting issues (Mzuzu, Lilongwe and Blantyre). The National Road Safety Council (NRCS), the Traffic Police and the Directorate of Road Traffic jointly undertook first road safety awareness and visibility campaigns throughout the country.			
Consideration of environmental aspects: Environmental studies are undertaken as part of the design of all specific interventions and mitigation measures to be agreed and managed among the interested communities are included in all works contracts, grouped under 'cross-cutting issues'. Proposals for allocation of funds for studies or activities connected to environmental aspect in the road sector could be considered through the PEs.			

<p>Consideration of HIV/AIDS aspects: See 'Gender' above.</p>
<p>Consideration of other cross cutting issues (if relevant): The general observation is that good governance principles are naturally embedded in transparent management practices the project is helping to establish. There is no risk of raising concerns on the contrary improved management practices include heightened attention to human rights.</p>
<p><b>3. Scoring and explanatory comment. (A - very good, B - good, C - satisfactory, D - poor)</b></p>
<p>Relevance &amp; Quality of Design: B – Good – Following the Addendum 1 to the FA, the quality of the design and relevance of the programme is fair. Few policy developments have been registered since MR-002090.02. The main focus of the Institutional Support to Transport Public Sector Bodies Programme (INSTAP) is institutional and organisational capacity building in the road sector. This is in line with the EC's target to provide assistance through Road Sector Budget Support (SBS) under the EDF10. Following the results of the Formulation Missions for the design of the SBS, issues raised in that report have been taken into account in developing the future work programme of the INSTAP. The Logical Framework (LFM) shows well-structures links between OVIs, Results and Project Purpose (PP) and the Overall Objective (OO). The OO and PP have real chances of being achieved during the course of the Programme. Results and activities are more focussed on the road sector. OVIs could be improved, as they are not evenly time-bound and specific. The present timescale after Addendum 1 (30/06/2010) does not appear realistic due to the late mobilisation of the full team of experts and the quite weak absorption capacity of the different stakeholders. The combination of a TA Service Contract and Programme Estimates (PE) is a good approach and shows some flexibility. The balance between the TA and PE has improved. Activities are better described in PE 4 and their contribution to the PP is more obvious. Overall guidance and decision-making lies with the Project Steering Committee (PSC).</p>
<p>Effectiveness: C – Satisfactory – The empowerment of the Ministry of Transport, Public Works and Housing (MOTPWH) in the definition of the policy is quite satisfactory. Members of the MOTPWH with the support from the TA elaborated numerous reports. These reports should be collected in a central point for easy access for each target group. The TA has produced no report against OVIs. The LF was not utilised as a management tool. 64 indicators were reported against, feeding the database (HDM-4) from the MOTPW to propose direction for policy issues, Considerable amounts of data are still to be collected and introduced in the database. The Central Materials Laboratory (CML) yet to be refurbished to accommodate the equipment provided by the Programme. For this reason, defining the steps to the accreditation in ISO 17025 is over-ambitious. The Programme was not sufficiently proactive concerning the lobbying for the adoption by the Parliament of the Bill that will create the RTA and this has resulted in the lowest implementation level.</p>
<p>Impact: B – Good – The level of empowerment and dedication of the top management of the MOTPWH, Road Authority (RA) and Road Fund Administration (RFA) to the success of the Programme and its involvement in the improvement of the approach to the Road Sector Programme is one of the most positive impacts of the Programme. The capacity of the CML to propose feasible solution to solve its own infrastructure problems and to reach a potential level for accreditation in ISO 17025 is overestimated. As the involvement of the CML to provide solution for testing and data collection might affect the whole Programme, TA should support more actively the laboratory, otherwise alternative solutions should be envisaged.</p>
<p>Sustainability: B – Good – The sustainability of the results of the Programme has improved. The RFA is accountable for road works expenditure as well as for funding the RA and the RFA plus road safety programmes. In 2009 financial statements, income and expenditure account, cash flow statement are available for a period of 14 months finishing at the end of June 2008. On that date, the institution was able to show a surplus of nearly 1 billion MK, as compared to a deficit of about 365 million the previous year. Nearly 89% of the income was generated by the fuel levy. Relevant authorities, with the assistance of TA have prepared 5 year budgets for each agency taking into account maintenance, servicing and depreciations to be able to replace the equipment that have and will be provided with the EC support but these programmes have serious funding shortfalls. MOTPWH members and top management of the agencies have at present a clear understanding of their role and obligations that were presented in the Road Sector Programme (RSP) in December 2009.</p>
<p>Efficiency: C – Satisfactory – Some improvement in the availability of the inputs has been registered as about 89% of the total budget has been committed, but only 31% of this total budget of €7.5m has been disbursed on 14/01/2010 while 70% of time had expired; well behind planning. Deployment of Key Experts (KE) progressed slowly. Only 49% of TA has been utilised until March 2010. Expenditures related to PEs are monitored by the Roads Fund Authority (RFA). 26% of the funds allocated for the PE2 were disbursed, 76% of PE3 and 41% of PE4 in March 2010. Inputs were available at planned or</p>

slightly lower costs. Transparency and accountability of the expenses by the RFA under the supervision of the Project Steering Committee (PSC) has improved. Activities were conducted at a pace that does not allow recuperating earlier delays in programme implementation. Reporting was weak as no critical evaluation of activities was recorded and no corrective measures were mentioned. The average level of outputs delivered was 44%, i.e. behind schedule. The mid-term review does not refer to any of the OVIs mentioned in the LFM to evaluate the performance of the activities undertaken by the Programme.
Overall Scoring (very good, good, satisfactory, poor). C - Satisfactory
<b>4. Coordination, Complementarity, Coherence</b>
Horizontal Interrelations (with other EC programmes, Stabex, Flex, budget lines, ECHO or EIB interventions: N/A
Linkage/co financing with Member State programmes / other donors: Coordination with other sector donors (especially the World Bank).
Vertical Interrelations (RIP): Regional connectivity is overarching aim of EC sector support.
Evidence of coordination (Committees, joint missions...): PSC meets each quarter.
Evidence of contradiction with EC/EU Policies: None observed.
<b>5. EC value added:</b>
EC is the lead donor to the sector and this brings particular experience in the transport sector.
<b>6. EC visibility:</b>
High in sector but detrimentally as regards implementation modalities (especially Programme Estimates) and poorly performing 'flag ship' TA.
<b>7. Lessons learnt:</b>
Large LT TA, when not performing well, does not deliver expected outputs and is inflexible in response to changing situations.
<b>8. Other observations remarks (if relevant):</b>
N/A
<b>9. Methodology and Information sources</b>
List of documents analysed : <ul style="list-style-type: none"> <li>• 1<sup>st</sup> Joint Transport Sector Review – Aide Memoire – MOTPI – June 2010</li> <li>• Power point presentation: Review and updating of 1978 manuals and standard specification for road and bridge works – Inception report – URS/SW – May 2011</li> <li>• Power point presentation: Peer Review Training System – Inception Report – URS/SW – May 2011</li> <li>• Power point presentation: Short Term Expert for Training Stakeholders in the Construction Industry – URS/SW – May 2011</li> <li>• Transport Sector Investment Programme (draft – 2<sup>nd</sup> version) – MOTPI – May 2011</li> <li>• Transport Sector Monitoring Indicator Framework Database Development and Training – Draft Final Report – URS/SW – May 2011</li> <li>• INSTAP – Procurement Plan – November 2009 – April 2011 – PE 4 – Roads Authority</li> <li>• Correspondence 'FED 2010/021-360 Road Sector Budget Support Programme – Axle Load Control' – Director of Road Traffic/EUD with attached reports February 2011</li> <li>• Performance Standards for Road Agencies – Performance Objectives Discussion Document – March 2011</li> <li>• INSTAP – TA for improvement and development of a GIS system for the Roads Authority – Progress Report – URS/SW – May 2011</li> </ul>
List of people met : <ul style="list-style-type: none"> <li>• Auda A L Msiska (Mrs), Director of Finance &amp; Administration, Roads Authority</li> <li>• Amos Phiri (Eng), Senior Engineer – Construction, Roads Authority</li> <li>• Placid C Kasakatira (Eng), Director of Planning &amp; Design, Roads Authority</li> <li>• Benjamin Kapoteza (Eng), Director of Construction, Roads Authority</li> <li>• John Ndola, Director of Roads, Roads Authority</li> </ul>

<ul style="list-style-type: none"> <li>• Dr. Charles Kisala Kaira, Team Leader, INSTAP</li> <li>• Kurt Fahleson, Advisor to the Road Traffic Directorate, INSTAP</li> <li>• Msafiri Mbwana Nziray – M &amp; E, INSTAP TA</li> <li>• Andrew Kasekende (Eng), Associate Director – Project Manager Europe and Africa, URS Scott Wilson Ltd, INSTAP</li> <li>• Brian Barr (Eng), TA INSTAP</li> <li>• Jan Lorange, International Director, Grontmij</li> <li>• Melissa Makwarimba – TA Cross cutting issues, INSTAP Team</li> <li>• Barnaby Burnam TA, INSTAP team</li> <li>• Jeff Pettifer, INSTAP team</li> <li>• Alexander Wilson, INSTAP team</li> <li>• Jocelin Comet, Head of Infrastructure/Second Secretary, EU</li> <li>• James Markland, Senior Transport Specialist, World Bank</li> <li>• Michael Dembinski, Consultant, ROM Monitor</li> </ul>
<p>Other sources of information (observation, focus groups, ...):                  MR – 002090-02 26/02/2009                  MR – 002090-03 05/03/2010                  PSC Meeting 11/05/2011</p>

<b>Project name: Promotion of Rule of Law and Civic Education in Malawi</b>			
<b>1. Project Data</b>			
Financing source and Project number: 9ACP MAI 023 9EDF			
Sector: 15150 – Strengthening civil society			
Intervention level or administrative region: ACP - Malawi			
EC allocations and disbursements			
Initial allocation EUR (according to FA) €28m (includes €8,930,000 for NICE)	Revised allocation EUR (rider to FA) The Financing Agreement was signed in January 2006. Through Rider 1, the period of execution was extended whereby the operational implementation phase end at 31 December 2010 and the closure phase to end at 31 December 2012. Rider 1 also makes provision for two additional budget allocations. An agreement was signed to support the Malawi Electoral Commission (MEC) through a basket fund. The main goals of the agreement were to strengthen the MEC's organisational capacity and improve voters' registry in accordance with needs identified in MEC's strategic plan (Result 2, activity 2.12 & 2.13 in the Logical Framework). Several donors (DFID, GTZ and Norway) committed themselves to contribute to this basket fund that was managed by UNDP. The EU contributed through a contribution agreement with the UNDP. The EU also co-financed the Business Environment Strengthening Technical Assistance Project (BESTAP) through an administrative agreement with the World Bank to strengthen business environment in Malawi and improve access to commercial justice (Result 3, activities 3.4,3.5,3.6 and 3.8 in the Logical Framework). The focus was on streamlining the regulatory environment for business, improving access to commercial justice and improving business and land registration services. Extension of the timeframes for the BESTAP component was extended through Rider 2. The operational implementation period was extended to 31 December 2012 and closure phase extended to 31 December 2014.	Contracted funds EUR -	Disbursed funds EUR N/A
Starting date (planned / actual) : 27/01/2006 – 27/05/2006			
End date (planned /effective or likely): 31/12/2011			

Project objectives (overall and specific)

Overall Objective: To contribute to the strengthening of the democratic process and the increase of good governance in Malawi for accelerated economic growth and poverty reduction.

Project Purpose: To improve the legal and regulatory framework, the delivery and access to justice including through alternative dispute resolution methods in order to create a suitable environment conducive to economic growth and poverty reduction, generating confidence in the law and institutions of democracy, ensuring the protection of human rights, especially those of the most disadvantaged groups and promoting sound governance with the participation of citizens, encouraging and empowering them to exercise their democratic rights and responsibilities and to take part in the democratic decision-making process at community, district and country levels.

Major project activities:

1. Improved access to quality and responsive justice for all

1.1 Creation of dedicated law reporting unit within Judiciary.

1.2 Progressively develop and interlink appropriate case administrative systems for the Judiciary and Penal Justice System.

1.3 Reduce over-crowding and increase human rights compliance in prisons.

1.4 Promote restorative justice.

1.5 Improve quality of justice in the informal justice system.

1.6 Enhance access to civil justice

2. Enhanced democratic accountability, human rights observance and civil society empowerment.

2.1 Improve compliance with the Constitution and international instruments.

2.2 Support democratic accountability activities of NSAs.

2.3 Civic and voter participation and popular participation in local governance.

2.4 Between-the-ballot support

2.5 Support to achieve free and credible 2014 parliamentary and presidential elections and local government elections.

2.6 Population registration

3. Progressive realisation and implementation of a better coordinated Democratic Governance Sector

3.1 Support to development of the sector

3.2 Develop sector-relevant data and monitoring and evaluation tools and methods.

Expected outputs/outcomes according to indicators:

Result 1: Improved administration and access to justice and protection of fundamental human rights for the people of Malawi.

Result 2: Improved accountability and transparency in the conduct of public affairs and service delivery generating greater public confidence in democracy.

Result 3: Improved opportunities for socio-economic advancement for the people of Malawi.

Result 4: Greater public confidence and participation in democratic governance realized (NICE component).

Result 5: Improved planning and coordination capacity of the Government in relation to the rule of law and governance sector.

Results 1 – 3 and 5 fell into the responsibility of the Ministry of Justice and Constitutional Affairs, while result 4 covered the activities of NICE and were managed separately by the Project Management Unit of NICE.

## **2. Project Achievements**

Obtained outputs/outcomes / impacts:

RoL Component: Many activities under EDF9 were late and impact will only be achieved when the next steps are implemented. Due to the way in which the PEs were planned, the impact will be high when measured against needs of individual BI's, but when looking on impact on end beneficiaries (communities) and contribution towards democratic governance and the extend systems and other vehicles being put in place to ensure democratic governance, impact seems much lower. This is because each BI in isolation cannot address the objectives and outcomes of the respective RA's 'access to justice and protection of human rights or democratic governance'; 'improved accountability and public confidence in democracy'; 'improved opportunities for socio-economic advancement', etc. on its own but is dependent on various other institutions. These inter-dependencies need to be facilitated in a structured and organised manner to have impact. This goes back to the original design of the project that might be over optimistic. Fewer and more realistic 'themes'/objectives and joint planning on achieving joint objectives could increase impact achieved.

The benefits received by the target beneficiaries had therefore less of a wider overall effect on larger number of institutions and people than expected.

NICE Component: The work of NICE clearly makes a difference in Malawi. The structure of district and village level volunteers has taken over a decade to develop and represents a valuable resource the



whole of Malawi. NICE as an organisation and country wide network cannot be owned by one particular group, but must be allowed to flourish for the benefit of ordinary citizens as a resource and tool to enable them to use it to make government work for them.

As mentioned earlier in this report, the overall impact of NICE's work has suffered from a lack of good strategy which links a problem analysis to the overall goal, and the overall goal is supported by objectives or result areas where the outcomes/results can be monitored in terms of their contribution to the overall goal. In many ways, the approach has been too information and delivery driven. This approach has led to a lack of responsiveness and at times relevance to local target groups. Insufficient consideration has gone into how to make best impact through translation of materials into local language and the use of more accessible materials. Although not the case, there is a danger that if this approach continues, the target communities will become mere recipients of information they should need to know.

This evaluation has observed that information does not necessarily equal empowerment, nor does civic education necessarily equal improvements in the transparency, accountability or responsiveness of government. This appears to have been a false assumption that does not recognise the influence of power-relations and limitations to citizens' engagement as change agents, such as fear, status, lack of resources and hopelessness. Participation in itself in governance issues is not necessarily a contribution to NICE's overall objective as traditionally ordinary citizens have been required to participate in governance through attending public meetings or participating in public works while they remain passive, powerless and marginalised.

Unexpected outcome/impact: Some of the unintended effects of this project's interventions are:  
 Cooperation and coordination between NICE and RoL was not originally planned or designed, but certain BI's took initiative during implementation to make use of NICE reach into civil society and create cost-saving synergies with great success;  
 Understanding the need for sector coordination became apparent; and  
 The effect of joint training create platform for sharing experiences, best practices and create better understanding for each other's role and better understanding of inter-dependencies.  
 The value and feasibility of working with a network of volunteers has been gloriously demonstrated through NICE's work.  
 The use of Goat Culture has been a powerful unintended achievement from NICE's work. The approach has been taken on by several other key organisations as a good practice for development work in Malawi.

Beneficiaries (quality and eventually number): PMU of NAO acts as HR of NICE which in 2010 has 18 staff, 88 staff in regional offices and 29 district offices across Malawi plus a network of >5,000 volunteers ay district area and village levels (>8,000 at one stage).

Consideration of Gender specific aspects in design and monitoring (If not yet mentioned above provide eventual results and impacts): N/A

Consideration of environmental aspects: N/A

Consideration of HIV/AIDS aspects: N/A

Consideration of other cross cutting issues (if relevant): N/A

**3. Scoring and explanatory comment. (A - very good, B - good, C - satisfactory, D - poor)**

Relevance & Quality of Design: C – Problems – The lack of overall strategy and results orientation for the project as a whole, as well as linkages with other institutions, lowers the contribution to the overall goals of improving democratic governance and its responsiveness to ordinary citizens, and vulnerable groups. Activities implemented under RoL component were relevant to specific BI's needs but not necessarily towards results envisaged in the Financing Agreement (FA) and logical framework.

Each RoL BI did planning per Project Estimate (PE) in isolation and it was more a case of fitting BI's needs with some activities in the logical framework than plan specific activities that will collectively contribute towards specific results.

The lack of cluster and sector strategies create a vacuum within which planning was done. The TFU did an excellent job in providing some strategic direction during preparation of PE's.

Effectiveness: B – Good – Overall effectiveness was relatively high and a large number of activates have been implemented. The PSC could play a stronger role to ensure results were achieved at an earlier stage in order to guarantee the impact of the project and also to ensure impact towards FA result areas and not impact in individual BI's.

Effectiveness of the RoL component has increased drastically with the appointment of the TFU and quality of management (Financial, Contract, Administrative, and Operational). The RoL component was excellent taking into consideration the difficulties experienced by the BI's regarding the EU procurement rules and procedures.

