

# EVALUATION OF DFID COUNTRY PROGRAMMES

## COUNTRY STUDY: MALAWI 2000 - 2005

*Chris Barnett, Munhamo Chisvo,  
Esme Kadzamira,  
Esther van der Meer,  
Maria Paalman, Colin Risner*



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## **ACKNOWLEDGEMENTS**

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The team was greatly assisted by the Head of Office and staff of DFID Malawi. However full responsibility for the text of this report rests with the authors. In common with all evaluation reports commissioned by DFID's Evaluation Department, the views contained in this report do not necessarily represent those of DFID or the people consulted



## PREFACE

This evaluation of DFID's Malawi country programme is one of a series of regular Country Programme Evaluations (CPEs) commissioned by DFID's Evaluation Department. The studies are intended to improve performance, contribute to lesson learning and inform the development of future strategy at country level.

Malawi is an extremely poor country facing major challenges, with no easy pathway out of poverty. It is a landlocked country with high population density, an agriculture-based economy and a high incidence of HIV and AIDS. Malawi is likely to remain aid-dependent for the conceivable future, and DFID's position is pre-eminent amongst donors by virtue of the size of the programme and the strong historical links. The DFID Malawi strategy has centred on the Government of Malawi (GOM) as the predominant development partner. Relations with the GoM and especially the Ministry of Finance are generally strong.

Key study conclusions include:

The strong links between the Country Assistance Plan (CAP) and Malawi Poverty Reduction Strategy (MPRS) undermined the CAP's strategic influence when political commitment to implement the MPRS was insufficient

The country strategy should drive the choice of aid instruments, rather than allowing an aid instrument to dictate how the office will engage in a particular country context

There is a need to retain a balance between interventions on the supply and demand side, especially in terms of promoting good governance

In policy areas without significant budgeted resources nor established sector-wide approaches, DFID Malawi strategy and implementation should be better articulated

When entering into budget support with government there should be greater confidence in a positive direction of change towards enhanced policy dialogue and stronger public financial management

GoM capacity constraints and lack of institutional reform is a serious impediment to the development effectiveness of all donor programmes directed through the central government

The transition to sector-wide approaches can be slow, and there should be greater awareness of immediate risks to service delivery during the transition to a SWAP

The evaluation was carried out by a team of independent UK, Dutch and local consultants led by ITAD. The process was managed by Iain Murray, Lynn Quinn and Shona Wynd of Evaluation Department (EvD). This study is part of a wider, rolling programme of evaluations of DFID's work in Asia and Africa.

The study period focused on DFID's programme during the period 2000-2005. The evaluation was carried out between June and October 2005. This included a one week inception visit carried out by EvD and a two week field visit carried out by the consultancy team. The field visit included interviews with DFID staff, local stakeholders and key partners.

In accordance with EvD policy, considerable emphasis was placed on involving the country office staff during the process and on communicating findings. They were invited to discuss findings following a presentation of the initial findings at the end of the field visit, given the opportunity to provide written comments on the draft reports and participated in a seminar discussing the findings.

This has been an important lesson learning opportunity for DFID. The usefulness of the study findings has resulted from the efforts of many people. EvD would like to acknowledge the contribution made by the evaluation team itself, but also the co-operation of DFID staff and development partners in Malawi.

Nick York  
Head of Evaluation Department

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## List of acronyms and abbreviations

ADB	African Development Bank
ARVT	Anti-RetroViral Treatment
BLM	Banja La Mtsogolo (Malawian NGO in RH)
BS	Budget Support
CABS	Common Approach to Budget Support group
CAP	Country Assistance Plan (DFID)
CAS	Country Assistance Plan (World Bank)
CIDA	Canadian International Development Agency
CIMT	Change Impact Monitoring Tables
CMS	Central Medical Stores
CPE	Country Programme Evaluation
CSO	Civil Society Organisation
CSP	Country Strategy Paper (DFID)
DANIDA	Danish International Development Agency
DDP	Directors' Delivery Plans
DFID	Department for International Development
EAP	Economic Activities Project
EC	European Commission
EFA	Education for All
EHP	Essential Health Programme
EHRP	Emergency Human Resources Programme
ESSP	Education Sector Support Programme
EU	European Union
FCO	Foreign and Commonwealth Office (UK)
FP	Family Planning
FPE	Free Primary Education
FSSP	Forestry Sector Support Programme
GAP	Government Assistance Programme
GDP	Gross Domestic Product
GESP	Gender Equality Support Project
GFATM	Global Fund for AIDS, TB and Malaria
GNI	Gross National Income
G&LS	Growth and Livelihoods Strategy
GoM	Government of Malawi
G&SPS	Growth and Social Protection Strategy
G&SPT	Growth and Social Protection Team, DFID-Malawi
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit
HC	High Commission
IDA	International Development Assistance
IMF	International Monetary Fund
IS	Institutional Strategies
MASAF	Malawi Social Action Fund
MaSSAJ	Malawi Safety, Security and Access to Justice Programme
MDG	Millennium Development Goal
MEJN	Malawi Economic Justice Network
MEGS	Malawi Economic Growth Strategy
MEP&D	Ministry of Economic Planning and Development

MoA	Ministry of Agriculture
MoE	Ministry of Education
MoH	Ministry of Health
MPRS(P)	Malawi Poverty Reduction Strategy (Paper)
MTEF	Medium Term Expenditure Framework
NAC	National Aids Commission
NAO	National Audit Office (UK)
NFP	National Forestry Programme
NGO	Non-Governmental Organisation
NTP	National Tuberculosis control Programme
ODA	Overseas Development Assistance
OPR	Output to Purpose Review
PCN	Project Concept Note
PCR	Project Completion Report
PEG	Programme for Economic Governance
PFM	Public Financial Management
PIF	Policy Investment Framework for Education
PLWHA	People living with HIV/AIDS
PM	Project Memorandum
PoW	Programme of Work
PRBS	Poverty Reduction Budget Support
PRGF	Poverty Reduction and Growth Facility (IMF)
PRSC	Poverty Reduction Strategy Credit (WB)
PRS(P)	Poverty Reduction Strategy (Paper)
PS	Principal Secretary
PSA	Public Service Agreement
SDA	Service Delivery Agreement
SIDA	Swedish International Development Agency
SMP	Staff Monitored Programme (IMF)
SP	Starter Packs
SPLIFA	Sustaining Productive Livelihoods through Inputs for Assets
SRHP	Sexual and Reproductive Health Programme
STI	Sexually Transmitted Infections
SWAp	Sector Wide Approach
TA	Technical Assistance or Technical Assistant
TB	Tuberculosis
TC	Technical Cooperation
TEVETA	Technical and Vocational Education Authority
TIP	Targeted Inputs Programme
ToR	Terms of Reference
UK	United Kingdom
UNDP	United Nations Development Programme
USAID	United States Agency for International Development
WB	World Bank
WFP	World Food Programme

## EXECUTIVE SUMMARY

S1 This is the evaluation report of the Department for International Development (DFID) country programme in Malawi from 2000 to 2005. Malawi is a country in which DFID has become the largest bilateral donor, with a programme commitment of approximately £70 million since 2000/01.

S2 The evaluation sought to assess the appropriateness of the DFID-Malawi (DFIDM) strategy, its effectiveness in implementation and to derive lessons and recommendations of relevance for the local office and for DFID more generally. The findings are based mainly on interviews conducted during a two-week field visit undertaken in June/July 2005 as well as consideration of prior programme reviews and other reports. Two programme strategy documents, the Country Strategy Paper (CSP, 1998) and the Country Assistance Plan (CAP, 2003-2006) provide the core reference points for the evaluation.

### Findings

S3 Malawi is an extremely poor country facing major challenges, with no easy pathway out of poverty - it is a landlocked country, with high population density, an agriculture-based economy, and a high incidence of HIV/AIDS. Malawi is likely to remain aid-dependent for the conceivable future, and DFID's position is pre-eminent amongst donors by virtue of the size and the strong historical links.

S4 The CAP strategy was built on a weak foundation: the Malawi Poverty Reduction Strategy (MPRS). The assumption that the government had a genuine intention to implement the MPRS was a flaw in the CAP. In practice this forced DFIDM to operate to a different and more responsive and independent strategy. Furthermore there is a sense that ownership of the CAP is weak within the current country office, and that the strategy has been superseded by circumstances.

S5 DFIDM's strategy has at times pursued DFID global policy mechanistically and with limited adjustment to local political-economic circumstances. Increasingly, DFID's strategic choices are being drawn towards those sectors where transition to SWAp appears most feasible. As a consequence sectors where there is weaker national strategy (such as livelihoods) are receiving less attention.

S6 DFIDM strategy has become centred on Government of Malawi as the predominant development partner. Relations with the GoM and especially the Ministry of Finance are generally strong. In some sectors (e.g. agriculture, forestry, and the National Safety Nets Unit) however, there is a perception of a DFID withdrawal and this has weakened the relationship. There is also a relatively weak level of involvement and relationship with civil society.

S7 On budget support, the general consensus emerging is that there is not much to show for the £72 million of support disbursed during the 2000-2003 period. The current programme is however beginning to address past weaknesses, with better attention to the predictability of disbursements, as well as the policy dialogue and the monitoring GoM's performance.

S8 DFID's strategic transition to the Health SWAp represents a successful step in supporting national policy, though more attention could have been paid to the implementation of services at decentralised levels and in-depth poverty analysis to guide pro-poor interventions, and risks of disrupting services currently being provided by DFID funded non-state actors (i.e. as subcontracting agreements with government have not yet been negotiated, and the relevant systems and mechanisms are not yet in place). These concerns are recognised by DFID-Malawi, which has taken a bold decision to fund an innovative emergency human resources plan – something that will hopefully stem the 'brain drain' of personnel and increase staff motivation.

S9 DFID's support to the education sector has been generally relevant and responsive. Implementation in the education sectors has been hampered by structural and institutional weaknesses in the Ministry of Education (MoE), and the government's progress towards the SWAp has been slow. Despite this, DFID's contribution is positive and influential.

S10 Under the (former) livelihoods portfolio, the strategic shift towards sector programmes has had limited success (especially in areas of agriculture and safety nets). The major investments in Starter Packs have been partially successful in reducing food insecurity, whereas the scaled-down Targeted Inputs Programme (TIP) has been far less effective. Furthermore, the year-on-year provision of humanitarian and food aid raises concerns about the failure to address the underlying problems of chronic poverty and food insecurity in the country (including constraints to smallholder production, such as access to markets, credit, inputs, etc and off-farm income). The current thinking in DFIDM towards pro-poor growth and social protection (formerly livelihoods) represents a positive step, although it is not yet clear what DFIDM will support and how (policy influence, TA, joint-donor interventions, etc). This lack of urgency is a concern given the challenge of addressing poverty and food security in Malawi, as well as the lack of progress against MDG1.

S11 Past performance in the governance portfolio has been marred by the fragmentation of donor efforts in the country, and major problems with DFIDM programmes such as Transform (£3 million) and Tikambirane (£11 million). There is however a perception of recent improvements in the governance portfolio including DFIDM's in-house capacity. The governance team still faces a considerable challenge, to not only support the governance portfolio but to effectively provide strategic and crosscutting support to other teams within the country office.

S12 Overall, progress towards the MDGs in Malawi has been slow over the 2000-2005 period. One of the six MDGs assessed by UNDP are rated as "unlikely", three as "potentially", and only two as "probably" likely to be achieved. The monitoring of the MPRS and development progress in Malawi is generally weak, and any assessment of progress is heavily constrained by the lack of credible monitoring statistics.

S13 In short, the massive volume of aid flows and the partnership between donors and the Government of Malawi is failing to achieve significant impact in poverty reduction and in achieving the MDGs. Within this, DFIDM has been instrumental amongst donors to recognise this failure and has made a positive contribution to the search for new strategic directions to address the magnitude and scale of poverty in the country.

## Lessons and recommendations for DFID

**Lesson 1: In a context where there is a lack of robust political support to implement the national policy, the strong links made between the MPRS and the CAP undermine the CAP's strategic significance.**

S14 For DFIDM, the dependency of their strategic statements in the CAP on the MPRS meant that the loss of credibility of the latter had similar consequences for the former. As such, there is a need for DFID to develop a robust country strategy that, while linked to the PRSP, is more realistic about the likely scenarios and risks of poor strategy implementation. Recommendation for DFID Malawi: The DFID country strategy should continue to be closely allied to Government strategies for poverty reduction and the strategies of other donors, but it should not be wholly dependent on these. Scenario planning and risk analysis may be appropriate tools in such circumstances.

**Lesson 2: When entering into budget support there should be greater confidence in the direction of change towards enhanced policy dialogue and stronger public financial management.**

S15 In view of past performance and the very short (though good) track record of the current government, risk assessment is extremely important. Part of the strategy to limit risk should be to maintain a balanced portfolio. Recommendation to DFID Malawi: Maintain a cautious approach in transition to increased reliance on budgetary support in Malawi, and continue to build on current efforts to strengthen the predictability of disbursements, public financial management, policy dialogue and the monitoring of fiduciary risk.

**Lesson 3: The choice of aid instrument is not sector neutral, and the strategy should drive the choice of instruments - not the other way around.**

S16 Some sectors are more amenable to sector-wide approaches than others, with agriculture notoriously difficult as a candidate for SWAp approaches. Recommendation for DFID PS: Provide additional technical support to country offices in sharing lessons and developing sector-wide approaches for the so-called 'difficult sectors'. Recommendation for DFID Malawi: Where transition to a SWAp may not be a viable medium-term option, it is necessary to develop a measurable strategy (with specific objectives and monitoring tools), using the range of appropriate instruments.

**Lesson 4: The need to retain a balance between interventions on the supply and demand side, especially in terms of promoting good governance.**

S17 In Malawi there is a long history of civil society intervention in matters of national importance. NGOs and civil society therefore perform an important role in good governance, transparency and accountability. Recommendation to DFID Malawi: Continue to support non-state actors as a means of enhancing pluralism in service delivery and maintaining demand side pressure for good governance.

**Lesson 5: In policy areas without significant budgeted resources (nor established sector-wide approaches), DFIDM's strategy and implementation is often poorly articulated.**

S18 DFIDM faces an important challenge to avoid becoming too thinly spread across sectors, while also retaining involvement in areas where government and donor leadership is deemed to be weak. The lack of a significant budgeted programme in some sectors (e.g. Gender, Private sector development, Pro-poor growth) requires advisers to develop alternative mechanisms away from the more usual influencing forums (i.e. project steering committees, review processes, etc). This is not however always well articulated, and there is a risk that in some areas the results of DFIDM's policy-influencing agenda could be limited. Recommendation to DFID Malawi: In certain sectors there is a need to be clearer about the objectives and measures of 'success' for policy dialogue and influencing.

**Lesson 6: A potential organisational benefit derived from the production of any strategic plan is the strategizing process, not just the final document.**

S19 While a coherent and well-argued analysis is important to determine the rationale for strategic interventions, attention also needs to be paid to the process of strategy development. Indeed, in the new generation PRSP, ownership is now being recognised as an important element for the strategy's success. Recommendation for DFID Malawi: Make greater use of the CAP formulation process, and subsequent monitoring arrangements, as tools to increase internal ownership and consistency over a longer timeframe – especially given changes in personnel.

**Lesson 7: GoM capacity constraints and lack of institutional reform is a serious impediment to the development effectiveness of all donor programmes directed through the central government.**

S20 The harmonisation agenda provides a partial response to the risk of overburdening scarce capacity, as it avoids the danger of competition between donors for scarce human resources. There is nonetheless a need to go further, especially as GoM capacity and the lack of institutional reform is serious constraint to all donor programmes. Recommendation to DFID Malawi: As a strategic priority, DFIDM should use its influence and resources to help develop a harmonised plan for public sector capacity development.

**Lesson 8: The transition to sector-wide approaches can present risks to service delivery, when programmes, hitherto vertically funded, are included in the SWAp.**

S21 For example in the Health SWAp, both the TB programme and BLM, as well as external consultants and other donors, have voiced concern about the possibility that gains on the ground might be at risk when they have to negotiate service delivery agreements with the MoH as part of the SWAp transition. This is particularly so when the necessary systems and mechanisms for the implementation of the programme of work are not yet fully in place. DFIDM now recognises this risk for the Health SWAp. Recommendation to DFID Malawi: Implement measures to mitigate possible disruptions to services in Health, and more clearly identify transition risks for future SWAps (in other sectors).

S22 Furthermore, several of the recommendations above (paragraphs S13, S18, S20) highlight the need for better risk analysis and ‘market intelligence’. This however is not just a case of identifying risks and scenario planning, but also for DFIDM adequately manage these risks during implementation. Recommendation to DFID HQ: To provide increased technical support to country offices to apply techniques of risk analysis and management (possibly building on appropriate tools developed in the private sector).

**Lesson 9: The need to strengthen and diversify impact-monitoring arrangements.**

S23 The difficulty of reaching firm conclusions about development progress in Malawi is mainly a consequence of weak monitoring and evaluation processes. The empowerment of citizens and non-state actors (such as MJEN) are important aspects for developing the demand side of good governance, monitoring and accountability. It is also important that the monitoring system for the MPRS and MGDS attempts to rigorously trace both the flow of resources and the corresponding performance on the ground (e.g. in the classroom, health clinic, etc). Recommendation to DFID Malawi: (i) DFIDM should continue to develop national capacity to measure effectiveness and impact – both government-led and through continued support to non-state actors as monitoring agents. And, (ii) M&E arrangements should be integral to future DFIDM strategies: with a clearer rationale for intervention, as well as measurable objectives and indicators of ‘success’. Joint donor evaluations of the next DFIDM country strategy should be considered (e.g. DFID/World Bank).



## 1. Introduction

1.1 This is the report of an evaluation of the DFID Malawi Country Programme 2000-2005. The report was commissioned by DFID Evaluation Department and carried out by an independent consortium consisting of ITAD Ltd and the Dutch Royal Tropical Institute (KIT). The field investigation leading to this report took place during June/July 2005.

1.2 The study asks two main questions: what was the quality of DFID's programme and processes; and what has the programme achieved? The first is concerned primarily with internal processes within DFID's control. The second examines the development results to which DFID has contributed. The purpose of the report is to derive lessons of practical significance to the DFID Malawi country office and local partners but also for DFID HQ and external stakeholders at the level of policy development. DFID Malawi is currently developing a successor to the CAP and it is intended that the report will inform this process.

1.3 Two strategy documents are relevant to the period under review. The Country Strategy Paper (CSP) was produced in 1998 during a period when the Malawi programme was being run from Harare. The Country Assistance Plan (2003-2006) was produced by the new country office in Malawi and provides the principal reference point for the review.

1.4 The evaluation methodology allowed for a short, intensive two-week field visit. During this visit the multi-disciplinary team had extensive consultations with DFID staff as well as with partners across the range of the programme including civil servants, representatives of implementing agencies and of bilateral and multilateral donors, and International Financial Institutions (Annex 1: People Consulted). Numerous programme documents, evaluation reports and file correspondence were also considered (Annex 2: Bibliography).

1.5 This so-called short and light approach<sup>1</sup> however constrains the study methodology in several ways. The limited number of performance reviews and evaluation reports available means this study is not a meta-evaluation. No projects or programmes were visited in the field, no primary data collection took place, and no additional analytical studies were commissioned. The limited extent to which the team has been able independently to verify the evidence needs to be borne in mind when reading the report.

1.6 The remainder of the report is structured as follows. Chapter 2 sets out the country context, including an overview of development assistance to Malawi. Chapter 3 examines DFID's country strategy, programme content and internal processes. Chapter 4 looks at programme effectiveness. Chapter 5 assesses development progress. Chapter 6 presents lessons and recommendations.

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<sup>1</sup> The evaluation methodology and structure was developed through five earlier CPEs, in which an increasingly rapid and light approach was tested.



## 2. Context

2.1 Malawi is a poor, landlocked, densely populated country with minimal natural resources. The United Nations Human Development Report of 2003 ranks Malawi as number 162 out of 175 countries on the Human Development Index. Poverty is pervasive and increasing. GNI per capita decreased from \$200 in 1990 to \$160 in 2002<sup>2</sup>. The PRSP (2002) refers to the 1998 Integrated Household Consumption Survey<sup>3</sup>, which identified 65.3 percent of the population as poor and 28.2 percent as living in dire poverty. HIV/AIDS further reduces productive potential for an already poverty-stricken country<sup>4</sup> as do periodic food crises, of which the latest is currently developing, resulting in a diversion of government, civil society and donor attention to humanitarian assistance. Gender inequality in Malawi's socio-cultural, political and economic spheres is highly entrenched<sup>5</sup>, and women and girls continue to be marginalized from the mainstream economy.

### Politics, patronage and the social context

2.2 Malawi is a young and fragile democracy. Hastings Kamuzu Banda became Prime Minister in 1963 and, after being declared President for life in 1970, remained in power until multi-party elections were held in May 1994. The subsequent government led by President Muluzi seemed at the outset to introduce a period of modernisation and of constructive engagement with external partners, significantly through the production of a number of long-term strategy documents. Most important of these were the Malawi Vision 2020 (1997), the Malawi Poverty Reduction Strategy (MPRS, 2002) and a Malawi Economic Growth Strategy (MEGS, 2003). However, during the second Muluzi term, there was a progressive decline in the quality of fiscal management, increasing corruption and generally declining standards of public management.

2.3 While the political state remains fragile, since the 2004 elections there has been an encouraging shift in leadership and economic management under the new Government. To date, President Bingu Wa Mutharika has proved independent and along with the Minister of Finance committed to a real improvement in economic and financial management.

2.4 The track record is nonetheless short and history presents something of a warning; Malawi has a deeply held patronage-oriented political system, and one that is embedded in its historical and social roots.<sup>6</sup> In the past this social and political order has undermined the quality and capacity of government to implement policies, as well as the climate for investment and growth. In addition, donors have often contributed to such problems with the use of conditionalities, on/off patterns of policy-based lending, and

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<sup>2</sup> DFID Africa Issues.

<sup>3</sup> Available poverty data is rather outdated; a new large scale Integrated Household Survey was conducted during July 2005 with results expected late 2005.

<sup>4</sup> The WB estimated that GDP growth during 2000-2010 could be reduced by 1.5-2% per annum due to the impact of HIV/AIDS (HIV/AIDS PM of January 2003, page 15).

<sup>5</sup> Speech by the Minister for Gender, Child Welfare and Community Services, Honorable Mrs. Joyce Banda, M.P. at the Regional Workshop on Good Governance and Gender Equality in the Public Sector in Commonwealth Africa-Capital Hotel Lilongwe, 27th-30th June 2005, page 9.

<sup>6</sup> See: Booth et al (2005: chapter 2).

standing-in for the policy function. Malawi therefore remains a challenging context for development, with the complex socio-political order continuing to undermine development effectiveness on the ground, as Box 1 illustrates.

Box 1: How politics can undermine development: fertiliser subsidies<sup>7</sup>

It is estimated that 70 percent of rural families have less than one hectare of land, the minimum deemed necessary to achieve family food security. Maize is the predominant crop, and a crop that responds well to artificial fertiliser inputs. Fertiliser subsidies were removed in the early 1990s, and since then many smallholders have been unable to afford such inputs. In recent years, the reintroduction of fertiliser subsidies has been the subject of much political debate, including most recently, a central demand by opposition parties in their attempted impeachment of the President and the refusal to pass the budget. As Booth et al (2005: 66) put it, “National and household-level maize self-sufficiency was the cornerstone of Banda’s populist political platform. In the future, too, leaders will inevitably “make politics” with food, partly because food surpluses are one of the government’s few liquid assets”.

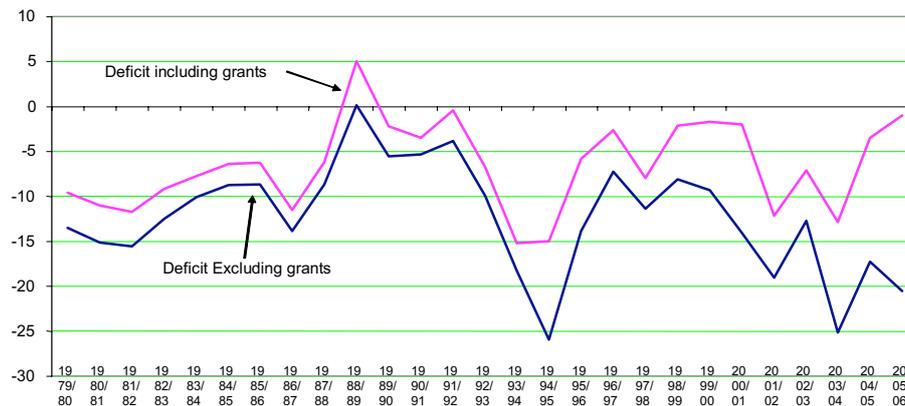
On the ground, misguided (but well intentioned) political interference has also exacerbated poverty and food insecurity; by contributing to fertiliser shortages, leading to the late delivery of inputs, raised prices, and possibly also the latest food crises. In 2004, the promise of fertiliser subsidies by government led to farmers holding back on the purchase of fertilisers. When some months later, the idea of subsidies was dropped in favour of the distribution of free inputs, national stocks were low. Not only that, but indecision by government meant that the free inputs were delivered late, with many farmers not receiving their packs until January 2004 - too late to have any real impact on production. In this way, poor governance and political interference has played a part in the current food shortage and the emerging humanitarian crisis.

## The economy and public financial management

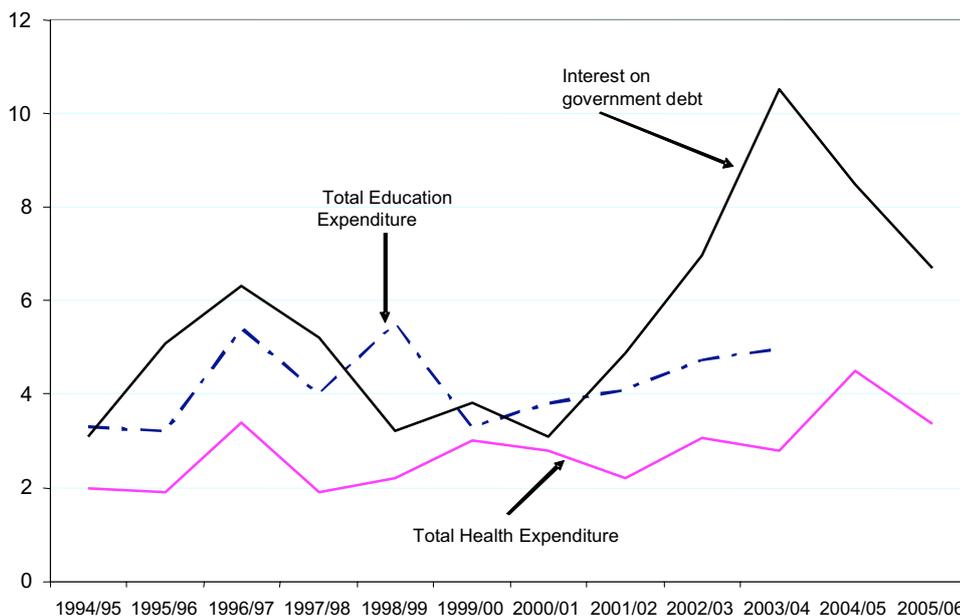
2.5 Macro economic stability supported by sound fiscal management is widely recognised as a key precondition for economic progress. The effects of massive overspending by the Muluzi government, which continued despite the suspension of budgetary support in 2001, included substantial increase of the debt stock and hence future interest obligations (see Figure 1).

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<sup>7</sup> Sources: Rubey (2004), Cromwell et al (2001:1), The Nation newspaper (7th July 2005), and various stakeholder interviews.

**Figure 1: Fiscal Deficit 1979/80 -2005/06. (% of GDP)<sup>8</sup>**

2.6 The significance and erratic nature of the debt burden is very apparent, particularly in the second term of the Muluzi government (2001-2004). Not only that, but the interest payment on this debt is considerable, especially when compared with the expenditure on two key public services, health and education (see Figure 2).

**Figure 2: Expenditure on Social Sectors and on Interest Payment (% of GDP)<sup>9</sup>**

2.7 The new President, Bingu Wa Mutharika, along with the Minister of Finance, is widely seen as committed to a real improvement in economic and financial management of Malawi. Indeed the government restored fiscal discipline during 2004/05 and has been rewarded through the recommencement of budget support, including a recently agreed IMF PRGF facility (in August 2005).

<sup>8</sup> Source: Analysis of the Proposed 2005/2006 Malawi National Budget, July 2005, Malawi Economic Justice Network (MEJN)

<sup>9</sup> Same source (MEJN)

2.8 The pathway to long-term economic growth however remains a substantial challenge. There is much speculation about the long-term prospects and possibilities for economic growth, particularly in such a resource-poor, densely populated and landlocked country. The economic vision of the new President is to transform Malawi from being a "predominantly importing and consuming country to a predominantly producing and exporting country"<sup>10</sup>. In the past background papers written by DFID<sup>11</sup> have identified two options that have worked elsewhere: specialisation in manufacturing and service industry, and, depopulation through out-migration (itself a form of export of services). Widespread and enhanced debt relief, to an even greater degree if combined with beneficial trade reforms, also presents a good prospect for delivering positive regional growth.

2.9 Nonetheless, Malawi will remain a predominantly agrarian country and agriculture-based enterprise is accepted as the only realistic source of economic growth in the *short to medium* term.<sup>12</sup> A study undertaken by the National Economic Council (NEC), based on modelling GDP growth up to 2020, shows that there is no inherent contradiction between growth and 'pro-poor growth' strategies (i.e. the latter being based on agriculture or social development). Indeed, in the context of Malawi, pro-poor strategies have actually been shown to do better than a strategy that focuses purely on growth.<sup>13</sup>

### **Malawi Poverty Reduction Strategy (MPRS)**

2.10 Malawi's overarching development framework is the Malawi Poverty Reduction Strategy (MPRS, 2002), as developed in 2001 and published in 2002. It is an important element of the country context since DFID, along with other donors, linked their strategy closely with the overall development plan that the MPRS provided. The process of MPRS development, the depth of participation in this process, and the resulting level of ownership and commitment to implementation are hence critical underpinnings of the donor/government relationship.

2.11 The 2001 perspective was that MPRS development had been a model process. From a report on the institutionalisation of the MPRS process: "The process by which Malawi is preparing its Poverty Reduction Strategy Paper (PRSP) is, despite its logistical shortcomings, among the most participatory exercises in the country's brief history of democratic policy-making. The inclusion of civil society organisations in the functioning of sectoral working groups allowed the process to move from simple consultation to more substantive participation. Moreover, the involvement of donors within these groups was constructive rather than intrusive, increasing the chances of subsequent 'buy in' to the priorities identified".<sup>14</sup>

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<sup>10</sup> Presidential inaugural address, 2004

<sup>11</sup> Correspondence, at the time of the 2001 DFID Annual Portfolio Performance Review (APPR), between DFID Chief Economist and Malawi Chief Economic Adviser, Feb 2001.

<sup>12</sup> Agriculture accounts for more than 90 percent of export earnings, contributes 45 percent of gross domestic product (GDP) and supports 90 percent of the population. Smallholder agriculture accounts for 80% of food production and 90% of agricultural employment. Estate agriculture produces mainly tobacco, tea and sugar, and contributes to 90% of foreign exchange earnings and around 45% of formal employment. Sources: World Bank (2004), EUROPA (2003), and OPM (2004: iii-iv).

<sup>13</sup> Booth et al (2005: 57).

<sup>14</sup> Institutionalising the PRSP approach in Malawi, Rob Jenkins, Birkbeck College, University of London, Maxton Tsoka, Centre for Social Research, Zomba, Malawi

2.12 However the same report warns about the scope of PRSP ownership and the likelihood of implementation. For example, “the PRSP provided a vehicle for a small group of parliamentarians to become involved in substantive questions of oversight, but the numbers committed and capable enough to engage in these sorts of processes over the longer term is tiny...There are also strong reasons to doubt that the strategies in the final PRSP will be implemented through a disciplined public expenditure process”.

2.13 In hindsight, and despite the extensive participatory process, the consensus both within and outside GoM is that there had never been any real political buy-in to the PRSP or serious intention to implement. The assumption that the PRSP was developed and owned by the decision-makers in government and therefore that DFID’s buy-in to the PRSP was justified has essentially been proved false – something which has implications for donor assistance (a theme further developed in Chapter 3).

2.14 In 2003, the Malawi Economic Growth Strategy (MEGS) was produced – in part to address perceived weaknesses in the MPRS. The purpose was to address the means of economic growth, something that was considered to be necessary for development in the social sectors.

2.15 By mid-2005, the first MPRS expired. A second phase document with the working title of the Malawi Growth and Development Strategy is due to be produced in the next few months. As the title indicates the intention is to combine aspects of the former MPRS with the more growth-oriented outlook of the MEGS.

## **Development Assistance**

2.16 Malawi is and has for a long time been a highly aid dependent country. Since 1994, aid flows have fluctuated between USD 375 million and USD 550 million - at times representing over 40 percent of Gross National Income (GNI). From 1994/95 to 2003/04, external resources contributed to between 33 and 57 percent of all public expenditure.<sup>15</sup>

2.17 Given this reliance on overseas development assistance, a critical dimension of the development context at any time is the state of government/ donor (including IFI) relations. These relations have fluctuated widely over the evaluation period with corresponding suspensions and resumptions in budget support. While donors make a sizeable contribution to the national budget, they have often exerted a more limited influence on national politics. Therefore for a “successful” portfolio to occur (i.e. one that affects the development of the country), there is a growing realisation that more attention needs to be paid to understanding the opportunities and limitations of the prevailing political-economic situation, including: a weak and under-funded parliament, an undeveloped civil society,<sup>16</sup> widespread corruption within the civil service,<sup>17</sup> and the dominance of patron/client relationships in political engagement.

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<sup>15</sup>Joint Evaluation of General Budget Support 1994-2004: Malawi Country Report, Inception Phase, IDD (University of Birmingham), DRN, Ecorys, Mokoro Ltd and the Nordic Consulting Group.

<sup>16</sup>Although the combination of faith-based organisations and other CSOs have had some notable successes, such as helping to prevent President Muluzi change the constitution in order to obtain a third term in power.

<sup>17</sup>Assessment based on the Drivers of Change Study, although Malawi ranks 90 out of 145 on the Transparency International Index <http://www.transparency.org/cpi/2004/cpi2004.en.html#cpi2004>

2.18 A summary of donor financial commitment in Malawi is given in Table 1. DFID is estimated to be the largest single bilateral donor in terms of total programme value. IDA, the EC and USAID also have significant programmes in Malawi. Of the UN agencies (apart from IDA), UNDP has a significant involvement in good governance (such co-ordinated support to 2004 elections), WFP in humanitarian assistance, and UNAIDS in HIV/AIDS activities.