<p>The systems and procedures followed ensured accountability, but were not conducive for flexibility and responsiveness. Communication between EUD, TFU and BI's could have been more effective. The NICE component also implemented various activities effectively and became an important mechanism for BI's of the RoL component to reach communities and access community feedback. The PMU improved over time and management practices were effective.</p>
<p>Impact: C – Problems – Overall impact was less than expected for the following reasons:</p> <ul style="list-style-type: none"> <li>• Lack of strategy that leads to range of ad-hoc activities in both components. Although effectiveness of implementation might be high, impact is limited.</li> <li>• Most activities under the RoL component, including Short Term Expert's reports with valuable recommendations were implemented towards the end of implementation period with no time to implement the recommendations.</li> <li>• Planning activities to be included in PE's for the RoL component were done individually by BI's and not according logical steps and inputs needed to achieve specific results as defined in the FA. Therefore activities implemented were focussed on BI's needs and not necessarily to achieve specific democratic governance outcomes or results.</li> <li>• The original design as two components with two separate implementation management units was not conducive to achieve expected impact.</li> <li>• Focus was rather on planning specific activities according to specific budget lines, with predetermined number of BI's and not to plan for comprehensive solutions to achieve results. Therefore some critical links in the value chain to achieve a specific result is not addressed that has serious implications on impact.</li> </ul>
<p>Sustainability: RoL: C – Problems; NICE: D – Serious Deficiencies</p> <p>The sustainability of benefits generated through the project will vary. For the RoL component it is expected that training interventions conducted within the borders of Malawi will continue and equipment and resources purchased will be maintained by the GoM and is already provided for in the normal budgeting cycle of government. Sustainability of some other activities is very doubtful due to budget cuts by the GoM to fund other priorities.</p> <p>BI's did develop capacity to continue activities to a large extent, but financial resources are a major challenge and other priorities might be more pressing for the GoM. Project managers were appointed per BI and were responsible for the implementation over past three years as part of day-to-day business. They also attended various training and capacity building interventions to contribute towards sustainability.</p> <p>The issue of sustainability has been an important discussion in NICE and the EU for some time. Throughout the last phase – Phase 3 there have been many discussions and some research into the options, before deciding that a Public Trust under the GoM would be the best choice. The decision to establish as NICE under the Ministry of Information and Civic Education (MICE) posts a substantial risk to NICE's credibility and will have sustainability risks.</p> <p>Due to recent uncertainties, many of the experienced staff members have already left for other career options that will have a negative impact on institutional memory and sustainability. DP's will also be cautious to provide support under the current arrangement.</p>
<p>Efficiency: C – Problems – Efficiency of both components increased with time and very good administrative and management systems were in place. Reporting was done on a regular basis, although reporting on the RoL component was not always done in a consistent format (due to late appointment of TFU) and not always consistent with the financial breakdown provided in the FA. The beneficiaries were not familiar with EU procurement rules and it slows implementation down. A number of planned activities could not be implemented and some were scaled down to fit within procurement modalities.</p> <p>While the administrative and financial management systems in NICE were strong, the overall guidance and strategic management of the organisation was lacking.</p> <p>Due to design and planning shortcomings that did not provide for comprehensive solutions, but only some activities related to a specific issue mean that impact and real results would not be achieved. It was aggravated by insufficient coordination and harmonisation with other DP's.</p>
<p>Overall Scoring (very good, good, satisfactory, poor). C – Problems</p>
<p><b>4. Coordination, Complementarity, Coherence</b></p>
<p>Horizontal Interrelations (with other EC programmes, Stabex, Flex, budget lines, ECHO or EIB interventions): N/A</p>
<p>Linkage/co financing with Member State programmes / other donors:</p>
<p>Vertical Interrelations (RIP): N/A</p>
<p>Evidence of coordination (Committees, joint missions...): Single steering committee for both RoL (Justice) and NICE components.</p>

Evidence of contradiction with EC/EU Policies: None
<b>5. EC value added:</b>
As sole funding agency for >12 years EC has brought advantages to stability and continuity but also has constraints in ownership.
<b>6. EC visibility:</b>
Highly visible as sole funding agency for NICE.
<b>7. Lessons learnt:</b>
<ul style="list-style-type: none"> <li>• Importance of start-up phase is critical for delivery and to ensure planned results and impact. It will also be critical to have a smooth transmission between EDF9 and 10 projects.</li> <li>• One project should be designed as one and not artificially put together afterwards.</li> <li>• One management structure and process should be responsible for the total project and not being fragmented through design.</li> <li>• A single planning approach and common understanding of results to be achieved should be used for the total project to ensure all resources are focussed on the same objectives. A clear strategy upfront will be very helpful.</li> <li>• Planning should be focussed on results to be achieved and not on needs of BI's. Activities of BI's should be planned as logical steps to reach common objectives. Ensure a comprehensive solution is planned and not only certain components of the solution.</li> <li>• Ensure targets are relevant, realistic and take in consideration local conditions, absorption capacity, and availability of baseline information and sources of information.</li> <li>• Take into consideration the effect of financial and procurement procedures when planning activities (understanding of modalities and timeframes).</li> <li>• Ensure the composition of the PSC include not only beneficiaries but also representatives who can provide strategic guidance on democratic governance and monitor and evaluate impartially.</li> <li>• An integrated planning and implementation approach will take care of inter-dependencies and ensure cluster objectives will come first before individual BI's interests.</li> <li>• Ensure economies of scale by making use of para-civic educators in villages across the country.</li> <li>• The roles of non-formal actors such as NICE in the democratic governance and justice sectors can be an invaluable complement to formal actors to provide a viable link to engaging, and making impact at the district and village levels.</li> <li>• Ownership should be clear from the start of project implementation.</li> </ul>
<b>8. Other observations remarks (if relevant):</b>
<p>General recommendations:</p> <ul style="list-style-type: none"> <li>• A strategic approach is recommended whereby resources, skills and capacities of different institutions are managed towards achieving very specific outcomes and preventing fragmentation, segmentation and working in isolation.</li> </ul> <p>Recommendations for EUD:</p> <ul style="list-style-type: none"> <li>• Improved coordination and harmonisation with other development partners can improve sustainability and impact</li> </ul> <p>Recommendations for PSC:</p> <ul style="list-style-type: none"> <li>• PSC composition can be extended to ensure more than only beneficiaries are represented and will contribute towards independent monitoring</li> <li>• Monitoring and evaluation can improve for future projects to ensure results and expected impacts are achieved in time.</li> </ul> <p>Recommendations for GoM:</p> <ul style="list-style-type: none"> <li>• Development of cluster (Democratic Governance) and sector level strategies and governing processes/structures will provide guidance and support for projects of this nature and will also ensure that the GoM can coordinate support from DP's according to government's strategies</li> <li>• Joint planning towards specific objectives and results will take care of inter-dependencies and will provide more comprehensive solutions</li> <li>• Managing GoM contributions together with DP's support can increase effectiveness, efficiency, ownership and sustainability.</li> <li>• Effective donor coordination will cut out duplication, optimise utilisation of resources and increase impact, effectiveness, efficiency and sustainability.</li> </ul> <p>Recommendations for NICE component:</p> <ul style="list-style-type: none"> <li>• The role of the District Advisory Forums (DAF's) could best be revisited and supported to take on a more strategic role of identification of needs and achievement and reporting of results in</li> </ul>

- line with the proposed decentralised planning and budgeting structure.
- Overhaul of strategy, project framework/logical framework and establishing system and tools for monitoring of results.
  - At the earliest opportunity a decentralised planning and budgeting structure should be established to run from district level and managed primarily through strengthened regional offices.
  - Leadership experience and credibility with civil society organisations should be included as high-level requirement in the job descriptions of senior staff at regional and national level (apart from finance and admin/support staff).
  - Prepare for integration as planned with the MICE and at the same time plan and prepare for Plan B should be plans for a Public Trust not work out as hoped.
  - Substantial investments in the training of volunteers, staff and the relevance of the outreach of the resource centres/libraries.
  - Inclusion of budget and support from regional offices to develop simple local materials (posters, pamphlets, banners), in the local languages (and also for low literacy) for use by volunteers to multiply messages. The use of community radio and possible funding of other CSO's to achieve results and take on roles previously played by NICE at a district level. Technical support to be provided for NICE to:
    - re-work its strategic plan and project framework
    - Help develop systems and tools and training for the new decentralised planning and budgeting structure, and the demonstration of results.
    - Training and support for fundraising strategies both in Malawi and regionally.
  - The roles and capacity of regional level operations at NICE be strengthened to take on main functions of planning, reporting and strengthening district level implementation.
  - The initiative to convene leading civic education organisations in Malawi in March 2010 can be built up to develop a consultative forum of peers to be a sounding board, or advisory committee or 'Friends of NICE' possibly. The recommendation is to have an informal group of civil society leaders in civic education in Malawi associated and available for NICE and the EU for consultation.
  - Support for learning from experience in other African countries, involving research into comparative context (Ghana, Kenya, Sierra Leone, South Africa to name a few), development of learning objectives, multi-level teams (Board of Trustees, GoM, PMU, Regional and District level), organised exchanges and the production and distribution of a short lessons learned for civic education in Malawi report.
  - The role of the EU as main development partner needs to increase in this last and crucial phase of funding.

## **9. Methodology and Information sources**

List of documents analysed :

### RoL component:

Financing Agreement between the European Union and the Republic of Malawi; Promotion of the Rule of Law and Civic Education in Malawi.

MTR of RoL Component, Wangati and Sandgren, Aug.2009

Malawi Judiciary Annual Report, 2008-2009

RoL Component, report, TFU, April – Dec. 2010

RoL Component, TFU reports to Beneficiary Inst. Meeting – Jan. 2010

RoL Component, Final Report, start-up PE

RoL Component, Final Report, PE1

RoL Component, Final Report, PE2

RoL Component, Final Report, PE3

### NICE Component:

A Guide to Civic Education, The NICE Experience, NICE, 2005

Strategic Plan, NICE for the period Jan 2011 to December 2015, White, December 2010

The Training Needs Assessment on Civic Education in Malawi (submitted to NICE), Mawava, May 2007

Memorandum of Understanding between NICE and the Malawi Electoral Support Network (MESN), Oct 2010

Development of an Effective Operational Structure and Job Functions of the NICE & Recommended Job Descriptions for NICE, Nyondo, Nov 2010

MTR of NICE Component Phase 3, Mazelis and Banda, March 2010

NICE Volunteer Survey Report, PMU, May 2010

<p>Introduction of the NICE Staff Performance Management Systems, Nkoka, Aug 2010                  NICE Booklet on Achievements, Lessons Learned, Challenges and Recommendations, PMU, Jan 2010  <u>General:</u>                  Report of the National Leadership Training Workshop for Traditional Leaders, NICE, June 2008                  Bi-Monthly Progress Report for the Period August to September 2010                  Financing Agreement Rider 1                  Financing Agreement Rider 2                  Mid Term Review of the Promotion of Rule of Law and Civic Education in Malawi Project (Rule of Law Component – RoL) 2009                  Local Governance Capacity Development Support Programme, Country Strategy Malawi, 2010-2012                  The Status of Governance Report in Malawi, Civic and Political Space Platform, May 2010                  Financing Agreement, dated 27 Jan 2006 &amp; Rider no 1 and Addendum no 2                  Democratic Governance Sector, Policy Framework Paper, MoJCA, Nov 2010</p>
<p>List of people met :                  Alan Munday – First Secretary: Head Economics and Public Affairs; Project Manager, NICE                  Julia Ojanen – EUD – Attache- Good Governance                  Madalo Nyambose – NAO: Head of Unit, Ministry of Finance                  Kelvin Banda, NAO Support Unit, Ministry of Finance                  Charles Lumanga – NAO: Sector Manager, Ministry of Finance                  Jacques Carstens – RoL PMU Project Manager                  Brian G Mtonya – World Bank</p>
<p>Other sources of information (observation, focus groups, ...): Principle source: Final Evaluation: Promotion of Rule of Law and Civic Education in Malawi, March 2011, COWI</p>

<b>Project name: Malawi Backlog Road Rehabilitation &amp; Maintenance Programme - MABARM</b>			
<b>1. Project Data</b>			
Financing source and Project number: 9 ACP MAI 021 – EDF			
Sector: 21020 – Road Transport			
Intervention level or administrative region: ACP - Malawi			
EC allocations and disbursements			
Initial allocation EUR (according to FA) €38.0m	Revised allocation EUR (rider to FA) -	Contracted funds EUR €3,479,859	Disbursed funds EUR N/A
Starting date (planned / actual) : 21/09/2005			
End date (planned /effective or likely): 31/12/2012			
Project objectives (overall and specific) Overall Objective: Improved mobility of goods and people Project Purpose: Sustainable improvement of the road network			
Major project activities: Backlog maintenance on main and urban roads; training of GoM engineers and administrative staff; promotion of involvement of Malawi contractors and consultants; road safety improvement activities; HIV/AIDS, gender and environmental activities.			
Expected outputs/outcomes according to indicators: Backlog maintenance reduced (661km of road to be improved); increased capacity of local contracting and consulting industry; increased road maintenance competence in NRA and MOTPW; road safety improved on repaired sections; accompanying measures for increased HIV/AIDS, gender, environmental, road safety awareness.			
<b>2. Project Achievements</b>			
Obtained outputs/outcomes / impacts: Benefits to mobility of persons and goods in urban areas, Monkey Bay – Mangochi and Masasa and Lilongwe – Nsipe areas – increasing traffic volumes, reduced travel times and VOCs.			
Unexpected outcome/impact: Reduction in scope of works due to price escalations.			
Beneficiaries (quality and eventually number): Populations in project areas			
Consideration of Gender specific aspects in design and monitoring (If not yet mentioned above provide eventual results and impacts): PE1 included 'enhancement of understanding' of gender issues along road corridors and participation of women in road construction activities.			
Consideration of environmental aspects: EIAs & EMPs prepared for all interventions			

Consideration of HIV/AIDS aspects: PE1 included 'enhancement of understanding' of HIV/AIDS issues along road corridors and have improved level and quality of care for those living with HIV/AIDS.

Consideration of other cross cutting issues (if relevant): Increased awareness of road safety issues and appreciation of roads as an asset to local communities.

**3. Scoring and explanatory comment. (A - very good, B - good, C - satisfactory, D - poor)**

Relevance & Quality of Design: B – Good – The relevance and coherence of the programme design with the overall objective considering among other policies and strategies; the Malawi Growth and Development Strategy and the Road Sector Programme is good.

Effectiveness: B – Good – The 'improvement of the road network' component has contributed a major share towards the programme purpose in terms of –

- Road condition improvement in IRI Roughness index
- Road maintenance expenditure
- Reduction of backlog maintenance

The contribution to the programme purpose by the 'Capacity building in the Roads Authority and the MoTPI' activity was not implemented as there were issues to be sorted out between INSTAP TA and EUD on how the training should be carried out.

Impact: B – Good – The MABARM programme has directly generated several direct impacts with regards to the improvement of the national road network. These direct impacts are not only limited to the overall upgrading of the road condition because of the new road pavement but also in a substantial reduction of the road accident hitherto caused by poor condition of the roads, reduction in vehicle operating costs and not least inter-city travel time. Improved road condition and reduced backlog, reduced transport costs and travel time. In more details the reduction of transport costs has contributed to an increase economic growth of 6% and a decrease in poverty from 60% to 30% (Source: Malawi Poverty Statistics). However, is not easy to assess how MABARM contributed to the overall figure.

Sustainability: B – Good – Programme sustainability essentially looks at the extent to which the programme approach has contributed to the establishment of mechanisms for sustaining the benefits beyond the programme implementation period. It also assesses measures taken by the Roads Authority and RFA in ensuring reduced backlog road maintenance.

The target group is the road user who pays through the fuel levy. This is affordable to a certain extent as far as macroeconomic fundamentals are maintained within acceptable levels. Funds for sustaining the services/results are expected to come from Roads Fund, GoM consolidated budget and, where appropriate, complimented by Development Partners. It should be emphasised that for sustainability to be achieved, the roads fund has to be the main source of road maintenance.

Road Fund Financial Forecasts:

The total Roads fund income trend is shown to increase with time. A loan portfolio in years 2011/12 to 2013/14 shows the importance of RFA and GoM is giving to raise the level of income in order to substantially reduce the road maintenance backlog. This evaluation has not been able to ascertain the optimum level of road maintenance financing need to eliminate and sustain equilibrium.

Roads Fund Expenditure Forecast Trend is closely matching the income trend. Then comes in the issue of capacity of RA and the local contracting industry to efficiently and sustainably absorb the projected RF resources. The importance of the training component of the MABARM and RA to MoTPI need not be over emphasised, coupled with the enhancement of capacity of the local contracting and consulting industry.

Efficiency: B – Good – The efficiency aspect gauges the quality of implementation of activities in terms of adherence to quantity, quality, time and budget plans and schedules in the Financing Agreement. It also looks at the extent of the sector ministries and line institutions participation in the planning and implementation of the programme, and assesses the management of risk and assumptions and flexibility to address changed circumstances.

Some four projects were completed more or less within budget and time – Lilongwe urban roads, Mzuzu urban roads, Mangochi – Monkey Bay T/O road, Masasa – Golomoti – Monkey Bay road. Other works on Lilongwe – Nsipe and Chikwawa – Bangula are on-going.

The Government has concluded supplementary contracts to cover additional works. The MABARM scope of works was scaled down due to escalation of prices over time and change of design due to road deterioration over time.

Technical audits done on different road projects revealed that quality was generally achieved to a good extent, but a few problems were cited.

Sector ministries and line institutions have participated and have been effectively participating in the planning and implementation of the Programme. On the other hand, the NRSC have not been involved in both planning and implementation of the Programme.