**Table 1: Top-ten donors of gross ODA to Malawi (2002-2003 average)**

	Donor	US\$ m	Areas of Focus <sup>18</sup>
1	United Kingdom	81	Health, education, governance, budgetary support, livelihoods
2	IDA	73	Rural infrastructure, capacity building, environment, privatisation, trade facilitation, education
3	EC	68	Transport, agriculture, budgetary support, civil society, health
4	United States	60	Health, education, governance, private sector
5	Japan	31	Education, agriculture, SMEs, economic infrastructure, environment
6	AfDB	27	Land/livelihoods, HIV/AIDS
7	Germany	27	Decentralisation, education
8	Norway	22	Health, budgetary support
9	Canada	13	Governance, gender, water and sanitation, basic education
10	Netherlands	12	Education (via DFID)

Source (figures): OECD, World Bank ([www.oecd.org](http://www.oecd.org))

### DFID Support

2.19 Malawi is an important and high priority country for DFID, quite apart from DFID being the largest donor within Malawi. The relationship between the governments of Malawi and Britain is strong, with historical links and a Malawian diaspora in the UK.

2.20 In 2001, DFID established a country office, which went through a period of rapid expansion. Since 2003, the number of projects being managed has decreased from around 120 to fewer than 40 in 2004 - with more emphasis placed on sector and direct budget support. Nonetheless, the office staffing is still often viewed as large, with approximately 87 staff (of which 19 are UK-based).<sup>19</sup>

<sup>19</sup> Source: "DFID: Programme and MSU Structure and Staffing Review", Draft report, April 2005.

2.21 DFID provides over a quarter of all the bilateral Official Development Assistance (ODA) to Malawi (Table 2).

**Table 2: Net Bilateral ODA (2003) - selected countries**

Country	Total DAC bilateral donors, US\$ m	Population 2003, millions	Total net ODA per capita, US\$	UK, US\$m	UK as % of bilateral ODA
Africa	15122	831.0	18.2	1292	9%
Malawi	294	11.0	26.7	81	28%
Uganda	537	25.3	21.2	94	18%
Ghana	454	20.4	22.2	130	29%
Zambia	403	10.4	38.8	60	15%
Tanzania	935	35.9	26.0	208	22%
Mozambique	682	18.8	36.3	56	8%
Ethiopia	1023	68.6	14.9	53	5%

Source: OECD, World Bank ([www.oecd.org](http://www.oecd.org))

2.22 The Malawi programme is amongst the largest of DFID's Africa country programmes with particularly high per capita contribution.

**Table 3: Leading African DFID Budgets**

	2004/05 estimated outturn, (£m)	Population millions (2003)	Approx DFID support per person (£)
Malawi	54.5	11.0	4.95
Tanzania	88.6	35.9	2.47
Uganda	62.6	25.3	2.47
Ghana	66.4	20.4	3.25
Sudan	89.1	33.5	2.66
Ethiopia	59.5	68.6	0.87

Source: DFID 2005 Departmental Report

2.23 Over time, the CSP (1998) indicates a rapid rise in total DFID programme commitment from £24.8 million in 1997/98 to £70 million in 2000/01, after which the value of the programme has fluctuated depending on the level of budget support disbursements (Table 4, below).

**Table 4: DFID Malawi Expenditure**

Year	2000/2001	2001/2002	2002/2003	2003/2004	2004/2005
Programme Spend	56.0	42.1	51.8	53.1	54.5
Budget Support Commitments	25.0	25.0	25.0	-	10

Source: Programme spend: DFID Departmental report 2005, Annex 1, Table 4. Budget support – figures are commitments, from DFIDM

2.24 In 2005, the country office will go through a significant change process, which will include deciding the future direction of the programme (the new country strategy) as well as agreeing a new staff structure. This must be achieved within a context of significant constraints, both in terms of the programme budget (with two-thirds already committed to budget support and health) and a need to reduce staff numbers (headcount pressures). There is also pressure to address a widely held concern that current portfolio is spread too thinly across too many sectors.

### **Summary**

- ❖ Malawi is an extremely poor country facing major challenges, with no easy pathway out of poverty - it is a landlocked country, with high population density, an agriculture-based economy, and a high incidence of HIV/AIDS.
- ❖ Malawi's patronage-oriented political system has embedded historical and social roots. In the past this has undermined the investment climate, the quality of policy-making and capacity of government to implement.
- ❖ There is a history of political and fiscal mismanagement and a very short track record of recent improvement.
- ❖ The first Malawi PRSP (2002) was originally seen as pivotal to government-donor relationships, yet had limited political ownership.
- ❖ Malawi will remain aid-dependent for the conceivable future. DFID's position is pre-eminent amongst donors by virtue of the size of the UK contribution to Malawi and the strong historical links

### 3. Programme content and process<sup>20</sup>

3.1 This chapter examines the quality of DFID's programme and how decisions about DFIDM's strategy translate into a programme of funded activities. It starts with an exploration of how the strategy developed, focusing on the close linkages to the national strategy (MPRS) and DFID's global policies. Next, the relationships with government and development partners are examined, followed by an assessment of the portfolio of activities.

3.2 The focus of this assessment is mostly on the CAP period, 2003 onwards. It is however not only an assessment of the CAP strategy. This is for two main reasons. Firstly, the CAP was only partially implemented. A CAP evaluation would therefore only be able to analyse the theoretical strategy rather than the strategy in practice. Secondly, some elements of the DFIDM strategy are about the use of adviser time and way of doing business rather than the structure of funded programmes. These aspects such as influencing and policy dialogue are critical to the dynamic aspects of the overall country programme. In many ways this has more to do with the way the country office is managed and DFID-partner relations than with documents such as the CSP or CAP.

3.3 The Country Strategy Paper (CSP) was produced in 1998 at a time when the Malawi programme was being run from Harare. The strategy provides much scope but not much pragmatic guidance in meeting the challenges faced by the country office during the time of implementation. Undoubtedly this period proved to be especially challenging, particularly so after 2001, when the team had to establish the DFID office and presence in Malawi, respond to the humanitarian crises, and identify effective means of spending a rapidly expanding budget.<sup>21</sup> Nonetheless the inclusive nature of the strategy, itself a result of wide consultation,<sup>22</sup> meant that it acted more as an umbrella for ongoing sectoral activity than a coherent course for future interventions. Like many CSPs written at the time there are insufficient linkages to host government development plans, no clearly stated objectives and no monitorable indicators against which to measure 'success'. Furthermore various proposed interventions in the CSP did not come to fruition. Amongst these are Land Reform, Water and Sanitation (now given increasing attention again), Soil Fertility, Civil Society Challenge Fund, Decentralisation (except through health and education programmes) and Private Sector Development.

3.4 The Country Assistance Plan (CAP) 2003-2006 develops many of the themes that began to emerge in the CSP. It is also the result of two main driving forces. Firstly, Malawi's Poverty Reduction Strategy (MPRS) and secondly what can be termed as DFID's global policy (its 'meta-strategy'). A draft report of a DFID Malawi CAP review meeting summarises the function of CAPs in the following way: "... *the CAP should be seen as a contract between the Head of Office and the Divisional Director to assist in the delivery of the PSA... Although the CAP links to the DFID resource round, it is more important that it links with the PRSP cycle in country*".<sup>23</sup>

<sup>20</sup>The sources for this chapter include an analysis of strategy documents but also discussions with DFID advisers and partners in the Malawian development process.

<sup>21</sup>The budget in the CSP indicates a rapid rise in commitments for the total programme, from £24.8m in 1997/98 to £70m in 2000/01 (DFID 1998: Annex 2).

<sup>22</sup>The process of strategy development appears to have consulted widely with mainly British interests (the private sector, BHC, DFID staff), NGOs and civil society representatives and other donors rather than the Government of Malawi. The latter appear to have been brought in at a rather late stage.

<sup>23</sup>DFID internal doc 9th Sept 2002

3.5 Thus the CAP was DFID’s response to the MPRS and is strongly guided by its content, with four pages of the document devoted to MPRS analysis. The CAP focus is on three core areas, which relate to the four pillars of the MPRS (see Table 5). The strong integration between the two documents is further confirmed by an analysis of the relationship between the CAP programmes and the MPRS pillars (see Annex 7 for details). In this analysis, all CAP programmes relate to the MPRS while conversely only three MPRS goals are not covered in the CAP.<sup>24</sup>

**Table 5: Four Pillars and Three Themes**

<b>Three CAP Themes</b>	<b>Four PRSP Pillars</b>
1. Measures to enable sustainable growth and improve livelihoods	1. Sustainable Pro-poor Growth
2. Better Service Delivery to the Poor	2. Human Capital Development
	3. Improving the Quality of Life of the Most Vulnerable
4. Pro-poor Governance	4. Governance

3.6 The second main driver of the CAP is DFID’s global strategy which cascades from International Development White Papers encompassing the Millennium Development Goals through the Public Service Agreement and Directors Delivery Plans down to the level of country offices. Clear trends can be identified in DFID global strategizing over the CAP period. These trends may be described as elements of the DFID policy framework, or meta-strategy. They include:

- ❖ Overarching focus on Millennium Development Goals, as encapsulated within DFID performance management systems
- ❖ Increasing emphasis on donor harmonisation as a core issue in relation to engagement with government and poverty impact - not only a question of efficiency or avoiding duplication
- ❖ Focus on national government leadership and ways in which donor behaviour needed to underpin ownership
- ❖ Increasing use of budget support as an instrument, linked to the above, as well as improved public financial management
- ❖ Increasing emphasis on influencing, both of government and of other partners
- ❖ Reducing use of blunt conditionality, with a greater focus on shared objectives and shared monitoring arrangements
- ❖ Attempts to draw partners into a more holistic approach to trade issues, development aid and debt relief
- ❖ A move away from traditional sectoral approaches, with the use of multi-faceted conceptual models of development processes (e.g. sustainable rural livelihoods approach, rights based approaches)

3.7 Much of this emergent thinking is strongly reflected in the CAP, and have been realised in the following strategic choices:

- ❖ A strong CAP-MPRS integration (as discussed above)
- ❖ The CAP being organised around pro-poor outcomes not sectoral inputs
- ❖ Movement towards budget support
- ❖ Transition to sector wide programmes

<sup>24</sup>These are: Pillar 2, Goal 2 (technical and vocational education); Pillar 3, Goal 3 (disaster management and cross-cutting issues); and, Goal 4 (science and technology).

- ❖ The pursuit of donor harmonisation across the sectors<sup>25</sup>
- ❖ Public Sector capacity building and the institutionalisation of programmes within government as the preferred exit strategy

3.8 This is a process reinforced by DFID's performance management system, which tends to put pressure on Heads of Office to work where results are likely to be achieved (and over a relatively short period of time). The PSA in principle signs up to all eight MDGs, yet the specific targets spelt-out in the SDA explicitly focus on health and education, as well as governance, private sector development, market access and the investment climate. The DDP then focuses on a move 'upstream' towards budget and sector support, as well as efforts to address HIV/AIDS.<sup>26</sup>

3.9 Taken as a whole, the system appears to encourage work in the social sectors (health and education) and conversely less so in the more difficult sectors such as agriculture. In Malawi, this is apparent with the increased emphasis on health (a third of the total budget), where there is a greater opportunity for progress than in education. In addition, there has been a rapid withdrawal from the productive sectors over the past few years. This raises important questions over how country-level strategies are to address MDG 1 (the eradication of extreme poverty and hunger) – an area where the cascade from MDG to country strategy is weakened through the performance management system (i.e. from SDA, to DDP, to CAP).

### Strategy assessment

3.10 Presently (in 2005), the CAP strategy document as a whole suffers from weak ownership within the country office, and there is a sense that it has been superseded by circumstances. The close integration with the MPRS should have ensured that the CAP was feasible, integrated with other donor interventions and rooted in local analysis. This however rests on the assumption that the MPRS itself was a realistic plan that the government intended to implement. Yet the MPRS has, at best, been only partially implemented. Unfortunately it quickly became apparent that the MPRS, although conceptually sound, did not provide a firm foundation on which to build the DFID strategy.

3.11 In hindsight much of this seems obvious, but there were also strong indications that the MPRS did not provide a strong foundation at the time. Even in 2001, there were fears concerning the depth of government commitment to MPRS implementation (see Chapter 2: Context). This raises concerns about linking too closely with a weakly owned national strategy, and the need for robust measures of risk mitigation. A striking illustration is provided by one of the four MPRS (2002) pillars, Sustainable Pro-Poor Economic Growth. This is described in the document as, "*economically empowering the poor by ensuring macroeconomic stability, access to credit and markets, skills development and employment generation*".<sup>27</sup> Yet at the time (2001/2002) the actions of the government were the converse of those necessary to ensure macroeconomic

<sup>25</sup>Mechanisms include: formal sector wide joint programme/ pooling arrangements (Health SWAp), firmly established and formalised joint oversight and monitoring arrangements (CABS Group), joint funding as either host (Netherlands - Education) or resource provider (CIDA -PEG), secondments (World Bank, EU), regular liaison meetings and committees (all sectors).

<sup>26</sup>Sector programmes in agriculture and natural resources are generally considered more difficult (Booth et al 2005: 75), and this general shift 'upstream' is more likely to favour the social sectors.

<sup>27</sup>MPRS 2002, Section 1.3

stability with out of control public expenditure and borrowing. This does not appear to have altered strategic thinking at the time.

3.12 Furthermore the DFIDM strategy has at times pursued DFID global policy with limited adjustment to local political-economic circumstances. Many of the big strategy ideas such as the shift towards budget support, cross-donor harmonisation and project rationalisation have been driven through rather single-mindedly and mechanically. It is not that the rationale behind budget support, sector programmes, harmonisation, etc were irrelevant (far from it), but that there was limited adaptation to the local political-economic context. Two examples illustrate this point. Firstly, it is doubtful that the conditions existed for direct budget support as a means of financing the implementation of a PRSP and enhancing relevant government capacity (i.e. beyond simply macroeconomic stabilisation).<sup>28</sup> And secondly, it is not clear that the preconditions existed for sector-wide approaches across all sectors. While the SWAp in health was timely and well designed, the sector programme for agriculture (MASIP) has largely proved unsuccessful, in part due to the difficulties of applying a generic approach to the particularities of the sector.

3.13 In summary, the principal objective of the CAP was to support MPRS implementation. In reality DFID's programme has reacted more to opportunities and events, rather than adhere to the strategic priorities of the CAP. While the CAP described the intended DFID strategy in 2003 the actual strategy has deviated significantly from the document. This has been less so in sectors such as health, but nonetheless, it has been a poorly owned CAP. Plus, this has also had consequences for any monitoring processes linked to the document; i.e. such processes tend to be viewed as a headquarters-driven, administrative burden, rather than a real opportunity for learning and change.

## Relationships

3.14 The quality of DFID relations with external partners has a major impact on programme achievement, and is of increasing importance as partnerships with government and other donors move more upstream towards the policy level. The following analysis is based mainly on interviews with representatives of partner agencies<sup>29</sup>.

3.15 *Relations with Government:* The relationship between the former Secretary of State and President Muluzi was apparently good and instrumental both in securing the expansion of the DFID Malawi programme during the CSP era and the maintenance of cordial relations despite interruptions in budget support. The current relationship between the DFIDM office, especially the Head of Office, and the Minister of Finance (MoF) and senior officials in MoF is also good and possibly allows DFID levels of access and influence beyond other partner agencies.

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<sup>28</sup>See Booth et al (2004: 76).

<sup>29</sup>Inevitably these reflections tended to focus on perceptions of DFIDM at the time of the interviews (July 2005), either because this was of immediate concern or because the individual had not been in post throughout the evaluation period. For those who did have a historical perspective a generally positive trend in DFID partner relations was identified.

3.16 Given the CAP's strategic focus, the most important relationships for DFIDM are with those parts of government responsible for planning, resourcing, implementing and monitoring the MPRS. The Ministries of Finance and of Economic Planning and Development are focal points and both reported excellent relations with DFIDM. The historical linkage between the UK and Malawi is perceived as underpinning the relationship, as is the scale of the DFID programme and the flexibility with which DFID is able to manage resources. The only negative comment from these central ministries concerned a tendency of DFIDM to refer to DFID HQ as a "big stick" during negotiations.

3.17 For line ministries feedback was less uniformly positive. Aspects of flexibility and long-term commitment were again praised although there was some negative comment about the frequency of personnel changes making it difficult to build on established relationships. In the Ministry of Agriculture, Department of Forestry, and Department of Poverty and Disaster Management Affairs (responsible for safety nets), almost without exception interviewees recounted previously strong and active relationships with DFIDM having deteriorated. Such interviewees variously describe DFIDM as now seemingly "indifferent", "hands off" and "disengaged" and most markedly in the last 1-2 years.<sup>30</sup>

3.18 Also on a more critical note, interviewees highlighted several examples where decisions had been taken between DFID and the Ministry of Finance, circumventing the involvement of other key stakeholders and sectoral ministries. In several cases concern was expressed over high-level decisions being made without adequate engagement with lower management levels on technical issues, such as in relation to the Forestry Department and the Safety Nets Unit.

3.19 Overall though, DFIDM has good relations with the Government of Malawi. The strength of this relationship tends to build closer to the centre of government (e.g. MoF) and, not surprisingly, for those sectors towards which DFIDM has been focussing resources and energy (e.g. health, education).

3.20 *Relations with the High Commission:* The High Commission (BHC) has a comparative advantage in political analysis and engagement with Malawian politicians. Given the DFID strategic shift towards an upstream influencing agenda this represents a valuable resource. The role of the former High Commissioner in securing positive relations with senior figures in the Government was commended, tending to strengthen combined DFID/BHC influence.

3.21 There is already an active partnership (daily contact, meetings at least weekly) between the two offices with political intelligence being shared and joint positions reached. The High Commission manages all press contact and briefings on behalf of DFIDM. The option of forming a joint governance team should be considered.

3.22 *Relations with other Donors (harmonisation):* Relations with other donors have remained firmly at the centre of the DFID strategic agenda. The evaluation team met representatives from all the main DFIDM partners. Perceptions of DFID were generally very positive and were said to have improved as a result of personnel changes. DFID's strengths as perceived by other donors included: the size of the office and the volume of

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<sup>30</sup> Undoubtedly this has been exacerbated by the departure of the long-serving Livelihoods Advisor, plus maternity leave of another.

their spend, DFID advisers "seem to have time to think" (mentioned by several respondents), the strength of DFID's analytical and research work, DFID's flexibility and willingness to experiment. Identified weaknesses included a tendency to intellectualise rather than prioritise implementation. There were some negative comments about DFID's perceived withdrawal from engagement with projects and with civil society.

3.23 DFID's push towards greater harmonisation, with new forms of partnerships, has received a generally positive response from other donors. Examples include the placement of secondees in the World Bank and the EU, proposals to pool health sector advisory functions with Norway, hosting the funding of other agencies (Netherlands), commissioning joint research (e.g. Drivers of Change, General Budgetary Support). However in the current humanitarian situation, there have been difficult relations between WFP and DFID. This has resulted a two-way split in the distribution of food aid across the country, with WFP distributing to one half and DFID to the other.<sup>31</sup> In terms of donor harmonisation, DFIDM appears to have a duality of approach; on the one hand it is advocating a shift upstream, while simultaneously running a separate logistical operation and distributing food aid. Nevertheless, DFIDM has been instrumental in challenging the role and efficiency of WFP; with DFIDM distributing food aid at an estimated cost of \$90 per ton (actual outturn \$63), as well as challenging WFP to reduce its charges from an initial \$240 to \$107 per ton. WFP however fears that food aid may not be properly targeted or monitored, with reduced effectiveness in reaching the most vulnerable population (see paragraphs 4.20 to 4.21, Chapter 4).

3.24 *Relations with Civil Society:* Over the five years under review, there has been significant DFID support to civil society, such as through the Tikambirane programmes. More recently, the DFIDM portfolio has become more focused on the Government of Malawi as the dominant partner,<sup>32</sup> and the concentration of funding, relationships and influencing effort has increased – with declining support to civil society.<sup>33</sup> While civil society in Malawi is generally reported as weak the combination of faith-based and other organisations has led to some notable successes, including helping to prevent Muluzi secure a third presidential term and applying pressure for a resolution to the recent budget crisis. Likewise, the Christian Health Association of Malawi (CHAM) and Banjo La Mtsogolo (BLM) deliver a large percentage of essential health services, contributing directly to the MDGs.

3.25 Maintaining balance in the DFIDM programme between different development instruments as well as support to state and non-state actors is important for risk mitigation. Relatively small expenditures in support of organisations such as Malawi Economic Justice Network (MJEN) may yield large outputs in terms of learning, innovation and demand-side pressure on Government. Considerations of office efficiency

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<sup>31</sup> Stakeholders recall a meeting where 7-8 donors discussed (and some say agreed) a 75:25 split in the distribution between WFP and DFID respectively (i.e. DFID taking the smaller share). The decision was later overturned (bilaterally) following discussions between DFID and the Minister of Finance. The split is now 50:50.

<sup>32</sup> Although the policy-level decision to move away from NGO capacity building appears to have occurred much earlier. See: note from Mike Wood to Graham Stegmann, 28 October 2002.

<sup>33</sup> Interestingly some agencies consulted that previously regarded themselves as strategic partners of DFID (e.g. CARE, the British Council) have themselves been forced to re-strategize as a result of DFID disengagement. By their own admission, in at least these two cases, this has been a useful process, forcing them to take a more strategic, pro-active approach to business development.

<sup>34</sup> See for example Drivers of Change Study

(use of adviser time) tend to mitigate against maintaining significant numbers of small grants given the transaction costs involved. It is however possible to find ways of overcoming this constraint (e.g. umbrella funding via third parties). DFIDM should ensure that the programme does not overbalance towards GoM and away from civil society, especially given the only recently improved performance of the GoM.<sup>35</sup>

## Portfolio of activities

3.26 In terms of programme mix, the DFIDM portfolio has evolved considerably over the CSP/CAP period, with current commitments amounting to approximately one-third budget support (BS), one-third Health SWAp, and one-third other programmes (including humanitarian aid). The following section assesses the content and design issues for each of the main programme areas: health, education, pro-poor growth, governance, and crosscutting issues (gender and HIV/AIDS). Budget support is covered in the next chapter.

### Design Issues: Health

3.27 DFIDM's health projects are clearly focused on generating maximum impact on the MDGs, in line with DFID's corporate strategy as well as with the main health problems and priority services identified in the Fourth National Health Plan (1999) and later the Joint Plan of Work 2004-2010. However, the National Health Plan is very much geared towards preparing the health sector for decentralisation, an area that has received insufficient attention in DFID's health sector work. Rather than focus almost solely on the central level, DFIDM should have chosen to simultaneously build planning and management capacity at the district level - where almost all activities that will have an impact on health outcomes will have to be implemented. This is not to imply that DFIDM's focus at the central level was misplaced (to the contrary), but rather that more influence could have been brought to bear on the work of others; ensuring that work on decentralisation effectively facilitates the national policies being delivered.<sup>36</sup>

3.28 Overall though, DFID has played a central role in support of the GoM in launching its first health SWAp. The DFIDM strategy in health aims to harmonise scarce resources around a coherent national policy and coordinated programme of work, plus support the transition to a sector-wide approach (SWAp) - with the MoH in a strong coordinating role. The foundations for this transition began during the CSP period, when DFIDM adapted its programmes, engaged more upstream, and started developing the necessary mechanisms. This shift conforms to the National Health Plan 1999, which was intended to be a rallying point for the development of a SWAp and for collaboration between government and donors. Over the period, DFID has managed to capitalise on its historical presence and support to the health sector by funding a large number of technical assistants – most of who were (and still are) working in line positions in the central MoH. It has been these TAs that have mostly produced the policies, plans and

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<sup>35</sup> From DFIDM's perspective, support to civil society is not without its own problems of accountability and advocacy. In the past, donor support to civil society has often been more driven by supply than local demand, and there are concerns about the capability and motivation of official institutions to respond to issues-based relationships.

<sup>36</sup> Subsequent to the evaluation mission in June/July 2005, there has been a rapid devolution of approximately 40 percent of the health budget, and DFIDM's capacity building has been re-balanced to reflect this change. All ten TAs funded by DFID now have a remit for district support and capacity building as part of their job descriptions.

systems necessary to introduce the SWAp. This approach was undoubtedly necessary due to severe human resource shortages in the MoH and limited absorption capacity (mentioned as a risk on page 13 of the CSP). It has not (as yet) led to the development of sufficient local capacity for the MoH to be able to manage all aspects of the Joint PoW in the future (an objective for the health sector mentioned on page 11 of the CSP).

3.29 On the supply side the Malawian health sector not only faces chronic problems of under-funding, service delivery is also hampered by severe human resource shortages, mainly stemming from the loss of highly qualified health workers to the private sector or to other countries. DFID has responded by designing, promoting and largely funding an emergency human resource programme, including a salaries top-up programme, increased health professional training and provision of volunteer health professionals to fill key specialist and training posts. DFID's leadership among donors in Malawi plus its influence internationally has helped the Malawi Government leverage an additional £100+ million of support from the Global Fund for AIDS, TB and Malaria (specifically for human resources in the health sector).

3.30 Strengths in the design aspects of the DFID health sector strategy include:

- ❖ The transition to a Health SWAp represents a successful step towards DFID supporting national policy
- ❖ DFID clearly influenced government and other donors and has been very instrumental in aid harmonisation
- ❖ The MoH appears committed to its policies and plans. The planning and management of the change process have been sufficiently gradual and participatory to allow general ownership to be retained within MoH
- ❖ The recently agreed emergency human resources programme is an innovative and flexible response to the human resource crisis in the sector, although the sustainability of this measure remains a concern
- ❖ The change process built on and successfully consolidated the existing portfolio of health projects

3.31 Weaknesses in the design aspects of the DFID health sector strategy include:

- ❖ DFIDM focus has been very much towards the centre with less attention paid to aspects of decentralised service delivery and associated capacity building requirements
- ❖ The MoH remains heavily dependent on technical assistants for gap filling and there is limited attention to sustainable capacity building – though this is beginning to be addressed.
- ❖ The mechanisms and systems to guarantee smooth and timely disbursements of funds are not yet functional. As such, there is a risk of disruption to service delivery during transition to the SWAp, especially in relation to those services currently funded separately and for which there will be a significant change in contracting and funding arrangements.

3.32 The overall assessment is that, in the health sector, the choice of strategy retains a balance between the necessity of continuing to support the delivery and enhancement of basic services and the desire to motivate and facilitate longer-term institutional change.

## Design Issues: Education

3.33 For the education sector the key event to which the system is still adjusting was the introduction of free primary education (FPE) in 1994. The core DFID strategy throughout the CSP/CAP period has been to assist the government in addressing the massive shortfalls, in terms of both physical (classrooms) and human (teachers) capacity that FPE exposed. The DFID strategy has therefore been rather well directed towards nationally identified policies and priorities.

3.34 DFID education strategy has evolved from traditional project support using external consultants to manage DFID projects, to a more programme based approach managed by DFID directly using fixed term advisers. This is with an ultimate aim of moving towards a SWAp in line with government objectives as outlined in the Policy Investment Framework for Education (PIF). The PIF emphasizes the need to improve coordination and facilitate the adoption of common financial reporting systems (PIF 2000).

3.35 DFID's Education Sector Support Programme (ESSP) over the period has been generally relevant and well aligned to the national priorities emerging from the PIF and national policy frameworks (such as Vision 2020 and MPRS) and responsive to changes taking place in the sector and national context. The ESSP predominantly focuses on primary education and on supporting institutional reform that would ensure provision of quality education through a strengthened, coherent and responsive system. The focus on primary education is consistent with DFID policies and corporate goals of prioritising the achievement of international development targets in particular the EFA goals and the two MDG goals relating to education.

## Design Issues: Pro-poor growth & food security

3.36 The period under review has seen a significant repositioning of DFIDM (as well as DFID globally), away from sustainable livelihoods towards the agriculture and pro-poor growth. Furthermore, while the CAP remains the current strategy until 2005/06 (on paper at least), DFIDM's strategy has in practice followed a very different course. In particular, the past 12-18 months have been marked by a change in direction with a further rationalisation of projects and an extensive period of 'rethinking & refocusing'. This has recently (April 2005) led to an internal paper entitled, *"Stimulating growth in Malawi and the role of agriculture and social protection: A paper in support of MEGS"* (hereafter referred to as the "Growth paper").<sup>37</sup> This new approach follows the formation of the Growth and Social Protection (G&SP) team.

3.37 Therefore within a relatively short period of time, the strategic direction of the CAP 2003 has been largely discarded - following changes in DFID global policy, internal restructuring within the country office, and changes of personnel. In particular, the CAP 2003 established a clear strategic direction towards sector programmes, with a shift 'upstream', the rationalisation of projects, and a commitment to sector programmes in forestry (FSSP), agriculture (MASIP) and safety nets (NSNP). There is now a perception

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<sup>37</sup> See: DFID-Malawi (2005). The paper provides a detailed review of issues relating to agriculture and growth, building on earlier work of the Renewable Natural Resources and Agriculture team, Policy Division (DFID 2002a; 2003c; 2004b).

of agriculture and safety nets as 'difficult sectors' not amenable to a smooth transition towards sector-wide approaches. Nonetheless, there has been little analysis by DFIDM of what pre-conditions may still be necessary, and what mix of aid instruments is appropriate.<sup>38</sup>

3.38 The new Growth paper makes a useful contribution to the debate about Malawi's longer-term prospects for growth and the role of agriculture. It does provide strategic direction, but as a strategy to guide DFIDM's work there are significant gaps – some of which may be filled by the forthcoming DFID country strategy. In particular, the paper does not specify DFID's role in support of government or other partners, but rather points to a series of, "Possible positive actions by government". Thus, while it has been useful for internal rethinking, and more recently external debate, it does not provide a clear test of programme fit; the paper contains little firm guidance on what DFIDM will support (or not support), limited prioritization, and no analysis of other donor programmes and where DFIDM might provide joint-support (with TA, pooled funding, etc). There is limited consideration of the legacy effect of existing projects and programmes, and no analysis of human resource and advisory implications. There is no hierarchy of outputs, purpose, goal and structure of objectives, and no clear link made to the main monitoring tools and measures of success.

3.39 The challenge of reducing poverty and hunger in Malawi is immense and central to DFID's global objectives. Pro-poor growth and social protection are important elements in making progress against MDG1. Over the review period, DFIDM has moved from a position of spending £53 million over the past seven years on direct (not always effective) interventions to the poorest farmers, to one of few specific 'interventions' to support pro-poor growth.<sup>39</sup> At present work on cash transfers is the most advanced, with plans to pilot activities (although large-scale cash transfers are of unproven effectiveness within the Malawi context, and not without considerable risks).<sup>40</sup> For other aspects in support of pro-poor growth (such as access to credit, markets, inputs, etc and opportunities for off-farm income), progress has lacked urgency.<sup>41</sup> Within a reducing budget, the challenge will be to advance pro-poor growth using a combination of advisory support, pooled resources, TA, partnerships, etc, and working closely with key donors such as the EU and World Bank. This is also likely to require increased advisory capacity in the G&SP team, as well as renewed engagement with ministries in areas of growth, agriculture and social protection.<sup>42</sup>

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<sup>38</sup> As highlighted by the Drivers of Change report, pages xv and 75.

<sup>39</sup> The term 'interventions' does not imply project-type approaches, or even directly managed DFIDM support. Interventions can include a broad range of approaches including programmatic aid, SWAps, partnerships, TA, influencing, etc.

<sup>40</sup> This work is being piloted by DFIDM, building on experiences in Ethiopia and Zambia, and with the support of DFID PS.

<sup>41</sup> The level of investment in G&SP (formerly Livelihoods) has fallen significantly from £24 million in 2002/03, to £15 million in 2003/04 and £10 million in 2004/05 (Source: Finance department, DFID-Malawi). This is set to continue, with significant amounts of future expenditure committed to budget support and the health sector over the next three years.

<sup>42</sup> While DFIDM has done much to understand the political process in Malawi (e.g. the 'Drivers of change' and 'Budget as theatre' studies), it has also tended to concentrate relationships around the Ministry of Finance and the health and education sectors (see section on DFID-Government relationships).

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## Design issues: Governance

3.40 Over the review period, the DFID approach to governance has become more strategically focused, and with greater in-house capacity. There is now a stronger focus on activities that link to the PFM on the demand-side (MEJN), donor harmonisation and a shift upstream, withdrawal where there is no competitive advantage, and linking to the PRSP wherever possible. The commissioning of the 'Drivers of Change' and 'Budget as Theatre' studies has also signalled a greater awareness of political-economy perspectives; which has given rise to a new approach across the governance agenda, one that is less of a technical exercise (such as previous failed attempts at PFM) and more to do with capacity and incentives at an institutional level.

3.41 There are nonetheless lessons to be learnt from earlier experiences in pursuing the harmonisation agenda, ones that could be used to enhance skills in designing and implementing joint ventures – both internally and for other country offices. The Tikambirane PM (paragraph 3.3.10) for example, originally saw a number of advantages to DFID providing support through CIDA and USAID, including reducing transaction costs and the risk of being a 'lone donor' in an increasingly sensitive area of pro-poor, responsive governance. The implementation experience turned out to be very different, including significant management, communication and coordination failures (see Chapter 4 on programme effectiveness).

## Gender

3.42 The DFID approach to gender in Malawi is one of mainstreaming involving both integrating gender into existing programmes and specific initiatives aimed at empowering women – such as the Economic Activities Project (EAP), and the Gender Equality Support Project (GESP). The approach has evolved and is reflective of a number of features of DFIDM strategy:

- ❖ While gender is to be mainstreamed across the programme it is not identified as a field of comparative advantage for DFID. The recent strategy has been to invest in the expertise of Canadian CIDA through co-funding the GESP programme.
- ❖ With no significant directly funded gender programme the role of the gender adviser is, perhaps more than in any other sector, one of influencing and promoting research and policy dialogue rather than managing a programme.
- ❖ DFIDM has sought efficiency gains through ending its direct support for the Ministry of Gender and adopting a fairly hands-off approach to its partnership with CIDA.<sup>43</sup>

3.43 The 2005 Gender Audit finds that there is 'resistance'<sup>44</sup> to gender mainstreaming at a policy level, not only within DFIDM, but also within the government and the broader economic, social and cultural environment. The Ministry of Gender has not been able to overcome this resistance, and is accorded low status within government.