There are efficient procurement procedures for all contracts in road sector through government

procedures as per ODP Act. The Road Authority and Road Fund Acts have already been approved and enacted into law, and Boards of the two agencies have been appointed and are functional.
Overall Scoring (very good, good, satisfactory, poor). B – Good
<b>4. Coordination, Complementarity, Coherence</b>
Horizontal Interrelations (with other EC programmes, Stabex, Flex, budget lines, ECHO or EIB interventions: N/A
Linkage/co financing with Member State programmes / other donors: N/A
Vertical Interrelations (RIP): Main road interventions are part of the CRN and thus have strategic importance in regional linkages.
Evidence of coordination (Committees, joint missions...): Monthly site progress meetings – ROM Mission 2009
Evidence of contradiction with EC/EU Policies: None identified
<b>5. EC value added:</b>
EC is lead donor in transport sector and thus brings wider perspective to sector support interventions.
<b>6. EC visibility:</b>
Project sign boards and supervision vehicles bearing EU decal.
<b>7. Lessons learnt:</b>
<p>There is good coherence between the MABARM programme design and its overall objective with the enabling legislation within the sector other policies and strategies including the Malawi Growth and Development Strategy and the Road Sector Programme.</p> <p>The FA and the requirements stated in it adequately address the need for the programme. The appropriateness of the programme design had some shortcomings with regard to the involvement of key stakeholders, specifically the NCIC, NRSC and RTD.</p> <p>The implementation of activities in terms of adherence to quantity, quality, time and budget plans and schedules in the Financing Agreement was being efficiently managed to a good extent save for isolated materials quality in some projects, some quantity and time overruns associated with cost overruns.</p> <p>The risk and assumptions associated with the programme are being fairly well managed by both the partners of the programme, with deliberate measures being taken to address prevailing circumstances.</p> <p>The programme has positively impacted on the improvement of the road network in the country. However, the enhancement of capacity of the local contracting and consulting industry has not been successful as the programme did not directly address the small and medium enterprises.</p> <p>The programme has contributed to the successful establishment of efficient road sector institutions (RA, RFA and NRSC) which are key to sustaining the programme benefits beyond the programme implementation period.</p>
<b>8. Other observations remarks (if relevant):</b>
<p>All key stakeholders should be involved right from the programme design stage instead of involving them only during implementation. (RTD, NRSC, NCIC). The NRSC is said to have no knowledge of the programme even during implementation.</p> <p>Future road safety programmes should directed more attention to calming the severity of road accidents in order to reverse fatal accident trends.</p> <p>Future programmes the NCIC should be involved during both the design and implementation phases of the 'Enhancement of capacity of the local contracting and consulting industry' component.</p> <p>RA should find assistance in fine tuning their RMMS to enable it to execute the missing tasks including annual routine maintenance budgets.</p> <p>RA and local contracting industry in general should address the issues of absorption capacity. If the key problem area is the local contracting industry, then deliberate efforts should be focussed on this area.</p> <p>EC and GoM should consider increasing the resource envelope during the remaining period of the programme implementation in order to address the constraints and enhance the opportunities arising from the programme.</p> <p>The training item needs to be promptly sorted out between INSTAP TA and EUD on how the training should be carried out.</p> <p>The 'Capacity building in the Roads Authority and the MoTPI' activity be steam lined and enhanced during the remaining period of the programme implementation and in future programmes.</p> <p>Future programmes the capacity enhancement activity for local contracting and consulting industry to be properly structures and designed to address the medium and small enterprises, with the involvement of the NCIC.</p>

In future programmes, road traffic management and road safety aspects should be integrated in the project designs at an early stage with the involvement of or in consultation with RTD and NRSC. Social measures aim at changing behaviour of the community toward their response to intended interventions. This is a long term and slow process which requires continued support from the programme. There is need therefore for allowing longer implementation periods for implementation of cross-cutting issues.

### 9. Methodology and Information sources

List of documents analysed :

MR – 002080.02 26/02/2009

BCS – 002080.02 26/02/2009

PS – 26/02/2009

Financing Agreement – MABARM – 9ACP MAI 021 Sept. 2005 & Addendum No. 1

Final Report – Mid Term Evaluation – MABARM, March 2011-05-30 Planet SA

JAR 2008

Progress Reports (Various) – MABARM, Mzuzu Urban Roads

Social Measures and Environmental Support, PE1

CSP/NIP EDF9 & 10

List of people met :

C.F. Kewin, RE/SR, JBG-LI

B. Mawahelo, DER/ME, JBG-LI

Eng. M.Adere, JBG-LI

Luis Rodrigues, Site Agent, Mota-Engil

Zofuna Chipungu, Safety Officer, Mota-Engil

Amos Phiri (Eng), Senior Engineer – Construction, Roads Authority

Jere Mwila, Technical Assistant, NAO Support Unit, Ministry of Finance

E. Chimtengo, Project Manager, Mota-Engil

John Clifton, Consultant, CLE Team – EU

Cecile Leemans, Programme Manager – Infrastructure, EU

Natalia Duraes, Quality Manager, Mota-Engil

Stanley Mzembe, SE, Mota-Engil

Victoria Mhawgo, Materials Engineer, Mota-Engil

Chifundo Mulera, Materials Engineer, Mota-Engil

Simon Chirambo

Other sources of information (observation, focus groups, ...):

Focus group meeting 1 - Market Traders and Customers, Lilongwe – Nsipe Road

Focus Group meeting 2 - Khata Road Maintenance Club (7 members) & country leaders

**Project name:** Malawi - Sugar Annual Action Plan for 2008 Accompanying Measures for Sugar Protocol Countries, Malawi - Sugar Annual Action Plan for 2007 Accompanying Measures for Sugar Protocol Countries, Malawi - Accompanying Measures 2006 for Sugar Protocol Countries

### 1. Project Data

Financing source and Project number: Budget Line: 21.03.19; BGUE21.06.03 Sugar; Project numbers: DCI-SUCRE/2008/019-787, DCI-SUCRE/2007/019-251, DCI-SUCRE/2006/018-410

Sector: Agriculture and Food security

Intervention level or administrative region:

EC allocations and disbursements

Initial allocation EUR (according to FA)	Revised allocation EUR (rider to FA)	Contracted funds EUR	Disbursed funds EUR
FA 2006: €667,000	-	FA 2006: €652,401.49	FA 2006: €366,214.05
FA 2007: €5,000,000		FA 2007: €4,549,802.71	FA 2007: €2,492,380.78
FA 2008: €4,911,000		FA 2008: €0.0	FA 2008: €0.0

Starting date (planned / actual) : March 2009

End date (planned /effective or likely): December 2012



Project objectives (overall and specific)
<u>Overall Objective:</u>
FA 2006: To contribute to alleviate poverty in line with GoM Malawi Growth and Development Strategy
FA 2007: To reduce poverty in intervention areas through the expansion of sugar sector
FA 2008: Support the effective implementation of the GoM's NAS for sugar with a poverty production focus
<u>Project Purpose:</u>
FA 2006: To contribute to the implementation of the GoM's NAS with a poverty reduction focus
FA 2007: To strengthen and develop sugar out-grower schemes leading to increased out-grower incomes
FA 2008: To increase the hectareage of irrigated sugar cane grown by out-growers, to increase the number of sugar cane out-growers in Malawi
<u>Major project activities:</u>
FA 2006: Support analysis, studies and review of national regulatory framework, capacity building and training of farmers, development of management capacity of out-grower service providers,
FA 2007: Increase out-growers' agricultural capacity and efficiency, increase out-growers' management capacities, undertake Kasinthula phase III expansion, improve Dwangwa cane haulage / feeder roads
FA 2008: not yet specified
<u>Expected outputs/outcomes according to indicators:</u>
FA 2006: Outcomes: Rate of growth of agricultural sector, area and yield cultivated for crop, ex farm prices and FOB prices compared to regional competitors for top ten cash crop, change in Malawi's regional / global market share of top ten cash crops, quantities and values of agriculture produce processed in Malawi, outputs: number of policies and laws in relation to the sugar sector reviewed, private and public investment in the sector, sugar yields and production areas, number of trained out-growers using recommended techniques, training of all elected representatives who handle the management of the out-grower scheme
FA 2007: Outcomes: As in 2006, in addition: out-growers' incomes, Outputs: % increase in cane sugar yields, % increase in out-growers' net incomes, level of smallholders' satisfaction with regards to management, area of sugar cane cultivated increased by 550 ha
FA 2008: Outcomes: Cropping area supported by the project, crop surface area under new/rehabilitated irrigation system, number of sugar cane out-growers increased by 400 new farmers, Outputs: addition 1,000 hectares of irrigated sugar cane grown by out-growers, incomes from new out-growers increased from 3,000 MWK to 11,000 MWK per month, additional 120,000 MT is produced by out-growers each year
<b>2. Project Achievements<sup>101</sup></b>
<u>Obtained outputs/outcomes / impacts:</u>
Kasinthula III expansion: To date, 295 ha of the 400 ha planned prepared and 5 of the 6 pivot systems installed, 190 ha planted with sugar cane and irrigated by 3 pivot irrigation systems. Of the 160 sugar cane farmers planned, 200 farmers have been selected for the scheme. The outstanding debt of Kasinthula project (incurred during phase 1 and 2) has been restructured over a five year. The debt is programmed to be repaid by the end of 2015.
Sugar Capacity Building: As project is expected to become fully operational only during the first half of 2011, no statement can be made on outputs/outcomes/impacts yet.
Unexpected outcome/impact: Kasinthula III expansion: One negative unintended outcome observed was the increased tension among community members regarding their participation in the project. A positive unintended impact is the increased demand for similar schemes in the future from the community.

<sup>101</sup> Project achievements are related to the Kasinthula III Expansion Project and to the Sugar Capacity Building Programme, both under FA 2007. Main source for 2-7 was the AMSP Review Draft Report from May 2011

<p>Beneficiaries (quality and eventually number):                  Kasinthula III expansion: 200 farm families and the wider communities that will benefit from community development from the Fair Trade Community Development Fund                  Sugar Capacity Building: 1,000 beneficiaries</p>
<p>Consideration of Gender specific aspects in design and monitoring (If not yet mentioned above provide eventual results and impacts): Kasinthula III: Little obvious consideration of gender specific aspects, but deliberate inclusion of women in the Trust Board. It is expected that the Sugar Capacity Building Project will take over the responsibility for addressing cross-cutting issues</p>
<p>Consideration of environmental aspects: Kasinthula III expansion: An Environment Impact Assessment was carried out for the expansion. The recent review considers the expansion project as environmentally sustainable. "The installed pivot system irrigation system commonly uses 50% less water than the traditional furrow irrigation system. The water is drawn from the Shire river, which is able to supply sufficient water during all seasons when set against the water requirements of the project. An additional effect of the more efficient water use (pivot) irrigation system, is the lower volume of drainage water carrying residues of fertilizer and pesticides, when compared with furrow irrigation."(Review Draft Report, page 43)</p>
<p>Consideration of HIV/AIDS aspects: Kasinthula III: HIV/AIDS has not been addressed in the planning phase of EC-MAS, even though it is regarded as a serious risk linked to the development of sugar cane cultivation because of an increase in migrant labour force. However, the issue was later on taken up in the identification of the Annual Action Plans and in the Grant Agreements, where HIV/AIDS is a cross cutting issue to be addressed through training measures for sugarcane out growers and out grower managers. As 'Calls for Proposals' require the inclusion of cross cutting issues, grant applicants plan for HIV/AIDS awareness measures as a mainstreaming activity. In Kasinthula III so far HIV/AIDS has hardly been addressed, the sugar capacity building project has so far not started trainings on cross-cutting issues</p>
<p>Consideration of other cross cutting issues (if relevant): -</p>
<p><b>3. Scoring and explanatory comment.</b><sup>102</sup> (very good, good, satisfactory, poor)</p>
<p>Relevance &amp; Quality of Design: Relevance: B Quality of Design: C                  "Relevant in the context of Malawi's socio economic development policies to strengthen its sugar sector to address the prevailing new sugar market conditions, and to increase production of sugar cane through existing and new out growers schemes" (Review Draft Report, page 30). It is also relevant as a lucrative livelihood option for the smallholder beneficiaries.                  "The overall project design is considered adequate to allow for the planned expansion. Shire Valley Cane Growers Trust (SVCGT) is clearly the right organization to implement the project." (Review draft Report, page 28). Some shortcomings are: a) during the detailed design phase the costs were not well explored leading to downsizing and delays in project implementation during the implementation phase; b) not enough time was planned for social mobilization, participatory planning processes and the selection process for beneficiaries; c) overall the timeframe was very tight.</p>
<p>Effectiveness: B                  See 2 obtained outputs/outcomes                  "Hence, in view of the above progress made in attaining the results, the project specific objective of increasing the hectareage of sugar cane grown, resulting in an increased number of out-growers and increased income level (albeit the latter at a relatively modest rate because of the debt servicing) is deemed to be achieved by the end of the project (December 2011) and onwards."(Review Draft 2011, page 37)</p>
<p>Impact: Good prospects (see 2 impacts)                  As the scheme is not yet fully operational impact on increased income and poverty reduction has not yet materialised. However the project potential for increasing income is high.</p>
<p>Sustainability: Good prospects                  Economic sustainability: Is expected to be high. Return on investments is expected to be at least 20%.                  Environmental sustainability: see 2, consideration of environmental aspects                  Social sustainability: As the project has developed good relations with the local communities and the</p>

<sup>102</sup> Scoring related to Kasinthula III expansion project

community development fund of Fair Trade will help to broaden the project impact and benefit the entire community, prospects for social sustainability are good
Efficiency: B The project is being implemented in a cost-effective manner, after initial delays now largely on track, qualified staff, good and generally timely reporting, no monitoring system set-up yet
Overall Scoring (very good, good, satisfactory, poor). B
<b>4. Coordination, Complementarity, Coherence</b>
Horizontal Interrelations (with other EC programmes, Stabex, Flex, budget lines, ECHO or EIB interventions): STABEX has also supported the expansion of sugarcane out grower schemes
Linkage/co financing with Member State programmes / other donors: -
Vertical Interrelations (RIP): -
Evidence of coordination (Committees, joint missions...): The ETR of Accompanying Measures for Sugar 2006, the ETR of STABEX/2008FMO/2009IP and the MTR of Accompanying Measures for Sugar 2007 were carried out as one mission, a sugar coordinator is overseeing all EC supported programmes in the sugar sector
Evidence of contradiction with EC/EU Policies: -
<b>5. EC value added:</b>
EC is currently the only development partner supporting sugarcane out grower schemes. It is an important pilot intervention with regards to GoM's irrigation plans.
<b>6. EC visibility:</b>
Through signboards at all intervention sites, buildings, cars, etc.
<b>7. Lessons learnt:</b>
<ul style="list-style-type: none"> <li>- "Need for more realistic timeframes</li> <li>- Need for better cost estimates. Costing often based on outdated or incomplete price information;</li> <li>- Need for more attention to the social component. The effect of social issues related to land allocation (land disputes) on project implementation, has been underrated, causing delays and hence increasing costs;;</li> <li>- Need for solid, more reliable financial, commercial and economic project analysis, including sensitivity analysis." (Review Draft 2011, page 48)</li> </ul>
<b>8. Other observations remarks (if relevant):</b>
-
<b>9. Methodology and Information sources</b>
List of documents analysed : <ul style="list-style-type: none"> <li>- Study of the European Commission's co-operation with Sugar Protocol countries: Assessment of the Accompanying Measures for Sugar Protocol Countries (AMSP), 2010</li> <li>- End of Term Review of Accompanying Measures for Sugar 2006...and Mid-term Review of accompanying Measures for Sugar 2007, HTSPE, May 2011</li> <li>- Financing Agreements and Decision Forms</li> </ul>
List of people met : Richmond Masaka (Programme Manager Kasinthula III), Jenny Brown (EUD), Rudy Ooijen and Mike Ogg (Consultants Sugar Review)
Other sources of information (observation, focus groups, ...): FGD Kasinthula III future beneficiaries and village headmen, field visit to Kasinthula III expansion scheme

<b>Project name:</b> Sustainable Nutrition Rehabilitation			
<b>1. Project Data</b>			
Financing source and Project number: EDF9, 9 ACP MAI020 - FED/2005/017-762			
Sector: Agriculture and Food security			
Intervention level or administrative region:			
EC allocations and disbursements			
Initial allocation EUR (according to FA) €6,500,000	Revised allocation EUR (rider to FA) -	Contracted funds EUR €6,044,271.75	Disbursed funds EUR €5,325,595.16
Starting date (planned / actual) : 01/05/2006			
End date (planned /effective or likely): 31/12/2010			
Project objectives (overall and specific) Overall Objective: Contribution to the Malawi Poverty Reduction Strategy Goals Project Purpose: 1) The ownership and capacity of the communities to recognise, to react to and to address malnutrition are strengthened, 2) the national nutritional monitoring system is strengthened			
Major project activities: purpose 1:community-based organisation and training, health and nutritional education, public awareness, demonstration plots, purpose 2: training, data collection and analysis, reporting, dissemination and public awareness and campaign			
Expected outputs/outcomes according to indicators: Outcomes: % of U% moderately malnourished, % of U5 stunted, knowledge, attitude and practices of targeted beneficiaries, quantity and quality of bulletin published, outputs: Number of trainings and topics at community level, number of community volunteers and leaders trained, number of admission to NRUs, number of data sets received on time			
<b>2. Project Achievements<sup>103</sup></b>			
Obtained outputs/outcomes / impacts:			
Community component: Successful promotion of pulses for crop diversification, less success for vegetables, fruit trees and livestock, good results in nutrition education at community level resulting in behaviour changes, success in providing latrine and washing facilities, very good results in village savings and loans activities and in RUTF			
National component: Establishment of a national nutrition surveillance system with sentinel sites in 26 of 28 districts			
Unexpected outcome/impact: -			
Beneficiaries (quality and eventually number): Not specified			
Consideration of Gender specific aspects in design and monitoring (If not yet mentioned above provide eventual results and impacts): Community component: Increasing gender equality was one of the project objectives and gender has been addressed to a certain extent throughout the projects. However, the issue was more about addressing both sexes and benefiting both sexes and less on influencing gender relations. “There are strategic gender issues included in the project result areas such as promotion of maternal and child care practices. This principally touches on both male and female children as well as the health of their mothers. Other project components have mainstreamed gender. For example, construction of toilets for both girls and boys in primary schools and involvement of both men and women in community support groups and committees clearly demonstrates gender mainstreaming. Management of			

<sup>103</sup> Project achievements are related to the community component (NGO implementation) and the national component (INFSSS). Main sources for 2-7 were the Final Evaluation of the SNRP from November 2010, the End of Project Evaluation of the National Component of SNRP from July 2008 and the ROM 2009

malnutrition at community level is an all-inclusive approach taking care of both male and female affected groups. The project has involved male and female community members and volunteers in the implementation of activities.” (ROM 2009)

Consideration of environmental aspects:

Community component:

While environment has not been a major issue for the project, environmentally friendly techniques such as tree planting, box ridges and organic manure have been part of interventions.