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<sup>43</sup> The absence of interference by DFID was reported a strength by CIDA contacts

<sup>44</sup> Resistance, when effective mechanisms block gender mainstreaming, with opposition essentially political and based on power relations

3.44 As such, there is a tendency for gender to become “invisibilized” in programme intervention and monitoring, and on occasions this has led to the re-introduction of gender at a later stage. This needs to be addressed, and the Gender Audit identifies a range of opportunities for enhancing the gender mainstreaming strategy including:

- ❖ Integration of gender concerns into the upcoming CAP successor
- ❖ Using influence to ensure adequate gender consideration in the new MPRS
- ❖ Particular emphasis on the strong economic arguments for incorporating gender concerns in pursuit of MDGs and growth objectives
- ❖ Integration of gender monitoring into the joint donor Poverty Assessment Framework (PAF) being developed through the CABS group
- ❖ Institution building for the DFIDM office in terms of capacity to address gender issues

## HIV/AIDS

3.45 The CAP (pages 9-10) mentions that a key risk related to the HIV/AIDS epidemic is the lack of leadership and capacity to implement a genuinely multi-sectoral HIV/AIDS strategy, which comprehensively addresses prevention, care and mitigation in the health and non-health sectors. The CAP expresses fear that the arrival of resources provided by the Global Fund for AIDS will place additional burdens on the National AIDS Commission (NAC) and could weaken health systems generally by drawing away resources required for other forms of care and treatment.

3.46 DFID responded to this analysis with two strategies. First, on the basis of a commissioned situation analysis of HIV/AIDS in Malawi by Options (2002), DFID Malawi designed explicit support to HIV/AIDS in a project memorandum (PM) entitled “*Multi-sectoral response to HIV/AIDS*”. Second, after the visit of Suma Chakrabarti (DFID HQ) and Peter Piot (Director UNAIDS), who came to Malawi to assess progress on the strong harmonisation approach used in the HIV/AIDS programme, DFID decided to fund an Emergency Human Resource Programme (EHRP) on a large scale. This was a programme essentially designed to mitigate the impact of the expected \$200m GFATM funds potentially further depleting the human resource base of the MoH. Of the £100 million for the health SWAp, £55 million is earmarked for the EHRP.

3.47 The decision by DFIDM not to spend large amounts directly on HIV/AIDS can be justified by the fact that other donors are already heavily funding programmes through the NAC, or directly with civil society and the private sector. Plus, there are significant resources coming through the GFATM, and DFIDM is providing indirect funds through the pooled funding arrangements under the EHP. Nevertheless, one of the three health PSA targets for Malawi relates to the reduction of the proportion of 15-24 year old pregnant women with HIV. This is usually used as an indicator because it provides a good proxy for HIV prevalence in the general population. With the arrival of significant resources for ARVT, there is a risk that the prevention of new infections will take a back seat in the strategy to control the epidemic. It might be therefore be prudent for DFIDM to intermittently analyse whether the planned interventions through the EHP, or activities directly financed by other donors, continue to target prevention.

### *Summary of findings*

- ❖ The CAP strategy was built on a weak foundation: the MPRS. The assumption that the government had a genuine intention to implement the MPRS was a flaw in the CAP. It forced DFIDM in practice to operate in a different, more responsive and independent way.
- ❖ There is a sense that the CAP is poorly owned by country office staff, and that it has been superseded by circumstances. Amongst other aspects, this has consequences for any monitoring processes linked to the document.
- ❖ At times, DFIDM's strategy has not adequately balanced the need to implement DFID's corporate policy with the adjustments required for the local political-economic context.
- ❖ DFID strategic choices are increasingly being drawn towards those sectors where transition to SWAp appears most feasible. This is linked to a move to a more hands-off approach by DFID. As a consequence sectors where there is weaker national strategy (livelihoods) are losing ground.
- ❖ DFIDM strategy has become centred on Government of Malawi as the predominant development partner. Relations with the GoM and especially the MoF are generally strong. In some sectors there is a perception of DFID withdrawal that has weakened this relationship. In contrast to relations with government, there has been a more recent shift away from civil society.
- ❖ The strategic transition to the Health SWAp represents a successful step in supporting national policy, though more attention could have been paid to the decentralisation of services and the risk of disruption to services currently being provided by hitherto separately funded actors.
- ❖ DFID's support to the education sector has been generally relevant and responsive, though the government's progress towards the SWAp has been slow.
- ❖ The current thinking towards pro-poor growth and social protection (formerly livelihoods) represents a positive step. There are however concerns with the magnitude and urgency of the proposed interventions relative to the level of poverty and food security in Malawi (and progress towards MDG1).
- ❖ There is a tendency for gender to become "invisibilized" in programme interventions and monitoring – something that has sometimes led to their re-introduction at a later stage.



## 4. Programme effectiveness

4.1 This chapter concerns the effectiveness of programme implementation. The findings are derived from detailed consultations with DFID staff but also with implementing partners inside and outside government. A large number of OPRs and other reports have also been considered.

4.2 Implementation experience has evolved over the last five years rather than undergoing a phase shift as the CAP replaced the CSP. This chapter therefore considers the evaluation period as a whole rather than making a distinction between CSP and CAP timeframes. The key elements of the programme are: (i) budget support; (ii) health programmes transitioning into Health SWAp; (iii) the education portfolio; (iv) food security and emergency relief measures; and, (v) the governance portfolio. These are considered in turn, with a separate section on the crosscutting issues of gender, the environment and HIV/AIDS.

### Results

4.3 The programme has become increasingly concentrated around relations with the Government of Malawi and a small range of instruments over the period of the evaluation. OPR and PCR scores show that the implementation experience with regard to the portfolio was generally positive although, as to be expected with any diverse portfolio, there have been some problem projects.

#### Budget support

4.4 There seems to be a consensus that there is not much to show for the £72m disbursed during the 2000-2003 period.<sup>45</sup> The OVIs of the programme aid 2000-2003, although never formally agreed, were supposed to be based on PRGF and PRSP targets (PM 3.6.2), and these have not been achieved. Also under the previous programme/government the (implicit) mechanism linking policy dialogue and risk mitigation did not deliver results. Furthermore, past budget support can even be said to have contributed to the problems. Even if the circumstances that led to PRGF going off-track in 2001 were caused by mismanagement (overspending) of the previous government, the disruption of budget support by donors added to the problems: It is very difficult to curtail expenditure during the year, as commitments have been made and programmes can't be discontinued from one day to the next without severe collateral damage.

4.5 The new DFID programme is better guaranteed by annual, frontloaded disbursements and should enhance the predictability of budget support, as well as increased dialogue and monitoring of government performance.

4.6 Firstly, the predictability of disbursements has a significant bearing on the effectiveness of budget support. Budget support can only be claimed to be superior to other aid modalities as long as it does not get into the way of forward planning by

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<sup>45</sup> The purpose was to support the underlying economic reform programme, with budget support meant for macro-economic stabilisation. In fact, the withdrawal of the support contributed to the worsening of macro-economic performance, by contributing to the gap between resources and expenditures, government expenditure overruns, and the fiscal crisis, high interest rates, etc. It is therefore difficult to attribute the return to growth to DFID support. It is the new government that has been instrumental in the vastly improved fiscal discipline.

imposing large uncertainties arising from previously un-stated political conditionalities. The open-ended character of the assessment mechanism (biannually through CABS) in fact presents a risk for GoM, but from 2005/06 onwards predictability will at least be strengthened through annual, front-loaded disbursements. The new PRBS programme plans disbursements to be made at the beginning of the Malawi financial year, so as not to risk creating gaps in the annual budget because of delays.

4.7 Secondly, there is an attempt to strengthen monitoring and dialogue about the performance of government. DFID's project memorandum for the planned new programme on Support to the Policy Making, Coordination and the Budget acknowledges: *"the poor results of previous programmes to strengthen public financial management and policy making in Malawi demonstrate the essentially political, as much as technical, nature of the problem"*. The new PRBS programme states that DFID will 'work closely with the government to strengthen government leadership'.<sup>48</sup> As part of the Common Approach to Budget Support group (CABS), DFID participates in the six-monthly reviews of PFM and macroeconomic management. The rationale is that instead of exercising influence through conditionality, i.e. by imposing policy choices, DFID (as member of the CABS group) will closely monitor and remain in dialogue with GoM about the government's performance on PFM. Although there is no conditionality, the (implicit) rationale still is that an influence is expected through: (i) a disciplining effect of donor scrutiny of PFM policy; and, (ii) the dialogue on policy needs, possibly in combination with Technical Cooperation (TC) projects such as support to the MTEF. This should contribute to the mitigation of the fiduciary risks. However, in order to optimise this effect, the policy dialogue should be clearly focused and prioritised.

4.8 Finally, budget transparency and the monitoring of fiduciary risks remains a problem. This is of particular significance to both the Malawian population and the British taxpayer. A fiduciary risk assessment has been carried out by DFID in November 2004. It concludes that overall fiduciary risk remains high. DFID guidelines define eight Good Practice Principles, which are assessed through 15 benchmarks in total. Out of these 15 benchmarks, 5 are rated as 'medium risk' and 10 as 'high risk'. For four of the latter, and covering in particular GPP 4, 'the budget is a reliable guide to actual expenditure', the trajectory of change is marked as 'no change'. A specific issue of concern is that budget support funds cannot be traced in the official budget. Under 'grants', the budget lists Balance of Payments support, project funds, HIPC funds, and 'others'. None of these seem to include budget support funds. Various bilateral donors have their own separate accounts at the Treasury for reasons of accountability, but budget transparency remains problematic.

## Health Programmes

4.9 The main health programmes and their effectiveness over the CSP/CAP period are summarised in Table 6, below. In summary, at least 3-4 projects performed well (BLM, NTP and EHP interim support, and possibly also the humanitarian relief project). One performed mediocre (SRHP), two did not perform very well (Safe Motherhood Project and CMS) and the HIV/AIDS response is too early to judge. Effective implementation in the health sector has however been achieved partly through large amounts of Technical Assistance (TA).<sup>47</sup>

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<sup>48</sup> DFID, Malawi fiduciary risk assessment November 2004, section 1.2.6

<sup>47</sup> There are presently 14 expatriate TAs working in the MoH. Ten more have been recruited recently, bringing the total to 24, 20 of them expatriates, most of them DFID funded on behalf of the SWAp pool donors.

**Table 6: Effectiveness of health programmes**

Programme	Summary of purpose and effectiveness
<p><i>Banja La Misogolo (BLM), phases 1 &amp; 2</i> £11.9M (1994–2001) £8.5m of which £7 transferred from the SRHP (2001-06)</p>	<p><i>Summary purpose:</i> to improve reproductive health for the urban/rural poor <i>Assessment:</i> BLM has made a significant contribution to sexual and reproductive health practices in Malawi in the areas of family planning, sexually transmitted infections, voluntary counseling and testing, information, education and communication, and child health. Access and availability of services to the poor have increased.</p>
<p><i>National Tuberculosis Programme (NTP)</i> £5.6m (99-04)</p>	<p><i>Summary description:</i> comprehensive TB control programme <i>Assessment:</i> NTP has been internationally recognised as extremely successful. Substantial gains have been made in TB detection and treatment compliance but also in capacity building at all levels and in system development. Evidence for reaching the poor was instrumental in the MoH decision to deliver EHP free of charge.</p>
<p><i>Sexual and Reproductive Health Programme (SRHP)</i> £27.8m (00-05)</p>	<p><i>Summary description:</i> programme focused on improving access to, and quality of, contraceptive and STD services <i>Assessment:</i> Difficult to establish from the documentation provided whether any of the programme purposes or outputs were achieved. The purpose of the project has continually changed and in the end, the SRHP became a forerunner of the SWAp. Inputs did make a real difference, as supplies are now available, capacity has been built in STI control and tools have been developed.</p>
<p><i>Safe Motherhood Programme</i> £9.3m (98-04)</p>	<p><i>Summary purpose:</i> reducing maternal mortality (MM) <i>Assessment:</i> Although the DHS 2004 results are not yet available preliminary results seem to indicate that MM has risen still further. The purpose of the programme has therefore not been achieved although the activities were largely implemented. External factors beyond the control of the project (mainly lack of human resources) and wrong assumptions in the project design have proven to be a major constraint to progress at purpose level. The project has generated valuable knowledge about organization and delivery of safe motherhood services, which will be beneficial if absorbed into the general health services.</p>
<p><i>Central Medical Stores (CMS)</i> £1.25m (Phase 1, 01-03)</p>	<p><i>Summary purpose:</i> to improve the supply of essential drugs <i>Assessment:</i> The CMS has been unable to deliver timely drugs in appropriate quantities, mainly due to corruption, in which the highest levels of government were said to be involved. DFID's project to strengthen the CMS was therefore high-risk and DFID closed it down after the consultants were threatened and repatriated for their own safety. Some achievements were made, such as functioning MIS and accounting systems, a draft business plan, as well as a draft Trust Constitution.</p>
<p><i>Essential Health Programme (EHP)</i> Interim Support to UNICEF, £10.6m (02-05)</p>	<p><i>Summary purpose:</i> to increase national immunisation coverage and treatment and prevention of malaria <i>Assessment:</i> The OPR done in July 2004 noted that all districts had included EPI and malaria activities in their annual work plans and that immunisation targets have been largely met. No stock-outs of vaccines or malaria medication occurred. PSI distributed over 2 million bed nets through public and CHAM health facilities. Today, more than 1/3<sup>rd</sup> of under-fives, and pregnant women are sleeping under ITNs.</p>
<p><i>Transition to SWAp, including EHP and EHRP</i> £100m, (04-10): £45m for EHP, £55m for EHRP</p>	<p><i>Summary description:</i> Improved access to and quality, effectiveness and accountability of essential health services <i>Assessment:</i> Too early to comment on PoW outcomes - but there has been a steady and well harmonised process of transition to a SWAp, including the development of a comprehensive and jointly funded programme of work. An ambitious training programme and salary support to specific grades of health workers to help address the human resources crises has been initiated.</p>

4.10 Since the nineties, DFID (along with all other partners, including the MoH and the GoM itself) have been too optimistic about the political and socio-economic environment in which project aid was delivered. The negative effects of the growing AIDS epidemic and the human resource crisis have also contributed to the lack of progress on key indicators. The transition to SWAp indicates dissatisfaction with the performance of the previous, multiple project approach in terms of the general trend of health outcomes in Malawi. Nevertheless many of the past programmes (in Table 6) were carefully designed and would have performed better if the external environment had been more conducive. Even if the programmes did not greatly contribute to final health outcomes, many systemic changes have been achieved.

4.11 The launch of a health SWAp in the context of Malawi is a clear achievement – though only the means to a sustainable improvement in health outcomes rather than an end in itself. The first Joint mid-year review conducted in March 2005 concluded that good progress had been made with the development of the Programme of Work (PoW) and the Memorandum of Understanding (MoU). It is too early to judge effectiveness, though there have been concerns about systems not being fully functional, the lack of capacity at district level and below, and that as yet uncertain service agreements between the MoH and hitherto separately financed programmes and NGOs (especially BLM) might lead to delayed disbursements and reverse any health gains achieved. In BLM's case, DFID presently pays 75 percent of all its costs so its continued existence is at risk with the transfer of responsibility to the MoH under the health SWAp. To avoid disruptions in service delivery, it is important that DFIDM addresses such transitional arrangements.<sup>48</sup>

4.12 As part of the health SWAp, DFIDM has also contributed to human resource development with £55 million for salary top-ups, training programmes and the funding of professional volunteers to temporarily fill gaps. It is too early to measure the effect on staff retention. Stakeholders hold mixed views on the potential impact on the so-called 'brain drain' of health workers, but there will certainly be a positive impact on the motivation of workers. Of particular concern is the inequality caused both within the MoH and between sectors, especially within the context of broader public sector reform measures.

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<sup>48</sup> Subsequent to the evaluation mission in June/July 2005, DFIDM have made financial provision to continue support to BLM.

## Education Programme

4.13 The main education programmes and their effectiveness over the CSP/CAP period are summarised in Table 7, below.

**Table 7: Effectiveness of education programmes**

Programme	Summary of purpose and effectiveness
<i>Primary Community Schools Project</i> £3.2m (1994-01) £15.1m (1996-02)	<i>Summary description:</i> support to the national primary education system through capacity building and construction/ equipment of 100 community schools. <i>Assessment:</i> Being the largest donor to the sector DFID support has undoubtedly helped to cushion the after shocks of the rapid introduction of free primary education in 1994 and thus prevented a total collapse of the system.
<i>Malawi School Support Systems Project</i> £7.9 (1996-01)	<i>Summary description:</i> purpose to improve the quality of primary education through construction of schools and training of head teachers and supervision staff. <i>Assessment:</i> Beyond contributing to the goal of universal primary education, the education infrastructure programme had an effect on job creation and poverty alleviation, as well as awareness and behaviour on HIV/AIDS. The programme finished off schools started by other programmes.
<i>ESSP Education Sector Support Programme</i> £61m (2001-07) £9.9 m (1999-07)	<i>Summary description:</i> financial assistance to strengthen MoE and support the national sector plan (PIF), as well as improving in schools the quality of learning and the access and retention for girls and boys. <i>Assessment:</i> Mixed results. Mechanisms for joint sector review not consistently applied and the objectives, process and potential not fully understood by MOEST or development partners. Harmonisation is being sought through SWAp but progress towards SWAp has been slow. Dialogue started as early as 2002 but the changing environment - high staff turnover at senior management level leading to lack of continuity and lack of ownership over the sector plans diminished MoE appetite for SWAp. In the last quarter of 2004 donor coordination has improved and the appetite for SWAp increased.

4.14 Donor support has been critical in helping sustain the achievements made in 1994 with the introduction of free primary education (FPE). DFIDM, as the largest donor to the sector, has undoubtedly helped cushion the after shocks of the rapid increases in enrolment created by the provision of FPE. Plus, the professionalism of DFID TA is well appreciated and highly regarded by the MOE.

4.15 Nonetheless DFID (and other donor) support to the education sector has been undermined by lack of capacity within the Ministry of Education (MoE), compounded by structural and institutional weaknesses in MOE. This has for example caused delays in the move towards a SWAp, the development of a national sector plan, and implementation of the Education Act. Operating within a dysfunctional system, with a culture of crises management, has also led to problems of timing and sequencing of activities. For example the Malawi Integrated In-Service Teacher Education Programme took place before the Malawi School Support System Programme, school-based training before structures are in place, INSET before NTEDP.

Livelihoods and pro-poor growth

4.16 The Growth and Social Protection portfolio (formerly Rural Livelihoods) covers a range of activities, projects and technical support. Between 2000 and 2005 there were

over 30 'projects' or interventions, although several were annual commitments to the distribution of farm inputs through the Starter Pack and Targeted Inputs Programmes. Table 8 below summarises these into three main categories for the CSP/CAP period: (i) support to sector programmes; (ii) the Starter Pack/TIPs programme; and, (iii) major NGO implemented projects.

**Table 8: Effectiveness of the rural livelihoods portfolio**

<p><i>Support to sector programmes:</i></p> <p>MASIP: agriculture NSNP: safety nets FSSP: forestry</p>	<p><i>Summary purpose:</i> to rationalise project support, harmonise donor approaches and support government-led sector programmes <i>Assessment:</i> In general the move 'upstream' in these sectors has made slow progress, especially MASIP. There appears to be little appetite for continued sector support within DFID, though the alternative strategy or mix of interventions has yet to develop fully. FSSP has made good progress, including a good high quality forestry strategy (NFP) around which to coordinate and reform the sector (through privatisation). Reform may however be hindered by DFID's reluctance to pay retrenchment costs (despite being recommended by the OPR).</p>
<p><i>Starter Pack and Targeted Inputs Programmes (TIPs)</i></p> <p>£53m, 1998-2004</p>	<p><i>Summary purpose:</i> to reduce food insecurity and address input constraints of smallholder farmers (through distributing seed and fertiliser). <i>Assessment:</i> The Starter Pack was more effective at raising production and reducing food insecurity than subsequent TIPs. In particular the TIP was weak at targeting the poorest and food insecure. The Starter Pack and TIP programmes also raised multiple expectations from stakeholders; Evidence<sup>49</sup> shows that they did not stimulate nationwide agricultural growth, but were partially successful in both filling the hunger gap and overcoming input constraints faced by smallholder farmers.</p>
<p><i>Major NGO implemented projects</i><sup>50</sup></p> <p>£9.8m total</p>	<p>Most of these projects are coming (or have come to) a natural close, and have been rated as likely to achieve their project purpose - although, in common with most projects there are inherent weaknesses about sustainability after closure. The recent decision not to renew funding for the SPLIFA project remains controversial. While SPLIFA may not have been a successful project, it seems that there was little opportunity to learn and build 'success' in subsequent years (the OPR condemned design flaws after only one year).</p>

4.17 The progress and effectiveness of sector programmes in agriculture (MASIP) and safety nets (NSNP) have generally had limited success. Under FSSP however, the privatisation of forests does still present a major opportunity (and driver) for public sector reform within the Forestry Department, including the downsizing of implementation and re-orientating the role of government. Furthermore government spending on forestry seems likely to increase. This raises a contradiction in DFID support: on the one-side DFIDM supports national ownership and prioritisation (through budget support), yet in forestry at least, there is a lukewarm commitment to the other side; the organisational reforms deemed necessary to increase the effectiveness of government expenditure.

4.18 Of the many projects implemented over the CAP/CSP period, the Starter Pack and Targeted Inputs Programmes (TIPs) were the major investments (£53 million from 1998 to 2004). Evidence suggests that the Starter Pack scheme helped raise average

<sup>49</sup> Levy et al (2004).

<sup>50</sup> (i) Microfinance Operations (Concern Universal); (ii) Sustaining Productive Livelihoods through Inputs for Assets, or SPLIFA (CARE); (iii) Dedza Sustainable Livelihoods (Concern Universal; and, (iv) Shire Highlands Sustainable Livelihoods Programme (Oxfam).

<sup>51</sup> The role of government would become increasingly focused on: (i) the regulation of the private sector; (ii) national coordination; (iii) policy-making; and, (iv) pro-poor safeguards (social forestry).

household production, increase the supply of maize to the market, and enabled the continuation of traditional support systems in rural communities. The scaled-down TIPs were much less effective at increasing the productivity of smallholder farmers, with limited adoption of new technologies, and weak targeting of the poorest.<sup>52</sup>

4.19 As such, success was only partial and much political and ideological debate persists. On the one side, Levy et al (2004) conclude that Starter Packs provides a solid foundation for poverty reduction and growth; it is not the total solution, but nonetheless should be a spending priority for Malawi when complemented by other rural development programmes. Booth et al (2005: 66-67) also argue that the Starter Pack did at least represent a “second-best policy” intervention that had local support – and in this way achieved reasonable impacts that are politically viable and therefore likely to be implemented. DFID have meanwhile retracted support for the Starter Pack/TIPs on the basis that it does not tackle underlying structural problems associated with poverty, that it will not lead to sustained increases in productivity,<sup>53</sup> and that cash transfers provide a better safety nets option to reach the most vulnerable.<sup>54</sup>

### Emergency aid

4.20 In recent years, there have been several emergency situations in Malawi, with the distribution of humanitarian and food aid. DFID has been an important donor as well as implementer in these emergency situations, diverting funds from under-spent programmes. This year DFIDM’s Logistics Unit (based in Lilongwe) will assist in the distribution of food aid. While the Unit is held in high regard, it remains to be seen whether the 50:50 split between DFID and WFP will effectively reach the most vulnerable. It would therefore appear appropriate that a government-led assessment is undertaken at the end of the emergency, both to learn lessons for future emergencies as well as to continue the development of systems not as reliant on DFIDM maintaining Logistics Unit.

4.21 Emergency food aid addresses the symptoms rather than the causes of chronic poverty and food insecurity in Malawi. While climatic conditions and political interference have all exacerbated the emergency situation over the years, the distribution of food aid is tantamount to an admission of failure. Even though the Starter Pack was only a partial success in addressing food insecurity, it remains essential for DFIDM, donors and the government to find ways to address the underlying causes of food insecurity and chronic poverty – and with an urgency and magnitude necessary to address the scale of the problem.

### Governance

4.22 Governance encompasses a number of programmes, including (i) the Malawi Safety, Security and Access to Justice; (ii) PFM capacity building; (iii) Support to the Anti-corruption bureau; (iv) the Transform programme; and, (iv) Voice, Accountability and

<sup>52</sup> Source: DFID-Malawi’s paper on “Stimulating growth in Malawi and the role of agriculture and social protection: A paper in support of MEGS”, pages 13 and 21.

<sup>53</sup> Source: DFID-Malawi’s paper on “Stimulating growth in Malawi and the role of agriculture and social protection: A paper in support of MEGS”, page 13.

<sup>54</sup> Source: DFID-Malawi’s paper on “Stimulating growth in Malawi and the role of agriculture and social protection: A paper in support of MEGS”. See also “Press Article on TIP: Request by Blantyre newspapers”.

Rights: the Tikambirane project. The effectiveness of each is considered in Table 9, below.

**Table 9: Effectiveness of the governance portfolio**

<p><i>Malawi Safety, Security and Access to Justice (MASSAJ)</i> £34m, 2002-06</p>	<p><i>Assessment:</i> The MASSAJ programme has been successful in bringing together justice sector and civil society to work on issues such as juvenile justice and backlog of cases. Practical work with police and prison services has also yielded demonstrable and quantifiable impact. However sustainability remains a concern, despite concrete outputs are being achieved.</p>
<p><i>PFM capacity building</i>  (Support to MTEF and the National Statistical Office)</p>	<p><i>Assessment:</i> The National Statistical Office (NSO) PCR states that both the purpose and the outputs were partially achieved, with institutional weaknesses and limited interest generated in evidence-based policy making. Support to MTEF was under £1m and so did not require compulsory OPR. It is however clear that MTEF was very successful, as it was not implemented and due to be revived under the new planned programme. The project memorandum of the planned new programme Support to Policy Making, Coordination and the Budget acknowledges the poor record of the previous programmes to strengthen public financial management and policy making in Malawi.</p>
<p><i>Support to the Anti-corruption bureau</i></p>	<p><i>Assessment:</i> The Anti-corruption bureau was one of the early efforts to improve political commitment; the importance of which needs to be viewed in a long-term perspective. The institution is heavily criticised in the Drivers of Change study (p 40) for using a model that does not transplant well into the African context – and now being replaced in Zambia, for example. In particular, the model used focused on bribery rather than more general misuse of public funds and places excessive reliance on an Attorney General who is assumed to be independent.</p>
<p><i>Transform: ‘Through Rights to Needs for Marginalised Malawians’</i> £3m, 2001-03</p>	<p><i>Assessment:</i> The project was did not get beyond the Inception phase, and was suspended in April 2003, at the request of government. The main reason for closure was the difficult political environment in which the project was operating. Other weaknesses included: an underestimation of the sensitivity of the project; a ‘blue chip’ approach that could not adapt to the rapidly changing political environment; and, a need for a link between ‘supply and demand’ rather than just advocacy. It would also have benefited from partnership with other donors, and possibly external management arrangements.<sup>55</sup></p>
<p><i>Voice, Accountability and Rights: the Tikambirane project</i> £11m, 2003-08</p>	<p><i>Assessment:</i> For the Tikambirane project there has been a successful partnership with the CIDA implemented elements of the project: GESP (Gender), GAP (Parliamentary Governance) and PEG (Economic Governance). The collaboration for USAID has been unsuccessful, with severe management, communication and coordination failures leading to the eventual termination of the partnership.<sup>56</sup></p>

Note: DFID’s governance team also provides support to Public Sector Reform and Parliament.

4.23 Past performance in the governance portfolio has been marred by the fragmentation of donor efforts and personality-based problems in programmes such as MASSAJ and Tikambirane. While this report identifies a positive trend towards improved donor harmonisation generally, in the governance sector at least, the period under review has been characterised by somewhat weak donor coordination (as reported by donor contacts). For example donor actions in providing support to parliamentary committees was described as a mostly a ‘cherry picking’ exercise.

<sup>55</sup> Source: “DFID Human Rights Review: A review of how DFID has integrated human rights into its work”, by Piron, H-L and Watkins, F, ODI, July 2004.

<sup>56</sup> Source: Tikambirane OPR. Whereas the 2004 Country Annual Review understates the severity of the issues, “Working relations have not always run smoothly due to different bureaucratic styles”.

4.24 The climate for harmonisation around governance support has improved since difficulties with the UNDP-led (pooled) donor support to the 2004 elections – in which DFIDM and the BHC intervened to enable the elections to take place. There are currently a number of significant proposals pending (from the EU<sup>57</sup> and USAID<sup>58</sup>) and these clearly overlap with ongoing DFIDM activities such as MaSSAJ and support to Anti Corruption Commission. This will challenge future coordination and harmonisation on governance issues.

4.25 Overall though, there is a perception of recent improvements, with positive feedback about the present DFIDM governance team. With the broader strategic shifts of DFIDM into the influencing arena, the governance portfolio becomes of increasing importance. There will be considerable pressure on the governance team to not only support this portfolio but to effectively provide strategic and crosscutting support to the other teams within the DFIDM office.

#### Crosscutting issues – gender and HIV/AIDS

4.26 The ‘Multi-sectoral response to HIV/AIDS’ (£5.6m, of which £1m has been transferred from SRHP 2003-06) aims to mainstream HIV/AIDS within DFIDM, donor agencies and Government of Malawi, including building the capacity of the National Aids Commission (NAC) as the pivotal agency. DFID’s role in relation to the establishment of the NAC - analysis, coordination, resource mobilization, strategic provision of technical support - provides a good example of the new upstream, influencing role. However, because DFIDM is only a small partner in the AIDS SWAp, the effectiveness of the DFID component of this programme cannot be measured separately. Rather than having a (very vague) logframe for this DFID component, it might have been more efficient to ensure that indicators on impact mitigation and mainstreaming are included in the Integrated Annual Work Plans (IAWP) of the National AIDS programme.<sup>59</sup>

4.27 Very few DFID interventions in Malawi have either an environmental focus or any mainstreaming of environmental issues. Exceptions include the Forestry Sector Support Programme (from which DFID is exiting) and the incorporation of environmental concerns into the work of the Central Africa Building Advisory Team (CABAT).

4.28 The 2005 Gender Audit<sup>60</sup> indicates that while gender analysis is mostly strong during programme preparation and design, there is a tendency for gender issues to ‘evaporate’ or become ‘invisibilized’ during programme implementation and monitoring<sup>61</sup>. Evaporation tends to start when gender analysis is not incorporated into gender specific objectives and OVIs, then during implementation, examples of good practice are sometimes not documented and become ‘invisible’. By the time OPRs are undertaken, the Gender Audit found that less than half the programmes reviewed did not include clearly identified equality and empowerment indicators. In some cases failure to address obvious gender issues has led to their reintroduction into programmes at a later stage.

<sup>57</sup> Draft Financing Proposal: Promotion of the Rule of Law & Civic education in Malawi (€31.5m).

<sup>58</sup> Millennium Challenge Corporation Threshold Country Plan includes anti-corruption and PFM (\$21m).

<sup>59</sup> The new Annual Work Programmes are being drafted now, and these include such indicators (DFID HIV/AIDS Adviser, pers. comm.).

<sup>60</sup> DFID Malawi Gender Audit: Evaporated, invisibilized or resisted? By Caroline Moser, et al., October 2004; page 6.

<sup>61</sup> Evaporated: when good policy intentions fail to be followed through in practice. Invisibilized: when monitoring and evaluation procedures fail to document what is happening on the ground.

<sup>62</sup> Moser et al (2004: 10).

4.29 In addition, DFIDM has funded gender specific programmes. The Economic Activities Project (EAP) was jointly funded with GTZ in 2000, but results have been generally poor. This is largely due to the low absorption and implementation capacity of the government-led EAP, through the Ministry of Gender. In 2003, DFID entered into a new partnership with CIDA, aimed at up-scaling the on-going Gender Equality Support Project (GESP). This marked a shift towards a rights-based empowerment approach to gender. The most recent OPR confirms that there has been good progress, though it is too early to judge tangible results.

## **Sustainability**

4.30 The general shift towards the rationalisation of projects and increased budget support should improve sustainability. This is because budget support avoids the sustainability problems that project support always encounters (sometimes technical sustainability and almost always financial). As budget support is accompanied by demands on PFM improvements it contributes, in time and in the long term, to an improved, more democratic, more transparent national system of resource allocation and usage. Progress will inevitably be slow.

4.31 In practice, however, there is no demonstrated sustainability at all in the previous budget support programme in Malawi. In the current programme, DFIDM has now recognised that ownership is key and the new Technical Cooperation (TC) project has governance components based as much as possible on GoM (in particular MEP&D) initiatives.

4.32 In health, and despite success stories from Uganda (Ministry of Finance reform), salary top-ups in health could become a major sustainability issue. Even more important, it undermines the above mentioned ownership principle as it is an allocation choice made by donors, i.e. it is a form of completely tied budget support.

4.33 There are certainly sustainability risks involved in the salary top-ups in the health sector – especially as it an allocation choice made by donors (i.e. a form of completely tied budget support). Nevertheless, the programme was designed in such a way as to blend with the government planned medium-term pay policy for civil servants, with the EHRP providing the pay rise earlier and all at once.  
Influence, harmonisation and alignment

4.34 DFIDM is actively involved in pushing forward donor harmonisation, and with some measure of success. For example in the health sector, DFIDM has helped convince other donors to join the pooled funding arrangements and their health advisors and TAs have influenced policies and plans in this sector. In other areas there still is some way to go – especially as the Paris declaration advocates increased use of government systems wherever possible. As the PRBS project memorandum states, *“At present there is a galaxy of separate donor activities in the field of PFM, covering almost a full range of potential needs, but in an uncoordinated way. They add up to a collective ambition that is unrealistic in terms of the capacity of the systems to deliver. With the recent government focus on financial management, there is now considerable scope to improve coordination and the effectiveness of donor assistance and for giving more thought to the sequencing of reforms”*.

4.35 From GoM side there is at present no initiative or demand for donor coordination, there is in fact no concept of developing a strategy for donors. From donor side, the obvious vehicle for coordination on PFM reform is the CABS group. In practice, however, the group is more an umbrella than a real concerted effort. Each donor has its own separate budget support programme, with its own separate conditionality, calendar and implementation modalities.