Consideration of HIV/AIDS aspects:

Community component:

Only one NGO has explicitly addressed people living with HIV/AIDS as one of the main result areas.

”One project logframe (Concern WorldWide) included catering for the specific nutrition needs in the context of HIV/AIDS. This focussed on provision of RUTF to treat malnutrition among HIV positive clients when they were starting up treatment with anti-retrovirals (ARVs) and food security support to households affected by HIV/AIDS.” (Final Evaluation, 2010, page 20)

Consideration of other cross cutting issues (if relevant): -

### 3. Scoring and explanatory comment. (very good, good, satisfactory, poor)

Relevance & Quality of Design:

Community component: B

All stakeholders rated the projects as relevant, stakeholder inclusion in project design was good, and collaboration of different stakeholders ensured that interventions benefited from synergies. Design relying on support from GoM staff did not take into account the inclusion of activities into GoM work plans.

National component: C

Project design had several flaws severely hampering the sustainability of the system: concerns about the representativeness of the sampling frame, the validity of the Food Stress Index, the insufficient consideration of challenges regarding the handover to GoM and of linking the INFSSS to already existing nutrition information systems.

Effectiveness:

Community component: B

See 2. Project achievements

National component: C

Establishment of a national nutrition surveillance system with many sentinel sites across Malawi. However major weaknesses regarding design (see above, Quality of Design), quality of data, timeliness of information dissemination (and accordingly lack of usefulness of information for early warning purposes) and insufficient attention to achieve national ownership.

Impact:

Community component: C

”It was found that the project has not been able to bring notable changes in overall household food availability, dietary diversity and reduction of child morbidity. One of the reasons for this is that the project duration was too short to bring real change. The agriculture component of the project promoted mainly backyard gardens for vegetable production and small livestock keeping (generally not very successful). There was little emphasis on other types of food production and processing. The technical skills of the project staff were generally too limited for effective food production promotion. The effectiveness of promotion of hygiene and sanitation was hampered by the lack of a water supply component in the project design. Most communities complained that they did not have access to clean and safe drinking water (as said above, this was one of the reasons pointed out by the communities for limited reduction in child morbidity).

However, communities reported to have noted some significant changes in some traditional beliefs that tended to influence their child care and feeding practices. There have been increased contacts between communities and GoM district-level staff that have also assisted communities to acquire new knowledge on hygiene and sanitation. The project has also facilitated increased collaboration among NGOs and/or government departments. This is particularly clear in the case of the hospitals that are now able to run CTC centres using the staff members who were trained by Concern WorldWide.” (Final Evaluation,

<p>2010, pages 21 and 23)</p> <p>National component: C</p> <p>The overall goal to prevent and reduce the risk of acute malnutrition is so broad that changes cannot be attributed to IFNSSS. The objective to strengthen the national surveillance system has not been achieved as the system collapsed after hand over to GoM.</p>
<p>Sustainability:</p> <p>Community component: C</p> <p>Positive is the emphasis on human capacity development with Training of Trainers courses to GoM staff and training at community level. However, community volunteer structures tended to collapse after the end of project as community members were unable to provide services without any remuneration. As GoM structures do not have the resources, continuation of activities by GoM structures is also limited.</p> <p>National component: D</p> <p>"As the complicated ownership issues were not properly tackled, it should not be too surprising that the INFSS came to an end as soon as the project period was finished. Unfortunately, it just has to be concluded that the INFSS component within the AAH project as funded under the SRNP was not sustainable. Now, it is three years after the closure of the EC project funding to AAH. No bulletins have been produced since January 2008 and most of the human capacity that was built by AAH has already been lost. Therefore, in this final evaluation the sustainability of the nutrition monitoring system is rated as 'D' (having serious problems)." (Final Evaluation, 2010, page 24)</p>
<p>Efficiency:</p> <p>Community component: C</p> <p>Average costs per beneficiary varied substantially between the NGO projects with some projects having high costs per beneficiary in comparison to services delivered.</p> <p>National component: B</p> <p>Implementation modalities were very efficient but marked by high expatriate staff turnover.</p>
<p>Overall Scoring (very good, good, satisfactory, poor).</p>
<p><b>4. Coordination, Complementarity, Coherence</b></p>
<p>Horizontal Interrelations (with other EC programmes, Stabex, Flex, budget lines, ECHO or EIB interventions): -</p>
<p>Linkage/co financing with Member State programmes / other donors: -</p>
<p>Vertical Interrelations (RIP): -</p>
<p>Evidence of coordination (Committees, joint missions...):</p> <p>"A Project Steering Committee (PSC) was established for the SNRP in 2007 for financial and administrative follow-up. The meetings were used by the NGOs for presentation of progress achieved and to discuss key challenges encountered in project implementation. The PSC meetings also were a forum for EC/NAO for stressing narrative and financial reporting requirements. Through the PSC, some joint project visits were undertaken by the four NGOs involved in the Community component and the EC/NAO. Particularly from the side of the NGOs, these joint visits were lauded for having been an excellent opportunity to learn from others. A standardised monitoring system was developed with the with the assistance of the EC TA based at MoAFS within the Food Security Secretariat. However, the set of harmonised indicators did not suffice to fully capture the variety of interventions funded under the Community component. The evaluators rate the harmonised system as an inadequate main data base for monitoring of the implementation progress and project achievements for the SNRP community component. Some of the NGOs did not adopt the suggested national indicators as they preferred to continue to report on the original logframe indicators instead.2 (Final Evaluation, 2010, page 16)</p>
<p>Evidence of contradiction with EC/EU Policies: -</p>
<p><b>5. EC value added:</b></p>
<p>No value added could be stated</p>
<p><b>6. EC visibility:</b></p>
<p>"Generally, the project is promoting EC visibility through sign posts in the impact areas, media, stickers</p>

on walls and cars, magazines and project documents.” (ROM 2009)
<b>7. Lessons learnt:</b>
<ul style="list-style-type: none"><li>- Revamping of INFSSS might not make sense given the major flaws, the substantial costs involved and the rather low levels of acute malnutrition</li><li>- A summary of the key lessons from the Community component projects could read as follows. With an integrated projects-approach, it is possible to bring a package of complementary services to households and the community at large for a certain period of time (for the duration of the project and hopefully a little beyond). However, because of the integrated nature, the total package of support per household can easily become quite expensive, which hampers the potential value of the interventions in terms of addressing the need for scaling up. Overall, the integrated projects approach is found to be less suitable if the aim is to assist GoM with larger-scale implementation of identified (sectoral) priority actions.</li></ul>
<b>8. Other observations remarks (if relevant):</b>
-
<b>9. Methodology and Information sources</b>
List of documents analysed : ROM 2009, End of Project Evaluation of the National Component of the SNRP, Final Evaluation of the SNRP, SNRP Project Profile Reports COOPi, Concern, Care, MTR Report “Enhancing the effectiveness of nutrition practitioners in the treatment and prevention of malnutrition utilising CTC” (Concern), End of term evaluation report “Community-based management of malnutrition in Lilongwe and Salima” (COOPi), Mid-term evaluation report of the “integrated community based nutrition rehabilitation project (ICON)” (CARE), ICON Third year first quarter report 2009, ICON annual interim report 2009
List of people met : Maria Winnubst (EUD), Catherine Mkangama (Nutrition and HIV/AIDS Programme, Office of the President), Dalitso Dembo Kang’ombe (Ministry of Health), Neill Orchardson (TA TS/JFSNTF), Memory Tchale (COOPi), Richard Mtstsolo (Health Surveillance Assistant)
Other sources of information (observation, focus groups, ...): 2 FGD and field visits to NGO projects

## 15. Dissemination Seminar September 29<sup>th</sup>, 2011 – Minutes

### MINUTES OF THE MALAWI CLE DISSEMINATION SEMINAR HELD ON 29<sup>TH</sup> SEPTEMBER, KUMBALI LODGE, LILONGWE, MALAWI

List of Participants: See Annex 1

Program: See Annex 2

#### 1. Opening Remarks

The Head of the EC Delegation in Malawi, Alexander Baum gave the opening remarks. Key highlights from his remarks were the following:

- a) EC is among the top 4 donors in Malawi
- b) Cooperation with Malawi since 1975 (EDF4/5), now programming for EDF10.
- c) Sectors of support include Agriculture, Budget Support, Roads Infrastructure, Water, Governance, Trade and Health.
- d) The Country level Evaluation is different from a project evaluation, in the sense that there is no clear end-point because of overlaps between programming cycles.
  - a. The timing of the CLE was good because the findings will feed into the strategy formulation for EDF11 in 2012.
- e) Expressed the wish that the workshop discussions will be honest and intellectual, and will offer guidance in terms of what can be done better in future. While participants may not necessarily reach a consensus, it was hoped the discussions would not be limited because of trying to be politically correct.

#### 2. Purpose and Methodology of the CLE: Susanne Wille, Joint Evaluation Unit, Brussels

Highlights of the presentation were the following:

- i) The CLE is an Evaluation of what the EC is doing, not what the member states or the cooperating partner is doing.
- ii) The objective of the dissemination seminar was to critically discuss the lessons to be learned from the evaluation, in order to guide the future.
- iii) The CLE drew information from several sources such as:
  - a. project evaluations
  - b. previous CLEs
  - c. CSP and others
- iv) The presenter gave a detailed explanation of the 7 criteria and 3Cs, that were used in the CLE
- v) The presenter explained the rationale behind the 10 EQs, Intervention logic.
- vi) The presenter explained the rationale of the RG meetings and Quality Control
- vii) The presenter explained that findings, conclusions and recommendations in the CLE report are linked to Volume 2.
- viii) The presenter explained that the dissemination seminar is part of the process of the CLE, and the discussions will be incorporated into the final report, together with the minutes.
- ix) The presenter explained that the report will be published and accessible by everyone.



### 3. Presentation of Evaluation Findings: John Clifton, Team Leader CLE

Highlights of the presentation were the following:

- i) The evaluators were independent, but obtained information from stakeholders. If the participants feel that the report had included some factual errors, they should point these out so that changes can be made
- ii) Clarified that during the time period that the evaluation has been taking place, several changes have also been happening in the country, and therefore some facts have changed. As much as possible, the report has tried to incorporate any key changes.
- iii) Clarified that there is a fuzzy/gray area on what activities can be defined as 'cross-cutting', because most of these cross-cutting issues (as indicated in the CLE TORs) are actually major project intervention areas. For instance, HIVAIDS was listed as a cross-cutting issue, and yet it was also a non-focal sector (for EU support)
- iv) Explained that much as EU support to Malawi has evolved over time, the focal sectors have remained largely the same. Thus much as names have changed, no new focal sectors have been added.
- v) Explained process of CLE:
  - a. 10 EQs were developed
  - b. Judgement criteria were defined. JCs are linked to indicators, which lead to conclusions and recommendations
  - c. Information was triangulated through multiple sources of data

#### EQ1 Findings

- a) Short-term gains were achieved over long-term support, hence has implications for sustainability, especially in the rural road maintenance program.
- b) Needs are intractable

#### Comments from Participants

- i) Wanted definition on the meaning of 'needs are intractable'.
  - This was explained. It means needs have not changed much over time, and continue to be the same.

#### EQ2 &3 Findings

- a) CLE Evaluating the EC programs, not government or regional programs. However, EC programs can only succeed if the overall environment is suitable. Therefore, failures in the EC programs are not necessarily the result of EC failure.
- b) FISP not likely to be sustainable
- c) Sector dialogue in the Agriculture sector has been difficult, and this has impacted negatively on capacity building efforts
- d) EC support not adequately targeted, as was focussed only to land owners, not those without land.
- e) Difficult to find data on nutrition, and therefore not easy to attribute support to impact on nutrition

#### Comments from Participants

- i) Suggestion to use under-nutrition as an indicator, instead of acute malnutrition
- ii) Can the report recognise the fact that there has been an improvement in the M&E systems? (Because other projects certainly made good progress over time in terms of capturing good M&E data)
- iii) Can the team clarify the types of nutrition indicators were used, and at what level?
- iv) Can EQ3 be changed to read "Food security and Nutrition"?

- v) How do justify that ultra poor were not reached? Can the report reflect the fact that there are different categories of 'ultra-poor'?
- vi) IGPWP targeted ultra-poor in the public works program?

### Responses

- a. Explained that nutrition was not part of the EU strategy, and was not part of Envelop A. Nutrition is now well integrated in EDF10.
- b. Historic logic is that Malawi had a food crisis in the period under evaluation, and focus was on Food security, not nutrition security. However, there were some funding mechanisms that were deployed which indirectly targeted nutrition.
- c. Too late to change EQ3 at this stage, however the report has captured issues of the ultra poor and should therefore address the nutrition question.
- d. Ultra poor do not seem to have been reached because the projects targeted those with land, and often these are not the ultra-poor. It is true that there are different categories of 'ultra-poor' and the report will take that into consideration.
- e. Correct that IGPWP attracted the ultra-poor. This is because the wages were so low, but this was also a very small section of the beneficiaries.

### EQ4 & 5

- a) Focus in Malawi has been on roads, only recently has focus gone to rail and other forms of transport (multimodal).
- b) Increasing backlog of maintenance, with a potential funding deficit during the next 5 years.
- c) Axle loading not adequately controlled. None of the border weighbridges were not working when the CLE team visited in May 2011.
- d) Problems with contract management, specifically poor design, delays and predatory contractors. (Entire project cycle management is problematic).
- e) EC strategy made a wrong assumption that neighbouring countries will connect their regional road networks to Malawi. This is not the case because the neighbouring countries have different priorities, and it is therefore the responsibility of EC Malawi to make contact and plan jointly.
- f) Malawi has tremendous potential to be a transit country for Zambia (copper) and Mozambique (coal). EC can support Malawi to do this through advice and other necessary support.

### Comments from Participants

- i) Malawi has developed a Road Safety master plan and has a good database of road facilities; therefore not true that nothing has been done.
- ii) The rural feeder road program increased employment of women. The 5-year business and strategic plan of RFA emphasizes employment of women, through INSTAP.
- iii) Malawi has got mobile weighbridges, which are currently being used. The RF is currently repairing all the border weighbridges. In next few weeks, Malawi will have 24-hour mobile weighbridges.
- iv) Malawi is now putting axle-load issues under the RTA (Road Traffic Authority)
- v) Unfair to mention that most road maintenance is on grass cutting, because there is a lot of pot-hole maintenance through the RF.

### Responses

- a) True about the masterplan being developed, but the important issue is whether it been implemented. Similarly, the database is there, but it needs to be improved.
- b) The report will make reference to the fact about employment of women through RFA.

- c) Noted about the feedback on the weighbridges. Important question is whether they are currently, working effectively?
- d) Noted about the RTA, but issue is that the TRA is currently not operational.
- e) Noted about the road maintenance, but truth is that there are still low levels of supervision on the road maintenance. Most of the road maintenance is also really small jobs due to low funding levels; hence there is a progressive increase in the backlog of periodic maintenance.

#### **EQ6**

- a) There was no support to Trade under EDF9, because MRSP equally did not prioritize this. Under EDF10, trade is supported.
- b) Support to national EPA implementation was not good

#### **Comments from Participants**

- i) Funds for Trade facilitation are available but the ministries have not demanded, hence the funds are not drawn. Funds have been used for consultants on trade policy.
- ii) Support to EPA negotiation was not good because of communication problems
- iii) Report needs to recognise that success of EU strategy (this is also relevant to agriculture), is also affected by local context. How will the CLE capture this, given that the evaluation is focussing on the EU?
- iv) What reasons has government given on why they did not adequately take up opportunities offered by the EU, e.g. on the EPA negotiations?
- v) There is no clear policy on EPAs. It just talks about market access. About €600m was allocated for the regional program, to be used for mitigation. The issue could be lack of regional and national programs. EU Malawi was trying to support a national program, which was not clearly linked to the regional program. Report must indicate that both sides could have done better.

#### **Responses**

- a) True that there has been lack of communication on available project funds between regional and national programs, resulting into low uptake of the funds.
- b) The report will state the facts, i.e. success or failure. However, the report will go further to justify and explain how this came about.
- c) The report will try to indicate why there were failures i.e. why the government did not play its part
- d) Lack of linkage between regional and national programs is a common fact, question is what is being done to address the gap?

#### **EQ 7 & 8**

- a) Context has changed a lot since report was written, report will reflect the current situation (i.e. Malawi was officially declared to be off-track, now negotiations underway to go back on-track).
- b) Difficult to determine the impact of BS

#### **Comments from Participants**

- i) Can it not be construed that BS has encouraged indecisiveness on the part of government on currency stabilisation issues?
- ii) Government budget towards education and health has clearly increased since BS started, can this increase not be attributed to the BS?

#### **Responses**

- a) It is accepted that GBS has contributed to delayed decision making regarding such issues as exchange rates.
- b) Through the existing monitoring systems (PAF), it is difficult for the evaluation team to clearly attribute EU BS to improvements in any one sector.

**EQ9**

- a) Impact of support to Justice Ministry was limited, largely because objectives were not realistic;
- b) SWAp in Justice ministry has started, but not sure when fully fledged SWAp will become operational

**Comments from Participants**

- i) Do not agree with findings on NICE and Rule of Law. Believe a lot of positives were achieved e.g. parliamentary committees, funding to NSA's, TFU.
- ii) Can the report acknowledge the successes, while pointing out the gaps?
- iii) NICE is sensitive. From a strategic point of view, can the report provide guidance on whether focus on sustainability is relevant at this point in time?

**Responses**

- a) TFU targeted 11 institutions, but only few succeeded because program mobilisation was very late.
- b) Report will indeed point out the successes. Red flags coming about because the success achieved was very low compared to the target.
- c) Recommendation is that EU has not been realistic in the phasing-out timeline. The business plan may not be implemented, and yet the NICE concept is important. The report will comment further on NICE – sustainability and phase-out proposals.

**EQ10****Comments from Participants**

- i) Risk Assessment is always done when developing program estimates, therefore report is not correct to say RA is not done.
- ii) New institutions will require support with procedures, not sure local EU office has the capacity to do this.

**Responses**

- a) During EDF9, there was not much RA done, under EDF10 it is happening

**Afternoon session****Conclusions and Recommendations**

All primary conclusions and conclusions together with linked recommendations were presented and discussed with particular dialogue as noted below.

**PC1 (R6, R7)****Discussion**

- i) BS important because allows EC to engage in policy dialogue. Need to assess whether EC has right staff, and change the skills mix, to adequately implement BS.
- ii) What share of EU support should be BS? EU should not put all its eggs in 1 basket. Nor are all the SWAps are in place. Also need to appreciate that BS dialogue through CABS has shortcomings.
- iii) PAF has 25 indicators, not easy task to have them changed.
- iv) Indicators on compliance to constitutionality and rule of law appear to be restricted in their scope. Also need to appreciate political context.
- v) Difficult to follow where allocations actually made GBS.

**PC2 (R2, R8)**

- i) Perception is EU procedures are difficult. This affects EU Malawi visibility and added value. A lot of emphasis on procedures rather than implementation.
- ii) Will the CLE recommendations really bring about changes of procedures?

**PC3 (R11) & PC4 (R2, R3, R10)**

- i) Same sector support for 25-30 years? Is EU doing something wrong?
- ii) Needs genuinely still the same, but capacity is the issue. Probably requires institutional reforms and a proper incentive system.
- iii) Sometimes TAs under EU programs are also part of the problem, being of poor quality. (or simply filling a line function.)

**C6 (R14)**

- i) Can a fully functional M&E be conditionality in disbursements? Not practical, it will just delay disbursements.

**C7 (R1, R5)**

- i) EC Added value not easy to identify. In EDF10, reference made to 'EC comparative advantage.'

**C8 (R6, R7)**

- i) Exit strategy that was proposed is indeed risky, as evidenced by current reality on the ground. There is no Plan B. How can the situation be rescued?

**C12 (R11)**

- i) In EDF10, a lot of effort is placed on coordinating and integrating different sectors, and within sectors.

**C16**

- i) Not easy procedurally to have 5-year projects, but report should still include this.
- ii) FISP sustainability should not feature in the report, but whether EU support to FISP is sustainable or not.
- iii) Identifying the poorest strata has been a problem, can the report make some recommendations? This can be done through continuation of social cash transfers, so that the very poor can access food.

Meeting closed at 5.00pm

End

## Annex 1: Evaluation of the European Commission's Co-operation with Malawi

### Attendance List - 29<sup>th</sup> September 2011

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## Annex 2: Program for the Dissemination Seminar



# Evaluation of the European Commission's Co-operation with Malawi Agenda of the seminar

29 September 2011

## EC Delegation in Malawi

Time	Event	Speaker (provisional)
9:00	Opening Remarks of the Delegation and of the Malawi authorities	Head of the EC Delegation
9:40	Presentation of the Evaluation: purpose and methodology	Ms Susanne Wille EC Headquarters,
10:00	Presentation of the evaluation: main findings and conclusions	Mr John Clifton Team leader
11:10	Coffee Break	
11:25	Discussion	
12:30	Lunch	
14:00	Presentation of major recommendations and lessons learned	Mr John Clifton Team leader
15:30	Coffee break	
16:00	Next steps (Finalisation and dissemination of the evaluation).	Ms Susanne Wille EC Headquarters,
16:30	Concluding Remarks	EU Delegation/ Malawi authorities
17:00	End of session	
Later	Cocktail	



## **16. Synthetic Presentation: Main results of Evaluation**



# Country Level Evaluation Malawi

Dissemination Seminar  
Lilongwe  
29th September 2011

EVA 2007/GEO-ACP Consortium:



## Overview and purpose of Seminar

### Present

- Answers to the 10 Evaluation Questions
- Conclusions – primary and complementary
- Recommendations

### Discuss

- Answers/findings, conclusions & recommendations

### Comments

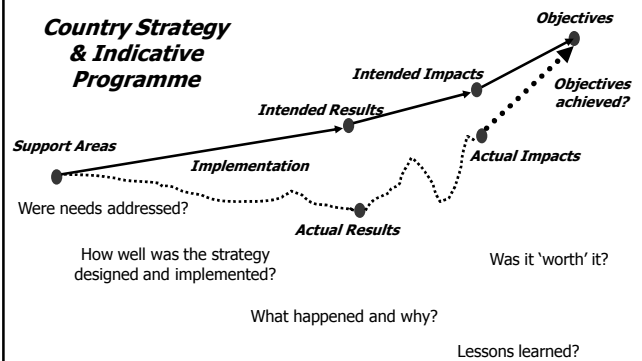
- Feedback to be integrated into final report

## Purpose of CLE Malawi (1)

- To be accountable and provide the relevant external cooperation services of the Commission and the wider public with an overall independent assessment of the Commission's past and current cooperation relations with Malawi
- To identify key lessons in order to improve the current and future strategies and programmes of the Commission

*Terms of Reference, Malawi CLE*

## Purpose of CLE Malawi (2)



## Temporal scope of CLE Malawi

Commission's cooperation strategies and implementation (including a mix of all activities and modalities) during the period 2003-2010:

- Implementation 8th & 9th EDF:
- Programming & implementation: 10th EDF

*Terms of Reference, Malawi CLE*

## Thematic & legal scope of CLE Malawi (1)

### Assessment of:

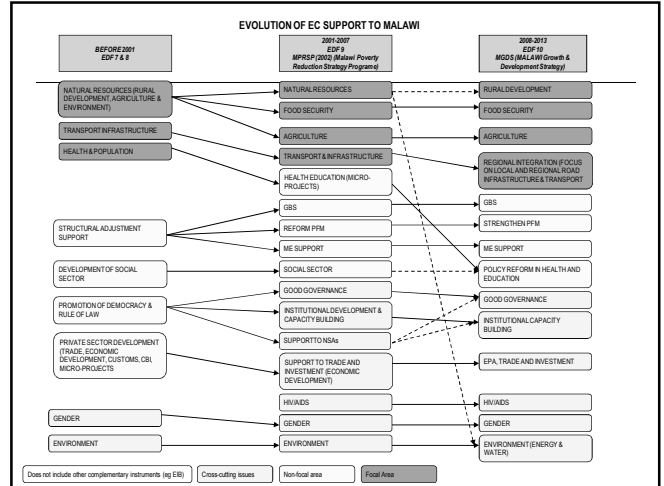
- Relevance & coherence
- Consistency between programming & implementation
- Value added
- 3Cs (coordination, complementarity, coherence)
- Implementation – impact, sustainability, effectiveness
- Cross-cutting & key issues
- Recommendations of previous CLE

*Terms of Reference, Malawi CLE*

## Thematic & legal scope of CLE Malawi (2)

- Focal sectors**
  - Rural development & Agriculture (including food security)
  - Regional interconnection (local and regional road transport)
- Relevant cross-cutting issues**
  - Environmental sustainability (energy and water)
  - Gender issues
- Non-focal sectors**
  - Support to trade and investment
  - Fight against HIV/AIDS
  - Governance (including institutional weakness and support to NSAs)
- Instruments used** (including budget support)

Terms of Reference, Malawi CLE



## Evaluation Questions

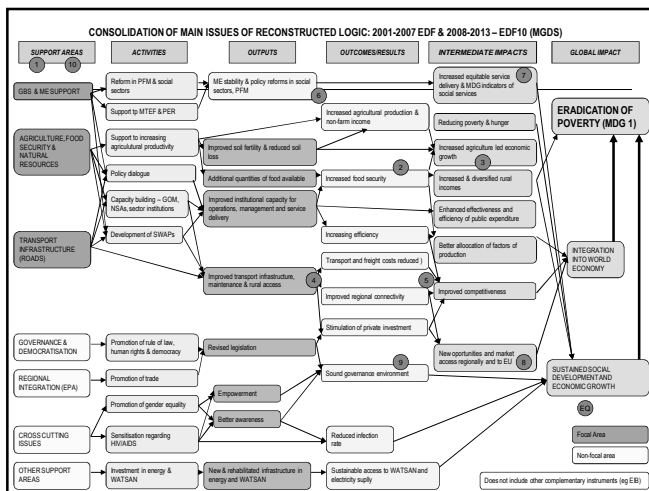
(Cross-cutting issues, 3Cs and EC added value are to be covered as appropriate under each EQ)

- EQ 1:** Relevance (correspondence to needs)
- EQ 2:** Agriculture
- EQ 3:** Food security
- EQ 4:** Road infrastructure – national sector management
- EQ 5:** Road infrastructure regional connectivity
- EQ 6:** Regional Integration (support to trade and investment)
- EQ 7:** Budget support (ME support)
- EQ 8:** Service delivery (PFM and social sector expenditure)
- EQ 9:** Governance
- EQ 10:** Aid modalities and efficiency

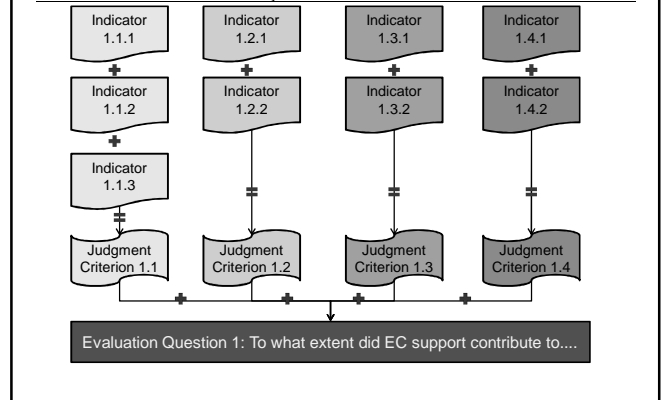
## Evaluation Questions – Summary

(X – primary; x – secondary)

CRITERIA	EQ 1	EQ 2	EQ 3	EQ 4	EQ 5	EQ 6	EQ 7	EQ 8	EQ 9	EQ 10
<b>Relevance</b>	X					X				
<b>Effectiveness</b>		X	X	X	X	X	X		X	
<b>Efficiency</b>						X				X
<b>Impact</b>		X	X	X	X	X				
<b>Sustainability</b>		X	X	X	X		X		X	
<b>Coherence</b>	X					X				X
<b>Value added</b>	X						x	X		
<b>ISSUES</b>										



## Answering the Evaluation Questions



## Approach to Triangulation

X Primary sources (interviews, focus groups)  
0 Secondary sources (studies, evaluation and progress reports)

Evaluation Question	EUD	CSO (including agencies)	Civil Society	Private Sector	Beneficiaries	Other Donors	Data Collection Methods
1. Relevance	X0	X0	X0	X0	X	X0	Document analysis, interviews
2. Agriculture	X0	X0	X0	X0	X	X0	Data & document analysis, interviews, field visits, focus groups
3. Food Security	X0	X0	X0	X0	X	X0	Data & document analysis, interviews, field visits, focus groups
4. Regional Connectivity (road infrastructure)	X0	X0		X0		X0	Document analysis, interviews, field visits
5. Road infrastructure (National sector management)	X0	X0	X	X0	X	X0	Data & document analysis, interviews, field visits, focus groups
6. Regional Integration (support to trade & investment)	X0	X0		X	X0	X0	Data & account analysis, interviews
7. Budget Support (ME support)	X	X0				X0	Data & account analysis, interviews
8. Budget Support (PFM & social sector expenditure)	X	X0				X0	Data & account analysis, interviews
9. Governance	X0	X0	X0		X	X0	Data & account analysis, interviews
10. Aid Modalities & Efficiency	X0	X	X		X	X0	Document analysis, interviews

## Data Collection

- In depth analysis of documents (progress reports, evaluations, studies etc.)
- Interviews – Brussels & elsewhere
- Country visit to Malawi (May 2011)
  - interviews in Lilongwe, Central and Southern regions
  - field visits – Central and Southern Regions
  - focus groups – Central and Southern Regions

## Country Level Evaluation Malawi

Questions?  
Comments?

## EQ 1: Relevance (correspondence to needs)

***To what extent have the EC support strategies responded to the changing needs of the Malawian population and those expressed by the GoM?***

## EQ 1: Relevance (correspondence to needs)

JC 1.1	EC support strategy takes into account the short-term and longer term needs of Malawian population including accurate and timely adjustments from programming to implementation based on evolving needs
JC 1.2	Problem analysis has been a consultation process involving government, donors, NSAs and target population informed by conclusions of previous evaluations.
JC 1.3	EC strategy is responsive to national priorities and policies for development and growth.
JC 1.4	EC strategy is coherent and coordinated with other donor programmes in Malawi.
JC 1.5	Absence of conflict between EC development <small>Effective</small> initiatives in Malawi and EC <small>Not so effective, problems</small> national <small>Serious problems</small> development <small>Not so effective, problems</small> strategies and <small>Serious problems</small> programmes.

## EQ 1: Relevance (correspondence to needs)

### Answer to the Evaluation Question (1)

- **EC support responded to needs set out in national policy documents**
- **Stakeholder consultation confirms needs accurately identified by GoM**
- **Such needs have changed little over many years so .....**
- **EC support areas also changed little over several programming cycles**

EQ 1: Relevance (correspondence to needs)

**Answer to the Evaluation Question (2)**

- Targeting of needs by EC was appropriate
- EC has not exhibited much flexibility but effect of such inflexibility has not been significant, except perhaps as a 'visibility issue'
- Needs are intractable and enduring
- Few exit strategies emerging
- Greater proven sustainability at lower levels, impeded by continuing institutional fragility at higher levels

EQ2: Agriculture

*To what extent has EC support contributed to increased agriculture-led economic growth?*

EQ2: Agriculture

JC 2.1	EC support has contributed to development of a SWAp
JC 2.2	EC support to sector reforms and institutional capacity building adequately addressed requirements for the development of the agricultural sector
JC 2.3	EC support contributed to increased productivity of smallholder sector
JC 2.4	EC interventions contributed to improved environmentally sustainable land resources management practices
	<div style="display: flex; justify-content: space-between; font-size: small;"> <span>Effective</span> <span>Not so effective, problems</span> <span>Serious problems</span> </div> EC interventions contributed to improved market competitiveness of

EQ2: Agriculture

**Answer to the Evaluation Question (1)**

- EC support of Agriculture convincing and comprehensive
- Productivity increases since 2005 mainly from Farm Input Subsidy Programme - ok for immediate growth, food security, but not sustainable
- EC support at village level led to increased productivity agricultural smallholder sector - food security and marketing excess produce
- Diversification of crop production, development of irrigated land, establishment of small scale agri-businesses, promotion of soil/water conservation measures positively influenced agricultural growth
- EC assistance to export diversification to reduce dominance of tobacco ok for coffee and tea, but failed in support to paprika

EQ2: Agriculture

**Answer to the Evaluation Question (2)**

- EC support - good results for sugar once schemes operational
- EC support to sector reform, capacity building not led to changes effectively promoting agricultural growth
- Constrained sector dialogue, disagreements on sector policy; EC support put less emphasis on sector reforms - pragmatic approach ok for present but long term needs focus on reforms
- EC contribution to multi-donor trust fund ASWAp-SP important step towards development of SWAp - more EC leverage in policy dialogue
- Improved mainstreaming of cross-cutting issues but coverage of gender issues varies widely

EQ3: Food security

*To what extent has EC support contributed to improved food security at national and household levels (with special regard to children under five and HIV/AIDS sufferers)?*

### EQ3: Food security

JC 3.1	EC support has contributed to improved management of the food security policy by the respective government institutions
JC 3.2	EC supported interventions contributed to farmers increasing and diversifying their agricultural production for subsistence
JC 3.3	EC interventions contributed to on- and off-farm income-earning opportunities for rural households which provide means to purchase food
	<p style="text-align: center;"> <span style="color: green;">Effective</span> <span style="color: orange;">Not so effective, problems</span> <span style="color: red;">Serious problems</span> </p> <p>EC support facilitated effective safety net interventions to improve</p>

### EQ3: Food security

#### Answer to the Evaluation Question (1)

- EC support contributed substantially to improved FS at national and household levels but ultra poor not sufficiently targeted
- Technical Secretariat of Food Security Joint Task Force set up in 2002 with EC assistance clearly improved stakeholder coordination – important in crisis and food shortages
- EC support to National Food Reserve Agency resulted in better management of Strategic Grain Reserve but suffered from constrained dialogue
- FS projects at grassroots level (including FIDP) successful in improving household food security, reducing hunger months, diversifying crop production

### EQ3: Food security

#### Answer to the Evaluation Question (2)

- Public Works Programmes effectively provided income to poor and enhanced food security
- EC support focused on availability and accessibility, while attention to nutrition has increased over time
- Positive results achieved addressing acute U5 malnutrition
- Major shortcomings - delays in implementation, implementation time frames too short, difficulties faced in complying with EC procedures
- M&E systems range from good practice to unsatisfactory

### EQ4: Road infrastructure – national sector management

*To what extent has EC support to the road sector in Malawi contributed to management of a network that provides levels of service that respond to user needs?*

### EQ4: Road infrastructure – national sector management

JC 4.1	EC policy dialogue has contributed to the development and implementation of national road sector strategies, a SWAp and investment programmes
JC 4.2	EC support has contributed to improved capacity of national sector institutions, contractors and consultants to adequately manage network maintenance and development works
JC 4.3	EC interventions contributed to improving road network condition
JC 4.4	EC interventions contributed to improving rural access
	<p style="text-align: center;"> <span style="color: green;">Effective</span> <span style="color: orange;">Not so effective, problems</span> <span style="color: red;">Serious problems</span> </p>

### EQ4: Road infrastructure – national sector management

#### Answer to the Evaluation Question (1)

- EC support to the road sector in Malawi has contributed to main road network in relatively good condition
- Condition improving but rural roads continue to have seasonally poor rural accessibility for the majority of the Malawian population
- EC 9EDF institutional support has made a significant contribution to development SWAp - major achievement (including consideration of all transport modes)
- Road network: essential national asset but also huge liability

EQ4: Road infrastructure – national sector management

**Answer to the Evaluation Question (2)**

- Resources for maintenance increased but continuing funding deficits risk inadequate maintenance and increasing backlog of periodic maintenance
- Axle load control crucial - depends on institutional capacity and resources supported by political will but none of the 5 border weighbridges are functional; the sole inland weighbridge at Balaka is only partly functional
- Affordability of network in doubt - current levels of service of the road network dependant upon continuing (and greater?) donor support
- Poor contract management for some capital works projects