4.36 Policy dialogue takes place both through the CABS and through ongoing bilateral dialogue between each bilateral donor and the Ministry of Finance. This is particularly valid for DFID, who historically has a good network and relations in the Ministry of Finance. The CABS group has recently agreed the joint performance assessment framework (PAF) but this has been ongoing for at least two years. Its current status still is a disparate compilation of each donor's specific interest or conditionalities (23 indicators). The World Bank will consider joining the CABS in about a year, when its own instrument for budget support (PRSC) will be ready.

### **Outcomes**

4.37 The assessment of achievement against outcomes is hampered by two key factors: (i) the lack of clear measurable objectives in both the CSP and the CAP; and, (ii) the lack of consistency in the monitoring formats over the period 2000-2005.

4.38 For example, the Change Impact Monitoring Tables (CIMT) for 2004 included in the 2004 annual PSA review<sup>63</sup> contain one change area linked to PFM, termed 'Reduce income poverty'. The annual indicator of country progress is 'Malawi stay on track with IMF PRGF'. The associated DFID intervention mentioned is 'UK participated in dialogue and turned tap on & off for budget support in timely way'. Both the indicator and the DFID intervention are assessed as partly met. This is not a very helpful assessment, as the indicator is very global, mostly outside DFID influence, and its assessment not based on detailed criteria. Detailed criteria could cover the specific areas of change targeted by DFID in the PFM area, or even better, by the CABS group as a whole.

4.39 Next year's Change Impact Monitoring Tables are to be much more detailed, as well as ambitious. For example, under theme 2 'Pro-poor governance' DFID's interventions include taking a lead role for donors with the Ministry of Finance on improving the budgetary process, understanding incentive structures and developing a strategy on creating incentives for key actors in the budget process, as well as supporting technical PFM issues (MTEF).

### **Progress towards CAP purpose and goal**

4.40 The CAP does not contain clearly measurable objectives, outcomes and outputs, but describes the challenge, a risk analysis, what DFID has learnt, and describes UK assistance plans over the poverty strategy period 2003-2005. It summarises approaches in selected areas of intervention, but does not describe a clear intervention logic. See also chapter 5.

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<sup>63</sup> DFIF Malawi Office (2004d) PSA country annual review, 2004 , Lilongwe: DFID

*Summary of Findings:*

- ❖ There is a general consensus emerging that there is not much to show for the £72 million of budget support disbursed during the 2000-2003 period. Lessons are being incorporated into the new programme, where there is greater attention to enhancing the predictability of disbursements and strengthening the monitoring and dialogue of government's performance.
- ❖ The launch of the health SWAp in the context of Malawi is a clear achievement. There is concern about the short-term impact of the transition in delivery by non-state actors, plus the long-term sustainability of the new institutional arrangements.
- ❖ Implementation in the education sectors has been hampered by structural and institutional weaknesses in the MoE, with delays in the move towards a SWAp. Despite this, DFID's contribution is positive and very influential.
- ❖ The major investments in Starter Packs have been partially successful in raising production and reducing food insecurity – and more so than the scaled-down TIPs. The shift to sector programmes have had limited success, except in the forestry sector (although lack of future support risks undermining the potential gains of reform).
- ❖ The year-on-year provision of humanitarian and food aid raises concerns about the failure to address the underlying problems of chronic poverty and food insecurity (including the constraints to smallholder production). There should be a government-led assessment of the 2005 humanitarian operation, to assess the effectiveness of the DFID/WFP two-way approach.

## 5. Development Progress

5.1 The difficulty of clearly identifying the impact of country programmes is recognised by DFID: "DFID's approach of working as part of the international effort within the context of Government-led Poverty Reduction Strategy processes means that it is not always possible to seek direct attribution between DFID inputs and achievement of outcomes (particularly as we move from project to sector to budget support)".<sup>64</sup>

5.2 Consideration of Malawian development progress is constrained by a lack of up-to-date and credible official monitoring statistics. The most recent comprehensive baseline data is the 1998 Integrated Household Survey (new survey conducted 2005 with analysis due late 2005). The weakness of MPRS M&E has been recognised and a project proposal has been developed<sup>65</sup> for establishing a complex and comprehensive Monitoring Master Plan (awaiting approval). Judging by the limited success of prior public sector capacity development it will however be several years before this intervention yields significant outcomes.

5.3 The absence of credible monitoring data is a major weakness undermining the MPRS (and clearly demonstrated in the Table 10, below). Thus, for example, it is not yet possible to make an informed assessment against the following headline MPRS objectives although preliminary indications are starting to emerge from the 2005 Integrated Household Survey.

**Table 10: Selected Major Impact Targets for the MPRS 2002-2005**

Type	Current status (MPRS 2002)	Target 2005	Assessment 2005
Poverty headcount measured by consumption based poverty line	65.3%	59.3%	No Recent Data
Extreme poverty headcount, measured by consumption based ultra-poverty line	28.8%	20%	No Recent Data
Life expectancy	39 years	43 years	No Recent Data
GDP per Capita (constant 2001 prices)	MK 10,500	MK 11,400	No Recent Data
Literacy rate (female)	58% (44%)	70% (60%)	No Recent Data
Infant mortality rate (per 1000 children)	104	90	No recent Data
Maternal mortality rate (per 100,000 live births)	1,120	800	No recent Data

### Development Progress

5.4 In relation to MDG1 (halving of poverty by 2015) it is estimated that consistent economic growth of 6% per annum will be required to reduce poverty. Official (probably

<sup>64</sup> CAP Guidance Notes

<sup>65</sup> Joint Programme Support for the National Monitoring and evaluation Systems in Malawi. UN/EU/Norway/DFID. July 2005-June 2008

overestimated) growth rates have averaged 3% pa since the 1990's while population has grown at an average of 2.2%. A recent Joint Evaluation of Budget Support (Jan 2005) reports: "Malawi's economy remains very fragile with a narrow base, lacking key social services and infrastructure."

5.5 While the current Government has made clear statements about a shift in focus towards strategies for rapid growth (and to some extent away from the social sectors) there is as yet no clear and convincing strategy describing how this growth will be achieved (except perhaps prudent fiscal management to underpin macro economic stability and reduce crowding out of private sector development). The Malawi Economic Growth Strategy (2004) quotes a UNIDO report<sup>66</sup> which estimates that an investment rate of 33% of GDP, including overseas development assistance and domestic savings, would be needed to achieve average economic growth of 7%. Between 1980 -1997 private sector investments for Malawi was roughly half this level (15.5% of GDP).

5.6 In this context the key partnership for the next decade for Malawi will be that between donors (including IFIs), the government and the private sector in identifying and enabling a growth strategy capable of having a real impact on poverty. The DFID PSA Country Review 2004 recognises this challenge and commits DFID to participation in the partnership.<sup>67</sup>

5.7 Summarising the position across the MDGs the limited information that is available indicates very little progress (Table 11).

**Table 11: Progress against Millennium Development Goals** <sup>68</sup>

Summary MDG	Malawi Progress up till 2005 <sup>69</sup>
<p><b>One</b> Eradicated extreme poverty and hunger</p>	<p>No reliable data - no progress expected, poverty reported to have increased due largely to impact of HIV/AIDS and agricultural production shocks UNDP assessment: potentially able to meet goal</p>
<p><b>Two</b> Achieve universal primary education</p>	<p>Significant Progress - the gross enrolment rate exceeds 100% and the net rate at about 80% with the proportion of girls being 50% in 2004. The high enrolment rates suggest that the majority of children are in school. However, Malawi is unlikely to meet the MDG target of universal primary completion as a result of high repetition and dropout rates, which translates to low survival and completion rates. The probability of a child surviving to last grade of primary has been declining since the 1990's (from around 30% in 1990 to 19% in 2004). The completion rates<sup>70</sup> were estimated to be around 35-40% in 2000 and Malawi is unlikely to reach the 100% target by 2015 (World Bank 2004). DFID estimate (2004 PSA Review) that public expenditure on education in Malawi is about half that needed to achieve a minimum acceptable standard. UNDP assessment: potentially able to meet goal</p>

<sup>66</sup> Foreign Direct Investor Perceptions in Africa 2002

<sup>67</sup> Within the final section: "Radical Medium Term Targets to which you might Contribute".

<sup>68</sup> UNDP assessment based on UNDP country report for Malawi, 2003.

<sup>69</sup> Sources for this table include DFID 2004 PSA annual review, World Bank (2004), DFID Gender Audit, Interviews

Summary MDG	Malawi Progress up till 2005 <sup>69</sup>
<p><b>Three</b> Promote gender equality and empower women</p>	<p>Little development progress on gender has really been made in Malawi. Both Gender Audits conducted by DFID and by CIDA confirm that gender inequalities in Malawi remain entrenched in the socio-cultural, political and economic system. The proportions of women in parliament and in decision-making positions in the civil service are still less than half the regional and international targets. Relatively better progress has been made in the areas of equality of access, especially in the primary education sector as reported above. Elsewhere, the gender gap persists and concerted efforts are needed to address these gender inequalities.</p>
<p><b>Four</b> Reduce child mortality</p>	<p>Mortality rate for children under 5 years of age (per 1,000 live births) should be reduced by two-thirds. For Malawi this means a reduction from 240 per 1000 in 1990 to 80 per 1000 by 2015. The latest figure available is 182 per 1000 for 2002. The reliability of this figure is unknown. Although this sounds promising and the PSA annual country review 2004 is positive about Malawi being on track to achieve a 58% reduction, it should be taken into account that returns on investment will diminish with decreasing mortality rates. UNDP assessment: probably able to meet goal</p>
<p><b>Five</b> Improve maternal health</p>	<p>Although the DHS 2004 results are not yet available, preliminary results indicate that maternal mortality has risen still further from the already very high ratio of 1,120 per 100,000 live births in 2000. From the PSA review the main causes are obstetric complications of pregnancy, labour and post delivery due mainly to incorrect interventions, omissions and incorrect treatment. Also delays in seeking care, poor referral systems, lack of appropriate drugs and equipment, and inadequate numbers of health staff. UNDP assessment: unlikely to meet goal</p>
<p><b>Six</b> Combat HIV/AIDS, malaria and other diseases</p>	<p>In order to combat HIV/AIDS, malaria and other diseases, prevalence of HIV in females 15-24 should halt and begin to decrease. This proportion has stabilised in line with experience elsewhere in Central Africa (PSA review). There are signs of a substantial decline in HIV infection rates amongst young people in Lilongwe and Blantyre (same source). UNDP assessment: potentially able to meet goal</p>
<p><b>Seven</b> Ensure environmental sustainability</p>	<p>Very little data was identified regarding the level of environmental threat in Malawi. This MDG is not reflected in the PSA targets or Change Impact Monitoring Tables. Environmental threats are however present and consideration of environmental factors has been incorporated in some programmes (environmentally friendly building technologies for primary schools). UNDP assessment: probably able to meet goal</p>
<p><b>Eight</b> Develop a global partnerships for development</p>	<p>The PSA review reported "overall progress against DDP harmonisation indicators has been excellent in parts". There has been real progress although this is comparatively recent and is led by donors (with DFID playing a major role) rather than by the Government of Malawi.</p>

<sup>70</sup> The PCR is calculated as the number of children successfully completing a cycle expressed as a percentage of the number of children of the corresponding age cohort.

5.8 Table 11 demonstrates that with some exceptions (declining child mortality, primary school enrolment) it is not possible to identify clear and demonstrable Malawian progress towards globally agreed Millennium Development Goals (although Malawi has made a commitment to these goals).

### **Aid Effectiveness**

5.9 It is entirely likely that the massive volume of aid flows to Malawi have had some positive effect or impact. The counterfactual situation where these flows had not taken place is beyond this assessment.

5.10 The partnership between donors and the Government of Malawi is however failing to achieve significant impact in reducing poverty. As a major participant in this partnership DFID Malawi must take responsibility for some part of this failure. The attempts by DFIDM to motivate major changes in approach over the last 5 years, while not yielding clearly positive outcomes at the macro level, were nevertheless pertinent to the scale and urgency of the problems. The search for new strategic directions and the need to harmonize all available resources (including accumulated experience) into realistic implementable programmes remain urgent priorities.

5.11 There are several critical reports, including considerable recent self-criticism amongst the donor community, confirming the strong perception that aid effectiveness has been far below an optimal level. This spirit of self-criticism and the desire to innovate, to harmonise and to listen more intently to local expertise indicates that the pace of the learning process is accelerating.

#### **Summary of Findings:**

- ❖ Monitoring of the MPRS and development progress in Malawi is weak, and any assessment of progress is heavily constrained by the lack of credible monitoring statistics.
- ❖ Progress towards the MDGS in Malawi has been slow over the 2005 period. One of the six MDGs assessed by UNDP are rated as unlikely, three as potentially, and only two as probably able to be achieved.
- ❖ The massive volume of aid flows in to Malawi are likely to have had some positive effect, though the partnership between donors and the Government of Malawi is failing to achieve any significant impact.
- ❖ DFIDM has been instrumental amongst donors to recognise this failure and search for new strategic directions to address the magnitude and scale of the problem.

## 6. Lessons and recommendations

6.1 The main findings from the evaluation have been summarised in text boxes at the end of each chapter. This chapter builds on these findings to draw a number of lessons, as well as recommendations to DFID Malawi (DFIDM) and DFID HQ (DFID HQ).<sup>71</sup>

### Content and Process

**Lesson 1: Where there is insufficient political support to implement the national poverty reduction strategy, the strong links made between CAP and the MPRS undermine the CAP's strategic significance.**

6.2 The transition from CSP to CAP attempted to move away from the “donor-led” approach by building on the national policy framework, but this was only partially successful. The strong linkages between the CAP and the MPRS meant that the DFID strategy became dependent on the political will to implement the MPRS. At publication (April 2002) the MPRS was widely applauded and regarded as having strong local ownership derived from a broad and dynamic consultative process during preparation. Yet, at the time of the evaluation visit (July 2005), the MPRS was universally decried by those within and outside government (including the MoF) as having always lacked real ownership.<sup>72</sup> It was seen as largely being donor-driven.

6.3 There are clear parallels between the CAP and the MPRS. Both were developed under a previous leadership; both were aspirational documents presenting a vision and a direction but not realistic within the projected timeframe; both had to be produced in order to release significant resource flows and so there was pressure placed on their production.

6.4 Some of the lessons from the previous MPRS have been learnt and are being applied to the current preparation of the second generation Malawi PRSP. Several donors (DFID, WB, UNDP) are making efforts to move further towards genuine government leadership in the ongoing strategizing processes by deliberately stepping back. Indeed the development of the second MPRS is being facilitated by a World Bank adviser, who is being supported by DFID and other donors in her attempts to maintain a very light touch and facilitating approach.

6.5 For DFID the implication is that given the dependency of their strategic statements in the CAP on the MPRS, the loss of credibility of the latter had similar consequences for the former. As such, there is a need for DFID to develop a robust country strategy that, while linked to the PRSP, is more realistic about the likely scenarios for MPRS implementation, and the risks of poor delivery of strategy.

6.6 Furthermore, if the document/strategy as a whole suffers from weak ownership or a feeling that it has been superseded by events, then monitoring processes linked to this strategy are also likely to be accorded low priority (until external pressure is exerted).

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<sup>71</sup> The shorthand “DFID HQ” is used to refer to DFID Headquarters, at Palace Street, London

<sup>72</sup> Although in 2001 development of the PRSP was seen as a highly participatory process likely to lead to high levels of ownership (see Section 3.2.2)

6.7 Recommendation for DFID Malawi. The DFID county strategy should be something that is developed and strongly owned by the country team. It should be closely allied to Government strategies for poverty reduction and the strategies of other donors, but it should not be wholly dependent on these. There should be better use of independent assessments of the PRSP, including scenario modelling and risk analysis.

**Lesson 2: The choice of aid instrument is not sector neutral, and the strategy should drive the choice of instruments - not the other way around.**

6.8 Budget support and sector wide programmes are the currently favoured instruments for delivering strategic objectives while also providing for efficiency gains through their potential to disburse large sums with minimal management costs.

6.9 Some sectors are however more amenable to sector-wide approaches than others, with agriculture notoriously difficult as a candidate for the SWAp approach. Partly because of their continued reliance on relatively inefficient project modes of delivery, these sectors are likely to become targets for rationalisation or shifting of funds to BS or other uses.

6.10 While there are apparent difficulties in implementing a SWAp in a complex, fragmented and pluralistic sector such as agriculture (in comparison to Health or Education), there are also some reasons why agriculture is particularly appropriate for sector-wide thinking, such as: as government withdraws from most direct service provision (inputs, marketing) it has greater responsibility to regulate, guide and support (extension, research); and, with funding in the sector shrinking there is a greater onus on achieving efficiency in the delivery of remaining services.

6.11 Recommendation for DFID HQ. Provide additional technical support to country offices in sharing lessons and developing sector-wide approaches for the so-called 'difficult sectors'.

6.12 Recommendation for DFID Malawi: Where transition to a SWAp may not be a viable medium-term option, it is necessary to develop a measurable strategy (with specific objectives and monitoring tools), using the range of appropriate instruments – not necessarily excluding projects or programmatic aid in the short-term.

**6.13 Lesson 3: There is a need to retain a balance between interventions on the supply and demand side, especially in terms of promoting good governance.**

6.14 The strategic choice to focus on the national government in the CAP is implied by the choice of instruments and implementation methods. This includes support for the national budget and the concentration of aid flows through national systems, as well as efforts to support public service reform and capacity building in the public sector. As such, building relationships with key ministries and locating programme management units within the civil service are also important. Efforts towards donor harmonisation, and especially linkage with IFIs, also lead to combining resources that will provide additional leverage at national level.