EQ5: Regional connectivity – road infrastructure

*To what extent has EC support to the road sector in Malawi contributed to improved regional connectivity?*

EQ5: Regional connectivity – road infrastructure

JC 5.1	EC support contributed to development of integrated multi-modal national transport and road sector policies and programmes which are coherent with regional transport policies and with transport sector policies and programmes of neighbouring countries
JC 5.2	EC support contributed to streamlined and improved border formalities to facilitate sustainable trade relations with neighbouring countries
JC 5.3	EC interventions contributed to reduced transport costs between <small>Effective</small> <small>Not so effective, problems</small> <small>Serious problems</small>

EQ5: Regional connectivity – road infrastructure

**Answer to the Evaluation Question (1)**

- EC support to the road sector in Malawi impacted on condition of roads in Malawi but made little or no contribution to wider regional connectivity
- EC strategy for regional connectivity assumed national investment complemented by regional facilitation would provide regional connectivity
- Strategy flawed - national programmes respond to national priorities which often do not correspond with the priorities of a neighbouring country (different scheduling for preparation of strategies)
- EC regional support through SADC and COMESA but programme budgets insufficient such that support given to 'softer' facilitatory issues

EQ5: Regional connectivity – road infrastructure

**Answer to the Evaluation Question (2)**

- Malawi metaphorically at the end of the road/railway - last sections of road/rail to Malawi border have been of low priority to neighbours
- However, huge investments in coal extraction in Tete – paradigm shift as transport options limited to the neglected Nacala Corridor
- Malawi potentially a transit country
- Large private sector investment in transport infrastructure expected to be matched by public investment and support of funding agencies

EQ6: Regional integration – trade and investment

*To what extent has EC support to capacity building in trade negotiations of Malawi and related reforms complemented support to regional integration?*

EQ6: Regional integration – trade and investment

JC 6.1	Complementary EC support benefiting Malawi's capacity to mitigate, implement and benefit from an EPA negotiated at regional level
JC 6.2	Impacts and adjustment costs of EPA process are identified
JC 6.3	Upgraded capacity to promotion of exports and diversification of the economy including the mineral sector
JC 6.4	National involvement in EC regional programmes (COMESA and SADC)

Effective Not so effective, problems Serious problems

EQ6: Regional integration – trade and investment

**Answer to the Evaluation Question (1)**

- EC support to capacity building in trade negotiations and related reforms not delivered expected results nor complemented support to regional integration
- For many years it has been apparent that Malawi has serious capacity problems in trade facilitation but little EC sector support was made available under EDF9

EQ6: Regional integration – trade and investment

**Answer to the Evaluation Question (2)**

- Support to these issues under regional programmes had little ownership or foot print at national level
- MPRSP (EDF9) had little reference to such issues. Implementation of 9EDF support programmes was problematical especially regarding support to EPA negotiations
- MGDS I (EDF10): trade facilitation and PSD have higher profile – better prospects but given hiatus in EPA negotiations not clear what form EC support may be provided

EQ7: Budget support (ME support)

*To what extent has EC budget support and associated policy dialogue contributed to stabilizing the external and fiscal balances?*

EQ7: Budget support (ME support)

JC 7.1	EC budget support positively affected the stability of funding sources in the country's external and internal financial stability
JC 7.2	As soon as Malawi was back on track, the tranches were released on time in accordance with originally agreed timetable, which improved predictability of aid flows
JC 7.3	EC budget support contributed to the establishment of a framework of policy dialogue with GOM within the CABS and other donors coordination platforms

Effective Not so effective, problems Serious problems

EQ7: Budget support (ME support)

**Answer to the Evaluation Question (1)**

- Since 2003 three successive BS programmes implemented in Malawi with increasing financial commitments and substantial disbursements to GoM
- PRBS I - €41.4M for FYs 2004/05 and 2005/06 – EDF9
- PRBS II - €34M > €45.7m for FYs 2006/07 and 2007/08 – EDF9
- PRBS III - €90M > €115M > €134M - EDF10 (disbursed Dec 2010)
- PRBS IV still being formulated



### EQ7: Budget support (ME support)

#### Answer to the Evaluation Question (2)

- EC disbursements brought critical mass and supported securing of international reserves and implementing poverty reduction strategy
- CABS - Common Approach to Budget Support (2000) modified 2004: Joint Framework signed by donors and GoM September 2005 followed by PAF - to improved policy dialogue and predictability of aid flows (and for EC by increasing disbursements)
- 2003/2004 suspension of BS after IMF Poverty Reduction and Growth Facility review worsened financial situation with rising debt and associated interest charges
- Situation re-occurring - IMF ECF/TMU second review end of May 2011
- Suspension of GBS by major donors – July 2011

### EQ8: Budget support (PFM & social sectors)

***To what extent has EC budget support contributed to improved Public Financial Management and to orient budgetary priorities and actual expenditures towards poverty reduction?***

### EQ8: Budget support (PFM & social sectors)

JC 8.1	EC budget support contributed to strengthening the Public Finance Management system, which in turn positively affected the flows channelled through and managed by the Government Financial systems
JC 8.2	EC budget support contributed to the improvement of the quality of PFM systems within the Group on Finance and Economic Management (GEFM)
JC 8.3	EC budget support contributed to increase channelling of funds by GoM towards pro poor expenditures (in terms of budgeted and

### EQ8: Budget support (PFM & social sectors)

#### Answer to the Evaluation Question (1)

- Policy dialogue within CABS under PAF contributed to maintaining priority expenditure in health and education
- PAF social sector indicators conditionalities for EC BS variable tranche - thus EC policy dialogue contribution substantial in achievement of monitored objectives
- Positive results, especially related to improvements in the care of HIV+ pregnant women, represent positive synergy with discrete and pooled donor funds within Health SWAP and National Aids Commission
- GFEM dialogue useful for improving PFM

### EQ8: Budget support (PFM & social sectors)

#### Answer to the Evaluation Question (2)

- EC made substantial input to PFEM reform - policy dialogue, PFEM action plans, completion of four PEFA studies since 2005, technical inputs (MoF, MEDP)
- Intended policy shift from social consumption to sustained economic development as per MGDS I programme did not impact on GoM/donors' focus on pro-poor expenditure during the 2008 crisis (which made Malawi eligible for EC-FLEX)

### EQ9: Governance

***To what extent has EC support to Rule of Law (civic education (NICE) and Justice) and NSAs contributed to increased participation and oversight of civil society in Governmental and parliamentary decision making processes in Malawi?***

## EQ9: Governance

JC 9.1	Improved capacity of NSAs to contribute to debate on social and governance issues
JC 9.2	EC support to 'rule of law' has contributed to improved rule of law, better regulatory framework, delivery and access to justice as well as the protection of human rights
JC 9.3	EC support to civic education has contributed to improved accountability and transparency in the conduct of public affairs and service delivery which has guaranteed greater public confidence and participation in democratic governance

## EQ9: Governance

### Answer to the Evaluation Question (1)

- EC support to civic education and justice was two components of a 'Rule of Law' Support Programme but the two components had, in practice, little in common
- Outcomes reflected combination of two different support initiatives under single steering committee
- NICE has been hugely successful whilst support to the justice sector has not .....
- Development of SWAp in justice (sub)sector slow due to (sub)sectoral fragmentation but recent progress – needs assessment, baselines, preparation of policy framework

## EQ9: Governance

### Answer to the Evaluation Question (2)

- Perceptions of Malawian population towards judicial systems remain largely negative
- Continuing support under 10EDF again two different strategies: phasing out of support to NICE as public trust; more focussed support to justice
- Both approaches have some risk - delicate relations GoM, NSAs and donors
- Little progress in support to parliamentary committee system
- Support to NSA capacity building and strategic alliances achieved few results - problems of EDF procedures

## EQ10: Aid modalities and efficiency

*To what extent has the choice of EC aid modalities contributed to the implementation of EC support?*

## EQ10: Aid modalities and efficiency

JC 10.1	Options for different aid modalities were considered for focal and non-focal sectors and synergies have been considered
JC 10.2	Selection of aid modalities responded to evolving national needs and responded to the capacities of development partners
JC 10.3	EC aid modality combinations are complementary to and coherent with those of other donors
JC 10.4	Selected modalities give value in terms of outputs compared with timely input resources to design and

## EQ10: Aid modalities and efficiency

### Answer to the Evaluation Question (1)

- Risk analysis partial at best and did not provide a sound basis for subsequent design of support interventions, nor of portfolio management
- Increasing numbers of modalities and instruments are now available and being used
- Not exactly a choice of modality as, for some sectors, modality determined by that choice of sector
- Certain modalities more demanding and yet little consideration of whether or not such capacities are in place

## EQ10: Aid modalities and efficiency

### Answer to the Evaluation Question (2)

- Assumption that external implementers had mastery of EC procedures has been a serious error
- Clear moves towards compliance with Paris Declaration but logistical requirements of planning not given adequate consideration leading to unrealistic time scales
- Major perceived benefit of such modalities as budget support, pooled funding or cooperation/administration agreements is avoidance of some onerous EC procedures?

## Primary Conclusions (1)

**PC1:** Budgetary support, is a powerful tool with excellent absorption capacity, and SWAp are preferred modalities of both GoM and EC but progress towards SWAp has been difficult in many sectors, impeded by institutional capacity issues. However, the proven benefits of GBS and potential benefits of SBS justify this approach in Malawi

## Primary Conclusions (2)

**PC2:** Not all EC modalities and EDF procedures have facilitated implementation of EC support modalities; some modalities as applied and controlled have proven to be serious impediments to implementation

## Primary Conclusions (3)

**PC3:** Capacity constraints and institutional weakness continue after many years of major technical assistance by EC and other donors. These continuing weaknesses impact upon broader governance, communication and dialogue, leadership and sector management at all levels. There are continuing significant needs for continuing EC support to institutional capacity and Governance

## Primary Conclusions (4)

**PC4:** EC focal sector support to consistent national needs has been correctly focussed and appropriate in terms of national absorption capacities and EUD capacity. In most support sectors sustainability prospects are better at 'grass roots' levels where beneficiaries have a more immediate and personal appreciation of the benefits of continuing flows of results but this sustainability is not assured. Sustainability prospects at higher levels are poor. However, needs continue and, for focal sectors, there is no exit strategies in sight, whilst affordability and sustainability are in doubt. Further, 'emerging risks' of population growth and as-yet undetermined effects of climate change potentially add pressure on development prospects

## Primary Conclusions (5)

**PC5:** EC support to regional integration and connectivity has not been effective. Regarding transport infrastructure however, Malawi is well placed to take advantage of a paradigm shift in regional connectivity that, if correctly leveraged by Malawi, could have significant impacts on quality and costs of transport services and on the competitiveness of Malawian products

## Complementary Conclusions (1)

### Issues arising from and impacting on preparation and implementation of SWAps and budget support.

- C6:** The quality of M&E systems is mixed. Although there are some examples of good practice, on the whole monitoring systems are deficient with little baseline data collection or feedback of monitoring information into informed decision making

## Complementary Conclusions (2)

### Management of modalities

- C7:** 'EC value added' is difficult to assess as this concept is not defined, or indeed discussed in EDF9 and EDF10 CSPs although this is linked to issues of visibility and perceptions of EC as a development partner

## Complementary Conclusions (3)

### Aspects of governance

- C8:** EC support to civic education (NICE) has resulted in a hugely successful network and outreach capacity for civic education, advice and information dissemination. The proposed EC exit strategy is very risky and could result in the collapse of these achievements
- C9:** EC support to NSA capacity building achieved few results regarding NSA service delivery and NSA capacity for contribution to social and governance issues remains low
- C10:** EC support to the justice (sub) sector has delivered only limited improvements in the judicial system such that the (sub) sector as a whole continues to be perceived as weak
- C11:** EC budget support has contributed to high level policy dialogue within the CABs framework which resonates with issues of governance

## Complementary Conclusions (4)

### Complementarity and coordination

- C12:** Complementarity and coordination between sector interventions and between sectors is low

### Regional Integration

- C13:** EC support to EPA negotiations has produced few of the expected results
- C14:** EC support to capacity building in trade negotiations and related reform has delivered little and there has been little measurable contribution to regional connectivity

## Complementary Conclusions (5)

### Cross-cutting issues

- C15:** Coverage of cross-cutting issues varies from best practice to neglect although some EC support interventions and programmes have contributed to improved mainstreaming

### Agriculture and food security

- C16:** EC support to food security (including FISP) has successfully focussed on availability and access to food but nutrition and utilisation aspects have not been well integrated. However, attention to the poorest strata of the population was insufficient, time frames for many interventions were too short and FISP is not sustainable

## Recommendations (1)

### Improving implementation effectiveness and sustainability

- R1:** Advocate and encourage better dialogue, coordination and leadership by government including provision of adequate NAO capacity (*High Priority*)
- R2:** Better match EUD and implementation resources to management needs of the EC support portfolio (*High Priority*)
- R3:** Improve detailed intervention design (including identification of modality) and implementation management (*Medium Priority*)
- R4:** Review, streamline and strengthen M&E systems (*Medium Priority*)
- R5:** EC sector support should reflect the importance of structural changes (such as policy development and institutional reform and development) by re-focussing technical support (*Medium Priority*)

## Recommendations (2)

### Maximising the impacts of SWApS and budget support

- R6:** Launch support to the SWAp in the Road Transport (sub) sector (under RTSPSP) subject to confirmation of credible and convincing evidence of resolution of issues regarding 'arrears'. During the first year of RTSPSP review and resolve issues regarding PAF, programming, axle load control, road safety and rural accessibility *(Very High Priority)*
- R7:** EC support to PRBS and participation in the CABS forum should continue *(Medium Priority)*

## Recommendations (3)

### Management of modalities

- R8:** Critically examine EC and EDF procedures with a view to making them more practical, more user friendly and more logical *(Very High Priority)*
- R9:** Consider the value of 'visibility' and 'EC added value' and negative results of detrimental linkage to modality issues *(Very High Priority)*

## Recommendations (4)

### Aspects of governance

- R10:** During the course of implementation of the proposed 10EDF Democratic Governance Programme consider additional aspects regarding NICE, support to formal and informal justice sub-sectors and NSA capacity building *(Very high priority)*
- R11:** Continue and strengthen an over-arching theme of good governance at central and local levels across all sectors on EC support *(High Priority)*

## Recommendations (5)

### Regional integration

- R12:** EUD should initiate bi-national linkages with the Maputo and Lusaka EUDs (i.e. Malawi/Mozambique and Malawi/Zambia) to ensure choreography of EC support and advocate consistency of national strategies and priorities. *(High Priority)*
- R13:** Respond to developments in EPA negotiations (through TCF) *(Medium Priority)*
- R14:** Consider what specific (added) value current EC brings to support to competitiveness, economic development and related reform as facilitation of regional integration *(Medium Priority)*

## Recommendations (6)

### Cross-cutting issues

- R15:** Review and strengthen mainstreaming of cross-cutting issues *(Medium Priority)*

### Agriculture and food security

- R16:** EC support to Agriculture and food security should continue. Special emphasis should consider movement towards a SWAp, food security of the very poor, FISP, agri-business and longer implementation periods *(Medium Priority)*



Thank you

Questions?

Observations & Comments?

## **17. Terms of Reference**



COMMISSION OF THE EUROPEAN UNION

**Evaluation of the Commission of the European Union's  
co-operation  
with  
Malawi**

**Country Level Evaluation**

**TERMS OF REFERENCE**

**August 2010**

## 1. MANDATE AND OBJECTIVES

Systematic and timely evaluation of its programmes is a priority of the Commission of the European Union (further referred to as 'Commission'). The focus is on the **results and impact** (effects) of these programmes against a background of greater concentration of external co-operation and increasing emphasis on **result-oriented approaches**, particularly in the context of the programmes of the Relex Family<sup>1</sup>.

The evaluation of the Commission's co-operation with **Malawi** is part of the **2010** evaluation programme as approved by External Relations and Development Commissioners.

The main objectives of the evaluation are:

- to be accountable and provide the relevant external co-operation services of the Commission and the wider public with an overall independent assessment of the Commission's past and current cooperation relations with **Malawi**;
- to identify key lessons in order to improve the current and future strategies and programmes of the Commission.

## 2. BACKGROUND

Malawi is a land-locked country located in Southern Africa with a population of 14.8 m<sup>2</sup>. It is a tropical country with five inland lakes, and land area of 118.484 sq km bordering with Tanzania, Mozambique and Zambia. The main languages spoken in the country are Chinchewa (the national language), English (the official language) and Chitumbuka, spoken mainly in the north of the country. Malawi has 4 ethnic groups: Chewa, Tumbuka, Yao and Ngoni

Malawi derives its name from the pre-colonial Maravi Empire, a loosely organised society in the area surrounding Lake Malawi. The country's present borders are largely the result of British missionary activity in the late 19th century. In 1964, after years of turmoil, Malawi gained its independence and two years later it became a Republic with Mr. Banda as its President. At the end of 1992, after years of autocratic leadership, Mr Banda gave in to the growing pressure and announced a referendum on changing the political system which resulted in a 63% vote for multiparty democracy. In March 1994, the first post-independence multiparty presidential and parliamentary elections were held. Since then 4 electoral rounds have taken place, with the election first of Mr Muluzi (United Democratic front, UDF) and then in 2004 of Bingu wa Mutharika (initially UDF and then Democratic Progressive Party, DPP). In 2009, Mr Mutharika was inaugurated for a second term following a landslide victory. His party secured a large majority at the concurrent parliamentary election. An EU Election Observer Mission (EU EOM) was present in Malawi and stated that during the election proceedings, fundamental freedoms and right of assembly, expression and movement were generally respected. The strength of Mr Mutharika's position and the DPPs parliamentary majority should promote political stability and allow smoother policy making in the National Assembly. The long-awaited local elections, which were initially scheduled for 2005, have been postponed again, from May 2010 to the end of the year.

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<sup>1</sup> Directorates General of External Relations (RELEX), Development (DEV) and the EuropeAid Co-operation Office (AIDCO).

<sup>2</sup> IMF 2008 estimate



Malawi is a young democracy with weak national political parties and constitutional bodies. Parliament oversight is in general quite ineffectual, due to lack of funding and of a clear majority and to the excessive numbers of independent MPs.

Governance and corruption are high on the agenda of the President who has, during his two mandates, persistently fought corruption, including against the former President (Mr Muluzi) and his closest allies. Recently, the Government has also officially confirmed that the Governance Action Plan will be reviewed and amended to reflect new commitments in Law, economic and social governance, control of corruption and constitutional democracy

Despite a GDP growth averaging at 8.4% per year since 2007<sup>3</sup>, Malawi is one of the poorest LDC countries in the world with a fragile macroeconomic situation. In 2009, year in which the country was highly affected by the fuel crisis, the GDP per head was 563\$<sup>4</sup> (on purchasing power parity basis) and the country ranked 160<sup>th</sup> out of 182 on the Human Development Index. Moreover, HIV/AIDS constitutes a serious threat as it affects all social and economic layers.

Malawi is highly dependent on agriculture. Around 85% of the population are agricultural smallholders and their dependants; farming generates over 90% of export earnings and 35-40% of GDP. Much of the countryside is 'deeply rural', i.e. with poor rural road network, and poor physical, economic and social infrastructure. Tobacco is by far Malawi's largest export, accounting for over 50% of merchandise export earnings. Other important exports are sugar and tea. Commercial activity is concentrated in Blantyre in the Southern region.

Since the early 1980s, Malawi's economic policies have been significantly influenced by the World Bank and the IMF, which have provided financial support for the country's adjustment efforts. The country implemented an IMF Staff Monitoring Programme (SMP) and successfully completed the Poverty Reduction and Growth Facility (PRGF) in July 2008. Macroeconomic policies have been effective despite external shocks on oil and fertiliser prices experienced between 2007 and 2008.

Fiscal indiscipline plagued the Malawi government for many years, and the government was repeatedly unable to moderate spending in line with its revenue resources. Policy dialogue on Public Finance Management (PFM) reforms in Malawi, and Public Expenditure Finance Accountability Assessments (PEFA) were conducted in 2005, 2006 and 2008 leading to a number of reforms and improvements to the PFM system since 2005. Notably, there progress has occurred in public accounting, debt management, payroll management, procurement as well as in predictability and comprehensiveness of budget support.

Malawi is making good progress in some key MDG indicators and there has been reasonable acceleration in the past three years through the implementation of a credible and fully owned Malawi Growth and Development Strategy (MGDS), which has also been guiding national budget resource allocation. Challenges, however, still remain including the large disparity between men and women and the overexploitation of natural resources that affects food security.

Malawi is member of the African Union, of the Southern African Development Community (SADC), of Eastern and South African (ESA) grouping and of the Common Market for Eastern and Southern Africa (COMESA).

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<sup>3</sup> Economist Intelligence Unit (EIU) Estimate, 2010

<sup>4</sup> EIU Estimates, 2010

## EC-Malawi Development Cooperation Legal framework:

- § The **ACP-EU Partnership Agreement**<sup>5</sup> was signed in Cotonou on 23<sup>rd</sup> June 2000 and revised in 2005. The overarching objective of the Agreement is to promote the development of a common strategic approach to poverty reduction, consistent with the objectives of sustainable development and the gradual integration of ACP countries into the world economy. Cooperation with Malawi pursues these objectives, taking into account the fundamental principles set out in Article 2, in particular the encouragement of "ownership" of the strategy by the country and populations concerned, and the essential elements and fundamental element as defined in Articles 9 and 11b of the Agreement.
- § The European Union's co-operation policy is based since 1st December 2009 on Article 188D of the **Lisbon Treaty**<sup>6</sup> which amended article 177 of the Treaty establishing the European Community (EC)<sup>7</sup>. It states that the Union policy in development cooperation rests within the framework of the principles and objectives of the Union's external action and that its primary objective is the reduction and, in the long term, the eradication of poverty. Cooperation with Member States and coherence of other EC policies are also considered fundamental.
- § "The **European Consensus on development**<sup>8</sup>" set out a European Community Development Policy in 2005. In a joint statement the Council, EU Member States, European Parliament and Commission agreed on a common EU vision for development policy by focusing on: poverty eradication, ownership, partnership, delivering more and better aid and promoting policy coherence for development.
- § In December 2005, the European Council agreed on an **EU Strategy for Africa**<sup>9</sup> which provides a long-term, strategic framework for interaction between Europe and Africa at all levels. It defines how the EU can best support Africa's own efforts to promote sustainable development and reach the MDGs. The Strategy rests on three pillars: (i) promoting peace, security and good governance as central prerequisites for sustainable development; (ii) supporting regional integration, trade and interconnectivity to promote economic development; and (iii) improving access to basic social services (health, education) and protecting the environment.
- § Cooperation in Sub-Saharan Africa is supported through **the European Development Fund (EDF)**: the 1957 Treaty of Rome provided for its creation as an extra-budgetary fund to grant technical and financial assistance to the colonies of the founding Member States of the European Economic Community. With the independence movement, the EDF gradually increased its scope to supporting newly independent countries in the African, Caribbean and Pacific region. Under the EDF, several financing agreement have been signed and are operational for Malawi.

Other financing arrangements currently available to Malawi include: the Food Security Thematic Programme, the Food Facility, the Energy Facility, the Investment Facility, the Water Facility, the Accompanying Measures for Sugar Protocol, STABEX, the NSA and the Sexual and Reproductive Health Budget Line and the Environment and Sustainable

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<sup>5</sup> [http://ec.europa.eu/development/geographical/cotonouintro\\_en.cfm](http://ec.europa.eu/development/geographical/cotonouintro_en.cfm)

<sup>6</sup> <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2007:306:0042:0133:EN:PDF>

<sup>7</sup> It determined that the sphere of development co-operation has three objectives namely: fostering sustainable development of developing countries; assisting the smooth and gradual integration of the developing countries into the world economy and campaigning against poverty in the developing countries.

<sup>8</sup> [http://europa.eu/legislation\\_summaries/development/general\\_development\\_framework/r12544\\_en.htm](http://europa.eu/legislation_summaries/development/general_development_framework/r12544_en.htm)

<sup>9</sup> [http://europa.eu/legislation\\_summaries/development/african\\_caribbean\\_pacific\\_states/r12540\\_en.htm](http://europa.eu/legislation_summaries/development/african_caribbean_pacific_states/r12540_en.htm)

Management of Natural Resources including Energy Thematic Programme (ENRTP). Moreover, the EC supports Malawi through the Global Fund to Fight Aids, Tuberculosis and Malaria and the WB Trust fund for Heavily Indebted Poor Countries (HIPC Initiative).

### Overview of Past and Ongoing EC Development Co-operation

Malawi became an ACP country in 1975 and EU development assistance started shortly afterwards; in 1976 the Delegation in Malawi was established.

During these years, assistance has mainly focused on rural development/agriculture and infrastructure (transport), key sectors in a landlocked country like Malawi that is one of the least urbanized countries in Africa. Cross cutting issues such as gender, environment and the fight against HIV/AIDS have also been addressed through the EC support. More recently, the tool of budget support has become central and instrumental for Malawi to meet the criteria required within the framework of the HIPC Initiative. Budget Support has also contributed to redressing the macro-economic situation and to creating fiscal space for pro-poor and pro-growth expenditure. At the regional level, the EC works together with the Southern African Community (SADC) to support poverty reduction in the Southern African Region, through the acceleration of economic growth, development and political cooperation.

The co-operation between the EC and Malawi under **EDF 7 and EDF 8** was concentrated on three focal areas: Natural Resources, Health, and Transport Infrastructure, with support also being provided to the private sector; the promotion of democracy, the rule of law and the development of the social sector as well as revenue collection.

The **Country Strategy Paper for the period 2001-2007**, under 9th EDF funding, focused on agriculture, food security and natural resources as well as transport and infrastructure. General budget support has also been provided to stabilise and turn around the macro-economic situation and to foster reforms in public finance management as well as in social sectors.

The present **Country Strategy Paper (2008-2013)**, under the 10th European Development Fund, (EDF), is aligned to the policy objectives of the Malawi Growth Development Strategy (MGDS). It works through the provision of **General Budget Support**, to foster the continuation of efforts made since mid-2004 to consolidate and improve the country's macro-economic situation, strengthen public finance management systems and carry out policy reforms in the areas of education and health. Furthermore, the EC cooperation concentrates on two focal sectors: i) **Agriculture and Food Security** in the context of national development and regional integration ii) **Regional Interconnection** with focus on Road Infrastructure.

In relation to the non-focal sectors of cooperation, support is provided to the following areas: a) Good Governance; b) Support to Economic Partnership Agreement – Investments and Trade; c) Support to fight HIV-AIDS and Promote Gender; and d) Institutional Capacity-Building. Other sectors like energy, water and sanitation are financed via the EU-Africa Infrastructure Partnership.

The EC's total allocation foreseen to address these priorities amounts to €451 M, of which €15 M has been allocated to cover unforeseen needs.

## **3. SCOPE**

### **3.1. Temporal and legal scope**

The scope of the evaluation is the Commission's co-operation strategies and their implementation, including **a mix of all activities and modalities**, during the period 2003-2010, i.e. the pursuing of the implementation of EDF 8<sup>th</sup> and 9<sup>th</sup> and the programming and the implementation of EDF 10<sup>th</sup>.

The Consultants must assess:

- the relevance and coherence<sup>10</sup> of the Commission's co-operation strategies (all instruments included)<sup>11</sup> for the period<sup>2</sup> (strategic level);
- the consistency between programming and implementation for the same period;
- the value added<sup>12</sup> of the Commission's interventions (strategic and implementation level);
- the 3Cs: coordination and complementarity of Commission's interventions with other donors' interventions (focus on Member States), and coherence<sup>13</sup> between Commission's interventions in the field of development and cooperation and other Commission policies likely to affect the partner country;
- the **implementation** of the Commission's co-operation, focusing on impact, sustainability, effectiveness and efficiency for the period<sup>2</sup> and on intended effects for the period under the programming cycle (2008-2013);
- whether cross-cutting and key issues<sup>14</sup> were actually taken into account, on the one hand, in the programming documents and, on the other hand, to what extent these issues have been reflected in the implementation modalities and in the effects of the interventions (strategic and implementation level);
- whether the recommendations of a previous country level evaluation have been taken into account.<sup>15</sup> [The Consultants must check if previous recommendations were useful and to what extent they have been taken into account in the current programming cycle. If not, they have to explain why].

### 3.2. Thematic scope

The Consultants must assess the following co-operation areas:

1. The cooperation's focal sectors:
  - Rural Development and Agriculture, including food security;
  - Regional interconnection (local and regional road transport);
2. Relevant cross cutting issues include: environmental sustainability (energy and water) and gender issues;
3. Other non Focal Sectors:

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<sup>10</sup> Coherence corresponds here to the evaluation criterion (see annex 6).

<sup>11</sup> Development instruments under the CSP/NIPs of the 8, 9 and 10 EDF and outside (thematic budget lines etc.)

<sup>12</sup> See annex 5.

<sup>13</sup> Coherence refers here to one of the 3Cs (see annex 6).

<sup>14</sup> The Consultants have to offer well argued proposal which cross-cutting and key issues they recommend to focus on. Cross-cutting issues are: gender, environment, HIV and human rights.

<sup>15</sup> If any Commission country level evaluation has been done.

- Support to trade and investment;
- The fight against HIV/AIDS;
- Governance including institutional weakness and support to NSA;

4. Instrument used, including budget support;

The results of completed evaluations (mid, final or ex-post) of Commission's interventions are essential material on which the Consultants have to build. They are part of the secondary information to be collected and used as such.

#### 4. KEY DELIVERABLES

The overall methodological guidance to be used is available on the web page of the EuropeAid Joint Evaluation Unit under the following address:

[http://ec.europa.eu/europeaid/how/evaluation/introduction/introduction\\_en.htm](http://ec.europa.eu/europeaid/how/evaluation/introduction/introduction_en.htm)

Within 14 days after the reception of the ToR, the Consultants will present a **launch note**<sup>16</sup> which should contain:

- their understanding of the ToR;
- a methodological note including the implementation of the quality control;
- the provisional composition of the evaluation team with CVs<sup>17</sup>;
- a proposed budget<sup>18</sup>;
- a work plan.

Following the signature of the contract, the main key deliverables are<sup>19</sup>:

- The inception meeting where evaluation questions and judgement criteria will be presented;
- The inception report;
- The desk report;
- The draft final report (including the PowerPoint presentation synthesising the results of the evaluation);
- The seminar in the country;
- The final report;
- The methodological note on the quality control system<sup>20</sup>.

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<sup>16</sup> In the case of a tender procedure, the launch note will be replaced by the financial and technical proposal of the tender.

<sup>17</sup> All birthday dates must be written in the following format: dd/mm/yyyy.

<sup>18</sup> In the frame of a "framework contract".

<sup>19</sup> The Consultants have to provide, whenever asked and at the end of the evaluation, a summary of all the documents, databases and data collected.

<sup>20</sup> Note to be produced within the framework of the quality control activities accounting for 2,5% of the total budget of the evaluation.

NB: For all reports, the Consultants may either accept or reject the comments made by the Joint Evaluation Unit and/or the Reference Group, but in case of rejection they must justify (in writing) the reasons for rejection (the comments and the Consultants' responses are annexed to the report/deliverable). When the comment is accepted, the reference to the text of the report (where the relevant change has been made) has to be included in the response sheet.

#### **4.1. The inception meeting**

Upon approval of the launch note by the Joint Evaluation Unit, the Consultants proceed to the structuring stage leading to the production of an inception report.

The main part of the work consists in the analysis of all key relevant documents regarding the Commission's co-operation with **Malawi**. The Consultants will also take into account the documentation produced by other donors and international agencies.

If relevant, a brief exploratory country mission could be organised. On the basis of the information collected and analysed, the Consultants will propose evaluation questions and prepare explanatory comments for each. The choice of the questions determines the subsequent phases of information and data collection, elaboration of the methods of analysis, and elaboration of final judgements. The Consultants will also identify appropriate judgement criteria.

A meeting will be held with the reference group to discuss:

- the evaluation's central scope;
- the scope extended to related policies,

and to validate:

- the intervention logic according to official documents (and using logical diagrams);
- the evaluation questions;
- explanatory comments associated to each evaluation questions (when possible, indicate judgement criteria).

Upon validation by the Reference Group, the evaluation questions become part of the ToR.

#### **4.2. Inception report**

At the end of the inception phase, the Consultants must deliver an **inception report**, which finalises the evaluation questions and judgement criteria and describes the main lines of the methodological design including the indicators to be used, the strategy of analysis and a detailed work plan for the next stages.

The inception report contains the following elements:

- the national background/context (political, economic, social, etc.);

- the cooperation context between the Commission/EU and the partner country;
- the intervention logic (both faithful and actual) of Commission's cooperation;
- the validated evaluation questions;
- a limited number of appropriate judgment criteria per evaluation question;
- a limited number of quantitative and/or qualitative indicators related to each judgment criterion;
- a proposal containing suitable working methods to collect data and information in the Commission's headquarters and EU Delegations, including information coming from the country itself and other donors in the country;
- a first outline of the strategy and the methods used to analyse the collected data and information indicating any limitations;
- a concise description of the development co-operation rationale of the Commission with Malawi related to the evaluation questions;
- a detailed work plan for the next stages.

If necessary, the report will also confirm the content of the launch note concerning the following points:

- the final composition of the evaluation team and
- the final work plan and schedule.

The two latter points will be agreed and confirmed through a formal exchange of letters between the Consultants and the Commission.

This phase may include a short preparatory and exploratory visit of the Consultants to the field (if not already done before).

### **4.3. Desk report**

Upon approval of the inception report the Consultants proceed to the final stage of the desk phase. At the end of this phase, the Consultants will present a desk report setting out the results of this phase of the evaluation including all the following listed elements:

- the evaluation questions with the agreed judgement criteria and their corresponding quantitative and qualitative indicators;
- progress in the gathering of data. The complementary data needed for the analysis and to be collected in the field have to be identified;
- first analysis and first elements of answer to the evaluation questions (when available), remaining assumptions to be tested in the field phase;
- an exhaustive list of all the activities covered during the period and an exhaustive list of all activities examined during the desk phase, bearing in mind that activities analysed in the desk phase (including ROM) have to be representative;
- methodological design, including evaluation tools ready to be applied in the field phase: (i) suitable methods of data collection within the country indicating any limitations, describing how the data should be cross-checked and specifying the

sources, (ii) appropriate methods to analyse the information, again indicating any limitations of those methods in Malawi;

- a work plan for the field phase: a list with brief descriptions of activities, projects and programmes for in-depth analysis in the field. The Consultants must explain their representativeness and the value added of the visits.

**The field mission cannot start before the evaluation manager has approved the desk report.**

#### **4.4. Field reporting**

The fieldwork shall be undertaken on the basis set out in the desk report and approved by the reference group (which includes the Delegation). The work plan and schedule of the mission are agreed in advance with the Delegation concerned. The logistics of the mission (travelling arrangements, accommodation etc.) are organized by the consultants. If during the course of the fieldwork it appears necessary to deviate from the agreed approach and/or schedule, the Consultants must ask the approval of the Joint Evaluation Unit before any changes may be applied. At the conclusion of the field study the Consultants present the preliminary findings of the evaluation:

- (1) presentation during a de-briefing meeting with the Delegation;
- (2) presentation to the reference group shortly after their return from the field.

#### **4.5. Final reports and seminar in the country**

##### *4.5.1. The Draft Final Report*

The Consultants will submit the draft final report in conformity with the structure set out in annex 2. Comments received during de-briefing meetings with the Delegation and the reference group must be taken into consideration.

If the evaluation manager considers the report to be of sufficient quality (cf. annex 3), he/she will circulate it for comments to the reference group. The reference group will convene to discuss it in the presence of the evaluation team.

Along with the draft final report, the Consultants shall produce a short presentation (PowerPoint) synthesising the main results of the report and following the structure outlined in Annex 4. This presentation, the structure of which could be used for the Consultants' presentation during the seminar, will become an annex of the final synthesis report.

##### *4.5.2. The Seminar*

The Consultants will make the appropriate amendments based on comments expressed by the reference group and the Joint Evaluation Unit. The accepted draft final report will be presented at a seminar in Malawi. The purpose of the seminar is to present the results, the conclusions and the preliminary recommendations of the evaluation to the National Authorities, the Delegation as well as to all the main stakeholders concerned (EU Member States, representatives of civil society organisations and other donors, etc.).



The Consultants shall prepare a presentation (PowerPoint) for the seminar. This presentation shall be considered as a product of the evaluation in the same way as the reports. For the **seminar** up to 100 copies of the report with annexes on CD-Rom (see annex 2 of the ToR) have to be produced and delivered to the EU Delegation in Malawi (the exact number of reports and delivery date will be specified by the Joint Evaluation Unit at least three weeks before the seminar). The electronic version of the report and the annexes have to be provided to the Joint Evaluation Unit.

Consultants shall produce minutes of the seminar, these minutes being also a product of the evaluation.

#### *4.5.3. The Final Report*

The Consultants will prepare the final report based on the comments expressed at the seminar and on the basis of further comments from the reference group, the Delegation and/or the evaluation manager. Both the presentation (PowerPoint) synthesising the results of the evaluation and the presentation made at the seminar will be revised in accordance to the final report and annexed to it.

The final report has to be approved by the Joint Evaluation Unit before being printed.

110 copies of the **Final Main Report** must be sent to the Joint Evaluation Unit with additional 10 reports with all printed annexes. A CD-Rom with the Final Main Report and annexes has to be added to each printed report. The evaluators have to hand over on an appropriate support (electronical or paper) all relevant data gathered during the evaluation.

The contractor shall submit a methodological note explaining how the quality control and the capitalisation of lessons learned have been addressed.

The Joint Evaluation Unit makes a formal judgement on the quality of the evaluation (cf. annex 3).

## **5. EVALUATION QUESTIONS**

The evaluation will be based on a limited set of evaluation questions (to a maximum of ten), covering seven evaluation criteria: relevance, effectiveness, efficiency, impact, sustainability, coherence and the Commission's value added.

Beside the evaluation criteria, evaluation questions will also address: cross-cutting issues, the 3Cs, other key issues, etc.

The evaluation criteria and key issues will be given different weightings based on the priority accorded to the evaluation questions.

More information on the evaluation criteria and key issues and on the main principles for the drafting of evaluation questions can be found in annexes 5, 6 and 7.

## **6. RESPONSIBILITY FOR THE MANAGEMENT AND THE MONITORING OF THE EVALUATION**

The Joint Evaluation Unit is responsible for the management of the evaluation with the assistance of the reference group.

Information will be given to the Consultants after the signature of the contract concerning the documents referred in Annex 1.

## 7. THE EVALUATION TEAM

The evaluation team should possess a sound knowledge and experience in:

- Evaluation methods and techniques in general and, if possible, of evaluation in the field of external relations;
- Malawi;
- The following fields: Rural Development/Agriculture, Food Security, Transport and Regional integration/development (Trade), Health (including HIV/AIDS), Gender issues, Environmental issues, Governance;
- The following instruments: Budget Support;
- The following language(s): English<sup>21</sup>.

The Joint Evaluation Unit strongly recommends that the evaluation team should include Consultants from the country or the region (notably, but not only, during the field phase) with in-depth knowledge of key areas of the evaluation.

Consultants must be strictly neutral. Conflicts of interests must be avoided.

It is highly recommended at least for the team leader to be fully familiar with the methodological approach set by the Commission (cf. Joint Evaluation Unit's website: [http://ec.europa.eu/europeaid/how/evaluation/introduction/introduction\\_en.htm](http://ec.europa.eu/europeaid/how/evaluation/introduction/introduction_en.htm)).

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• <sup>21</sup> One person of the team must know the most spoken language (s).

## 8. TIMING

After the signature of the contract, the timing of activities will be set according to the following indicative work plan.

<i>Evaluation Phases and Stages</i>	<i>Notes and Reports</i>	<i>Dates</i>	<i>Meetings/Communications</i>
<b>Desk Phase</b>		<i>September 2010</i>	
Structuring Stage	Short presentation (logical diagram and EQ)		RG Meeting
	Draft Inception Report		Optional: Short preparatory visit of the Consultants to the field.
	<b>Final Inception Report</b>		A formal exchange of letters between the Consultants and the Commission confirms the final composition of the evaluation team and the final work plan and schedule.
Desk Study	Draft Desk Report		RG Meeting
	<b>Final Desk Report</b>		
<b>Field Phase</b>			De-briefing meeting with the Delegation.
	Presentation		RG Meeting
<b>Synthesis phase (seminar in the country)</b>			
	1st draft Final report		RG Meeting
	Revised draft Final report		<b>Seminar in [country]</b> Up to 100 copies of the report with annexes on CD-Rom have to be delivered to the Delegation; electronic version of the report and the annexes has to be provided to the Joint Evaluation Unit.
	<b>Final Report</b>	September 2011	110 copies of the Final Main Report must be sent to the Joint Evaluation Unit with additional 10 reports with all printed annexes. A CD-Rom with the Final Main Report and annexes has to be added to each printed copy.

## 9. COST OF THE EVALUATION

The overall costs include:

- The **evaluation** as such;
- 2.5% of the total budget excluding the costs of the seminar are to be used for **quality control**;
- A **seminar** in the country.

The total of these 3 elements must not exceed [€200.000].

NB: The budget for the seminar (fees, per diems and travel) will be presented separately in the launch note.

## **10. PAYMENTS MODALITIES**

The payments modalities shall be as follows:

- 30% on acceptance of the Inception Report, plus 2.5% of the agreed budget to be used for quality control;
- 50% on acceptance of the Draft Final Report;
- the balance on reception of hard copies of the accepted final report, the methodological note on the quality control system and the summary of all the documents, databases and data collected.

Seminar related costs are to be invoiced and paid separately.

## ANNEX 1: INDICATIVE DOCUMENTATION FOR THE EVALUATION

### *General documentation*

- Communications of the Commission;
- Various regulations.

### *Country*

- CRIS<sup>22</sup> (information on the projects and ROM<sup>23</sup>) and other databases concerning the financed projects, engagements, payments, etc.;
- Cooperation strategies;
- Conclusions of the Mid-term and End-of-Term Reviews;
- Key government documents of planning and policy;
- Evaluation reports of the projects;
- Relevant documentation provided by the local authorities and other local partners, and financial backers, etc.

The four following documents are to be handed to the Consultants:

- On access to the information contained by the ROM system for an evaluation;
- Methodological note from Eureval concerning North-South approach to country level evaluations;
- Template for Cover page;
- Example of executive summary – Mozambique evaluation.

In addition, the Consultants will have to consult the documentation available on Internet (DAC/OECD and EU Inventory websites in particular) as well as the documentation listed or available within the Joint Evaluation Unit (AIDCO/0/3 Library).

*The secretary (Christiane Oris, [christiane.oris@ec.europa.eu](mailto:christiane.oris@ec.europa.eu)), will send to each evaluation manager a list of references to all necessary documents to be sent to the Consultants.*

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<sup>22</sup> Common RELEX Information System

<sup>23</sup> Results Oriented Monitoring

## **ANNEX 2: OVERALL STRUCTURE OF THE FINAL REPORT**

The overall layout of the report is:

- **Final report**
  - Summary (1)
  - Context of the evaluation
  - Answers to the evaluation questions
  - Conclusions (2)
  - Recommendations (3)

Length: the final report must be kept short (70 pages maximum excluding annexes). Additional information regarding the context, the programme and the comprehensive aspects of the methodology and of the analysis will be put in the annexes.

### (1) Summary

The executive summary of evaluation report should be maximum 5 pages. The template and structure for the executive summary is as follows:

- a) 1 paragraph explaining the challenges and the objectives of the evaluation;
- b) 1 paragraph explaining the context in which the evaluation takes place;
- c) 1 paragraph referring to the methodology followed, spelling out the main tools used (data of the projects visited, of the interviews completed, the questionnaires sent, the focus groups etc have to be listed);
- d) The general conclusion(s) (overall assessment) and the overarching conclusions (for example poverty reduction) have to be clearly explained;
- e) The 3 to 5 main conclusions should be listed and classified;
- f) The 3 to 5 main recommendations should be listed according to their priority.

Points a) to c) should take 1 to 2 pages.

Points d) to f) should not take more than 3 pages.

### (2) Conclusions

- The conclusions have to be assembled by homogeneous "clusters" (groups). It is not required to set out the conclusions according to the 5 DAC criteria;
- The chapter on "Conclusions" has to contain a paragraph or a sub-chapter with the 3 to 4 principal conclusions presented in order of importance;
- The chapter on "Conclusions" must also make it possible to identify subjects, for which there are good practices and the subjects, for which it is necessary to think about modifications or re-orientations.

### (3) Recommendations

- Recommendations have to be linked to the conclusions without being a direct copy of them;
  - Recommendations have to be treated on a hierarchical basis and prioritised within the various clusters (groups) of presentation selected;
  - Recommendations have to be realistic, operational and feasible. As far as it is practicable, the possible conditions of implementation have to be specified;
  - The chapter on "Recommendations" has to contain a sub-chapter or a specific paragraph corresponding to the paragraph with the 3 to 4 principal conclusions. Therefore, for each conclusion, options for action and the conditions linked to each action as well as the likely consequences should be set out.
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- **Annexes (non exhaustive)**
    - National background
    - Methodological approach
    - Information matrix
    - Monograph, case studies
    - List of institutions and persons met
    - List of documents consulted
    - Synthetic presentation of the main results of the evaluation (4 slides per evaluation question)

## **NOTE ON THE EDITING OF REPORTS**

- The final report must:
  - § be consistent, concise and clear;
  - § be well balanced between argumentation, tables and graphs;
  - § be free of linguistic errors;
  - § include a table of contents indicating the page number of all the chapters listed therein, a list of annexes (whose page numbering shall continue from that in the report) and a complete list in alphabetical order of any abbreviations in the text;
  - § contain one (or several) summaries presenting the main ideas. For example, the answers to the evaluation questions and the main conclusions could be summarised and presented in a box.
- The executive summary has to be very short (max. 5 pages);
- The final version of the report shall be typed in single spacing and printed double sided, in DIN-A-4 format;
- The font shall be easy to read (indicative size of the font: Times New Roman 12);
- The presentation shall be well spaced (the use of graphs, tables and small paragraphs is strongly recommended). The graphs must be clear (shades of grey produce better contrasts on a black and white printout);
- The main report shall not exceed 70 pages including the cover page, the table of content, the lists of annexes and abbreviations. The annexes shall not be too long;
- The content must have a good balance between main report and annexes;
- Reports shall be glued or stapled; plastic spirals are not acceptable due to storage problems.

For the Cover page, please use the template mentioned in Annex 1.

### **Please, note that:**

- The Consultants are responsible for the quality of translations and their conformity with the original;
- All data produced in the evaluation are property of the Commission.



### ANNEX 3 - QUALITY ASSESSMENT GRID

Concerning these criteria, the evaluation report is:	Unacceptable	Poor	Good	Very good	Excellent
<b>1. Meeting needs:</b> Does the evaluation adequately address the information needs of the commissioning body and fit the terms of reference?					
<b>2. Relevant scope:</b> Is the rationale of the policy examined and its set of outputs, results and outcomes/impacts examined fully, including both intended and unexpected policy interactions and consequences?					
<b>3. Defensible design:</b> Is the evaluation design appropriate and adequate to ensure that the full set of findings, along with methodological limitations, is made accessible for answering the main evaluation questions?					
<b>4. Reliable data:</b> To what extent are the primary and secondary data selected adequate? Are they sufficiently reliable for their intended use?					
<b>5. Sound data analysis:</b> Is quantitative information appropriately and systematically analysed according to the state of the art so that evaluation questions are answered in a valid way?					
<b>6. Credible findings:</b> Do findings follow logically from, and are they justified by, the data analysis and interpretations based on carefully described assumptions and rationale?					
<b>7. Validity of the conclusions:</b> Does the report provide clear conclusions? Are conclusions based on credible results?					
<b>8. Usefulness of the recommendations:</b> Are recommendations fair, unbiased by personnel or shareholders' views, and sufficiently detailed to be operationally applicable?					
<b>9. Clearly reported:</b> Does the report clearly describe the policy being evaluated, including its context and purpose, together with the procedures and findings of the evaluation, so that information provided can easily be understood?					
<b>Taking into account the contextual constraints on the evaluation, the overall quality rating of the report is considered.</b>					

#### **ANNEX 4: STRUCTURE OF THE (POWERPOINT) PRESENTATION SYNTHESISING THE MAIN RESULTS OF THE DRAFT FINAL REPORT**

1. The presentation shall comprise four slides for each evaluation question and shall be structured as follows:
  - a) The first slide will recall the (potential) link between the question and the logical diagram of impact;
  - b) The second slide will present us with the reasoning chain indicating, for each EQ, the selected Judgement Criteria and Indicators (accompanied, when relevant, by target levels), as agreed during the structuring stage of the evaluation;
  - c) The third slide will display the evaluators' findings, following the same structure as in b);
  - d) The fourth and last slide shall present the limitations of the demonstration and of the findings.
2. In addition, further slides will be added for overall conclusions and recommendations.

If need be, some explanatory text may be added to the set of slides, within the limits of one page per evaluation question.

## ANNEX 5: EVALUATION CRITERIA AND KEY ISSUES

- (1) Definitions (or links leading to the definitions) of the **five OECD-DAC evaluation criteria** (sometimes adapted to the specific context of the Commission) can be found in the glossary page of the Joint Evaluation Unit's website, at the following address:

[http://ec.europa.eu/europeaid/evaluation/methodology/glossary/glo\\_en.htm](http://ec.europa.eu/europeaid/evaluation/methodology/glossary/glo_en.htm)

- (2) As regards **coherence** (considered as a specific Commission's evaluation criterion) and the **3Cs**, their meaning and definitions can be found in Annex 7.

- (3) **Value added of the Commission's interventions:** The criterion is closely related to the principle of subsidiarity and relates to the fact that an activity/operation financed/implemented through the Commission should generate a particular benefit.

There may be three practical elements to illustrate possible aspects of the criterion:

- 1) The Commission has a particular capacity for example experience in regional integration, above those of the Member States;
- 2) The Commission has a particular mandate in the framework of the '3Cs' and can draw Member States to a greater effort together;
- 3) Commission's cooperation is guided by a common political agenda embracing all Member States.

## ANNEX 6: NOTE ON THE CRITERION OF COHERENCE AND ON THE 3Cs

Practice has shown that the use of the word "COHERENCE" brings a lot of questions from both evaluation team and evaluation managers. This situation comes from the use of the same word "COHERENCE" in two different contexts.

Indeed, coherence is one of the two evaluation criteria that the Commission is using in addition to the 5 criteria from DAC/OECD and coherence is a specific concept for the development policy as defined in the Maastricht Treaty. The definitions of the same word in the two different contexts are not overlapping and give misinterpretation; to solve this problem the following decision is taken.

### **Decision:**

**The definitions of relevance and coherence from Commission's budget glossary must be used for the evaluation criteria<sup>24</sup>:**

- Ø **Relevance:** the extent to which an intervention's objectives are pertinent to needs, problems and issues to be addressed;
- Ø **Coherence:** the extent to which the intervention logic is not contradictory/the intervention does not contradict other intervention with similar objectives, in particular within the Commission's external assistance policies;
- Ø **The notion of complementarity as evaluation criteria has to be deleted.**

The definition of the 3Cs has to be given with reference to the Maastricht Treaty modified by the Amsterdam Treaty (articles 177 up to 181, to be adapted if necessary with the Lisbon Treaty):

- **Coordination** (article 180):
  1. The Community and the Member States will coordinate their policies on development cooperation and will consult each other on their aid programmes including in international organisations and during international conferences. They may undertake joint action. Member States will contribute if necessary to the implementation of Community aid programmes.
  2. The Commission may take any useful initiative to promote the coordination referred to in paragraph 1.
- **Complementarity** (article 177):

The Community policy in the sphere of development cooperation, which is complementary to those pursued by Member States, shall foster: (.....)<sup>25</sup>

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<sup>24</sup> According to the DAC Glossary the **relevance** is the extent to which the objectives of a development intervention are consistent with beneficiaries' requirements, country needs, global priorities and partners' and donors' policies. The terms 'relevance and coherence' as Commission's evaluation criteria cover the DAC definition of 'relevance'.

<sup>25</sup> The Lisbon Treaty foresees reciprocal relations between the Community and the Member States and not anymore univocal direction Member States towards the Commission.

- **Coherence** (article 178):

The Community shall take into account of the objectives referred to in article 177 (Community policy in the sphere of development cooperation) in the policies that it implements which are likely to affect developing countries.

**The 3Cs have to be dealt with as key issues for the Community policy in development cooperation and have never been seen as evaluation criteria.**

## **ANNEX 7: PRINCIPLES REGARDING THE DRAFTING OF EVALUATION QUESTIONS**

### **Main principles to follow when asking evaluations questions (EQ)**

- (1) Limit the total number of EQ to 10 for each evaluation.
- (2) In each evaluation, more than half of EQ should cover specific actions and look at the chain of results.
  - § Avoid too many questions on areas such as cross cutting issues, 3Cs and other key issues which should be covered as far as possible in a transversal way, introducing for example specific judgement criteria in some EQs.
- (3) EQ should focus on the chain of results to outcomes (résultats) and specific impacts.
  - § Avoid EQs limited to outputs or aiming at global impact levels,
  - § In the answer to EQs, the analysis should cover the chain of results preceding the level chosen (outcomes or specific impacts).
- (4) EQ should be focused and addressing the same level in the chain of results.
  - § Avoid too wide questions where sub-questions are needed (questions à tiroirs),
  - § Avoid questions dealing with various levels of results.  
(for example looking at outcomes and specific impacts in the same EQ).
- (5) The 7 evaluation criteria should not be present in the wordings of the EQ.
- (6) General concepts such as sustainable development, governance, reinforcement, etc. should be avoided.
- (7) Each key word of the question must be addressed in the answer.
  - § Check if all words are useful,
  - § Check that the answer cannot be yes or no,
  - § Check that the questions include a word calling for a judgement.
- (8) EQ must be accompanied by a limited number of judgement criteria; some of them dealing with cross cutting and some key issues (see point 2 above).
- (9) A short explanatory comment should specify the meaning and the scope of the question.