6.15 In Malawi there is a long history of civil society intervention in matters of national

importance. NGOs and civil society perform an important role in good governance, transparency and accountability. Presently there is a widespread perception that DFID has withdrawn from engagement with civil society. While there is a need to refute this perception, it is also important to do more to promote the demand side of the good governance equation.

6.16 Recommendation to DFID Malawi. Continue to support non-state actors as a means of enhancing pluralism in service delivery and maintaining demand side pressure for good governance.

**Lesson 4: In policy areas without significant budgeted resources (nor established sector-wide approaches), DFIDM's strategy and implementation should be better articulated.**

6.17 Moving upstream implies less concern with implementation and doing more on policy research, influencing the policy agenda and engaging in policy dialogue. These activities can be done in partnership with central government ministries but also civil society agencies and research establishments capable of exerting influence. The focus on harmonisation also involves a more complex set of inter-donor relationships, going beyond the traditional consultative forums.

6.18 In Malawi, DFIDM has an important challenge: to avoid becoming too thinly spread across sectors, while also retaining involvement in areas where government and donor leadership is weak. The lack of a significant budgeted programme in some sectors (e.g. Gender, Private sector development, Pro-poor growth) requires advisers to develop alternative mechanisms away from the more usual influencing forums (i.e. project steering committees, review processes, etc). This is not however always well articulated, and there is a risk that in some areas the results of DFIDM's policy-influencing agenda could be limited.

6.19 Recommendation to DFID Malawi: In some sectors there is a need to be clearer about the objectives and measures of 'success' for policy dialogue and influencing.

**Lesson 5: A potential organisational benefit derived from the production of any strategic plan is the strategizing process, not just the final document.**

6.20 The CAP is a strategic plan for which the ownership and buy-in by country office staff has become weakened over time. While a coherent and well-argued analysis is important to determine the rationale for intervention, attention also needs to be paid to the process of strategy development. Indeed in the new generation PRSP, ownership is now being recognised as an important element of the strategy's success – hence taking a more facilitating and less directing approach. The turnover of country office staff may eventually undermine country strategy in the latter stages of implementation, but there is still a need for a relatively stable locally based team to be involved in strategy development and implementation.

6.21 For DFID Malawi's own strategizing an equivalent to the MPRS focus on the process would lead to the adoption of such principles as: Identifying and building on local expertise, especially local DFID staff; and, mixing strategizing with learning events including field exposure.

6.22 A further issue concerning the strategy development process is that the CAP has a notional timeframe of three years. Yet, many of the risks and constraining factors identified will inevitably require a partnership between DFID and the Government of Malawi over a 10 or 20 year period. The cycle of producing country strategies does not adequately reflect the nature of this implicit long-term commitment. In this context the key dimensions of successful strategy development and implementation are:

- ❖ Continuity and consistency in communication and action
- ❖ Local ownership of the pace of change, as well as the direction of change
- ❖ Risk minimisation and acceptance of risk

6.23 Recommendation for DFID Malawi: Make greater use of the country plan development as a tool for inclusive CAP formulation, to help increase ownership and consistency over a longer timeframe.

### Development effectiveness

**Lesson 6: When entering into budget support there should be greater confidence in the direction of change towards enhanced policy dialogue and stronger public financial management.**

6.24 Enthusiasm for budget support as the instrument of choice remains, rightly, undiminished.<sup>73</sup> The general consensus is that the conditions were not sufficiently in place for a significant movement into budget support in the 2000-2003 period – especially given the high levels of risk identified. This is now self-evident given that the programme was subsequently suspended. The more recent recommencement of budget support (from 2004) now appears to have justified, and has been reconfirmed with further tranches of support.

6.25 Budget support provides the platform for change, but it alone is not sufficient to bring about change in direction. In view of past performance and the very short (though good) track record of the current government, risk assessment is extremely important. Part of the strategy to limit risk should be to maintain a balance in the portfolio.

6.26 Recommendation to DFID Malawi. Maintain a cautious approach in transition to increased reliance on budgetary support in Malawi, and continue to build on current efforts to strengthen the predictability of disbursements, public financial management, policy dialogue and the monitoring of fiduciary risk.

**Lesson 7: GoM capacity constraints and lack of institutional reform is a serious impediment to the development effectiveness of all donor programmes directed through the central government.**

6.27 There has been some progress on institutional change over the review period with notable examples including the process of planning, preparation and launching the health SWAp plus institutional capacity building in the justice sector. It is however much easier to disburse funds than to bring about institutional change, and there is widespread resistance by most central government departments.

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<sup>73</sup> A detailed and focussed review of the experience of general budget support is underway.

6.28 The issue of GoM capacity is raised at various points in this report, and is a key constraint to the implementation of all donor programmes directed through the government – even in the relatively “successful” health sector, given the heavy reliance on TA. The pace of change in terms of public service reform as well as the rate of improvement in political accountability has not been fast enough to achieve optimum utilisation of development funds. There have been problems of corruption, inefficiency and lack of absorption capacity that have resulted in some development assistance not being translated into pro-poor outcomes.

6.29 The harmonisation agenda provides a partial response to the risk of overburdening scarce capacity, as it avoids the danger of competition between donors for scarce human resources. Given the crosscutting nature of this issue, a harmonised approach to resolving public sector capacity constraints would provide a good vehicle for pooling donor resources.

6.30 Recommendation to DFID Malawi: As a strategic priority, DFIDM should use its influence and resources to help develop a harmonised plan for public sector capacity development.

**Lesson 8: The transition to sector-wide approaches can be slow, and there should be greater awareness of immediate risks to service delivery during the transition to a SWAp.**

6.31 In the Health SWAp for instance, both the TB programme and BLM, as well as external consultants and other donors have voiced concern about the possibility that gains on the ground might be at risk during SWAp transition –especially while the necessary systems and mechanisms for the implementation of the programme of work are not yet fully in place.<sup>74</sup> While the TB programme seems to have ensured their fair share of the available budget, BLM’s case is more uncertain. DFID presently pays 75% of all BLM’s costs and are responsible for its continued existence. DFIDM urgently need to discuss transitional arrangements with BLM, for which a (unofficial) financial commitment has been made. Furthermore, DFID should possibly mediate the dialogue between the MoH and BLM on the signing of the MoU, but even more importantly on the details of the service agreement to ensue.

6.32 Recommendation to DFID Malawi. Clearly identify the costs and risks associated with the transition to SWAps, and plan better measures to mitigate possible disruptions to service delivery.

**Development progress**

**Lesson 9: The need to strengthen and diversify impact monitoring arrangements**

6.33 The difficulty of reaching firm conclusions about development progress in Malawi is mainly a consequence of weak monitoring and evaluation processes. This issue is widely recognized by government and donors and there have been various attempts to strengthen monitoring and statistical capacity – although with little demonstrable impact.

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<sup>74</sup> Such as procurement systems, financial disbursement procedures, reliable distribution of medicines through the CMS.

6.34 The monitoring reports produced by the Malawi Economic Justice Network (MEJN) are a good example of the role of civil society in monitoring government.<sup>75</sup> There have also been examples of high quality monitoring and evaluation investments made by DFIDM (e.g. for the Starter Packs programme) – although any complementary support has been less effective in both informing and influencing government-led (evidence-based) policy-making.

6.35 The second generation MPRS document provides an opportunity to build-in monitoring arrangements, as well as link these to the DFIDM country strategy. It is understood that all donors are supporting one government-led monitoring system for the MPRS and MGDS, and it is important that this attempts to rigorously trace both the flow of resources and the corresponding performance on the ground (e.g. in the classroom, health clinic, etc). However like many other proposals this implies increased transparency and accountability for the public sector. The key issue is again one of political commitment rather than technical feasibility.

6.36 Recommendation to DFID Malawi: (i) DFIDM should continue to develop national capacity to measure effectiveness and impact – both government-led and through continued support to non-state actors as monitoring agents. And, (ii) M&E arrangements should be integral to future DFIDM strategies: with a clearer rationale for intervention, as well as measurable objectives and indicators of ‘success’. Joint donor evaluations of the next DFIDM country strategy should be considered (e.g. DFID/WB).

<sup>75</sup> This organisation is indirectly funded by DFID via CIDA (an element of the Tikambirane Programme)

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## Annex 1 People consulted

### DFID Malawi

Roger Wilson	Head of Office
Sharon Kinsley	Deputy Head & Livelihoods Team Leader
Robert Rudy	Private Sector Development Adviser
Jackie Peace	Governance Adviser
Chigomezgo Mtegha	Assistant Governance Adviser
Mulle Chikoko	Assistant Policy Advisor – PPG Team
Stuart Forster	Institutional Development Adviser
Isabelle Cardinal	Social Development Adviser
Fina Rebello	Programme Officer, Poverty Policy Team
Alan Whitworth	Economic Adviser
Lindsay Mangham	Economist
Dr. Harry Potter	Former Livelihoods Adviser (by video conference)
Sandra Barton	Education Adviser
Christopher Phiri	Programme Officer - Health
Debbie Palmer	Assistant Governance Adviser - Health
Jessie Kazembe	Programme Officer HIV/AIDS
Jimmy Kawaye	Deputy Programme Manager - Livelihoods
Susan Pieri	Deputy Programme Manager
Kathy Wells	Finance, Procurement & Administration Manager, CMU
Nick Duggin	Department Finance Officer
Tamanda Sakala	Programme Officer - Management
Tom Cushnan	Human Resource Manager
Charlie Clark	Logistics Unit
Andrew MacLean	Head Infrastructure Programme
Jim Craigie	Senior Quantity Surveyor, CABAT
Peter Evans	Social Development Adviser, DFID Bangladesh (formerly Malawi)
Eric Hanley	Social Development Adviser, DFID Bangladesh (formerly Malawi)
Joe Reid	Deputy Head of Office, DFID Afghanistan (formerly Malawi)

### British High Commission

Christopher Wraight	Deputy High Commissioner
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### DFID London

Matthew Greenslade	Reaching the Very Poorest, Policy Division
Anthony Smith	Deputy Director (Southern Africa)
Andrea Cook	Team Leader. Exclusion, Rights and Justice
Liz Oakes	DFID internal auditors team
Jim Kennedy	DFID internal auditors team

**Government**

Milton Kutengele	Secretary to the Treasury, Ministry of Finance
Ted Sitima-wina	Director, Economic Affairs Division, Ministry of Finance
George Kamba	Assistant Chief Economist, Ministry of Finance
Chauncy Simwaka	Deputy Budget Director, Ministry of Finance
Richard Perekamoyo	Assistant Budget Director, Ministry of Finance
Alfred Nyasulu	Assistant Director Disbursements and Debt Service, Ministry of Finance
Patricia Zimpita	Director of policy research, monitoring and evaluation, Cabinet's Office
Fanny Mbawa	Director for Development Planning, MEP&D
Charles Kambawa	Acting director for economic planning, MEP&D
Wesley Sangala	Principle Secretary, Ministry of Health (MoH)
Nelson Kalanje	Head Planning Dept, MoH
Jan Namasasu	Director of Reproductive Health Unit, MoH
Dr. Felix Salaniponi	Director National TB Control Programme, MoH
Albert Khuwi	Director Central Medical Stores, MoH
Violet Kamfose	District Nursing Officer and Hospital Matron Dowa
Simeon Hau	Principal Secretary, Ministry of Education (MoE)
Mr Bonga	Director Department of Human Resources Management (DHRMD), MoE
Mathilda Kabuye	Director Educational Methods and Advisory Services (EMAS), MoE
Mr Kagombe	Director Finance & Administration, MoE
Dr J.B. Kuthemba Mwale	Director Planning Department, MoE
Rosemary Ngalande	Ag. Director Department of Teacher Education and Development (DTED), MoE
Duncan Nyirenda	Director MIE, MoE
Davie Kayambakadzanja	PCAR Coordinator MIE, MoE
Peter Msefula	Gender Mainstreaming Coordinator, Ministry of Gender, Child Welfare and Com. Services
Clotilda Sawasawa	Principal Credit Officer, Economic Empowerment Programme, Ministry of Gender, Child Welfare and Com. Services
Dr. Biziwick Mwale	Executive Director National AIDS Commission
Dr. Andrew Daudi	PS, Ministry of Agriculture
Kenneth Nyasula	Director, Forestry Department, Ministry of Natural Resources
Mr Mwadiwa	Commissioner, Safety Nets Unit, DoPDMA
John Ngalande	Deputy Director, Forestry Dept., Ministry of Natural Resources
Andrew Kautuka	Principal Economist, Safety Nets Unit, DoPDMA
Harry Mwamlima	Assistant Coordinator, Safety Nets Unit, DoPDMA
Simon Mulungu	Economist, Safety Nets Unit, DoPDMA
George Zimalira	Director of Planning, Ministry of Agriculture
Alex Namaona	Principal Economist, Ministry of Agriculture
Dr. Jeff Luhunga	Agricultural Services, Ministry of Agriculture

**Donors and IFIs**

Wiepke van der Goot	Ambassador/ Head of Delegation, EU
Raniero Leto	Head of Section, Rural Development & Natural Resources, Delegation of the European Commission in Malawi
Constantine Chikosi	Portfolio Manager, World Bank
Stanley Hiwa	Senior Agricultural Economist, World Bank
Donald Mphande	Financial Management Specialist, World Bank
Khwima Nthara	Economist, World Bank
Donald Mphande	Financial Management Specialist, World Bank
Alfred Chirwa	Population and Health Specialist, World Bank
Elizabeth White	Senior Specialist on results, World Bank (by phone)
Dr Michael Mambo	Senior Education Specialist, AFTH1, World Bank
Thomas Baunsgaard	Resident Representative, IMF
Leif Sauvik	Counsellor, Deputy head of Mission, Royal Norwegian Embassy
Dr. Eddie Limbambala	Interim WHO representative & HIV/AIDS 3x5 Technical Adviser
Wilfred Goetler	Education Adviser, GTZ
McPherson Jere	Education Adviser, CIDA
Wilson Kumwineda	Project Officer, GAP, CIDA
Michael Nyirenda	Field Manager, PEG, CIDA
Towera Luhanga	Project Officer, Gender Equality Support Project, CIDA
Victor Sajeni	Gender Specialist, CIDA
Roberto Carr-Ribiero	Program Manager, Central Africa/Great Lakes, CIDA
Robert Koch	PSU Director, CIDA
Freedom Ngwenya	Aid Coordinator Education, JICA
Sham Mathur	Head, Water and Environmental Sanitation Section (WES), UNICEF
Chimwemwe Nyimba	Assistant Project Officer, WES, UNICEF
Lola Castro	Deputy Country Director, WFP
Mary Lewellen	Acting Mission Director, USAID
Daphne I Casey	Deputy Resident Representative, UNDP
Peter Kulemeka	Assistant Resident Representative, UNDP

**Project staff**

Keith Dolman	Forest Privatisation Malawi, FRR
Lynn Keogh	Former Team Leader, MaSSAJ
James Kinsley	Interim Team Leader, MaSSAJ
David Cushing	Policy Adviser, MaSSAJ
Trish Araru	Health Planning Technical Officer MoH for LATH
Mike O'Carroll	Senior Technical Adviser to Minister of Health for LATH
Dieter Horneber	Technical Adviser MoH for GTZ
Chimango S.M. Jere	Contracts Manager, GOM/EU Microprojects Programme (MPP4)
Ken Longden	Former DFID Teacher Education Adviser
Jim Craige	Head CABAT

**Civil society, Private sector**

Nick Osbourne	CARE Malawi
Norman Tembo	Education Programme Manager, CARE
Limbani Nsapato	Coalition Coordinator, CSCQBE
Christos Giannakis	Managing Director, Malawi Fertiliser Company/ Farmers World
Dimitri Giannakis	Director, Malawi Fertiliser Company/ Farmers World
Edson Musopole	Food Security Policy Coordinator, ActionAid
Boniface Msiska	ActionAid - Malawi
Walker Jiyani	Programme Director Banja La Mtsogolo, BLM
David Chiphwanye	Senior Accountant BLM
Jones Chabwera	Financial Controller BLM
Limbika Tauzi	Health Services Manager BLM
Desiree Mhango (CHAM)	Health Coordinator Christian Health Association of Malawi
Steve Tahuna	Programme Manager VSO
Collins Magalasi (MEJN)	Executive Director, Malawi Economic Justice Network
Temwa Roosevelt Gondwe	Programme Manager – Trade, MEJN
Dalitso Kingsley Kubalasa	Programme Manager – PRSP/Budget Monitoring, MEJN

**Others**

Naomi Ngwira	Expert on economics, governance and gender issues in Malawi
Mark Davies	Consultant to DFID
Brendan Barker	Director of British Council – Malawi



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**Output to Purpose Reviews (OPR):**

- ❖ RH Project BLM (December 1999)
- ❖ Sexual and Reproductive Health Programme (November 2002)
- ❖ BLM Integrated SRH programme (November 2002)
- ❖ SMP (November 2002)
- ❖ Support to the National Statistics Office (August 2003)
- ❖ Sexual and Reproductive Health Programme (June 2004)
- ❖ Interim support to strengthening components of the Essential Health Package (July 2004)
- ❖ Mainstreaming HIV/AIDS Programme (2004)
- ❖ 2004 OPR of BLM Malawi (January 2005)
- ❖ Project on Economic Governance (PEG), part of Tikambirane (February 2005)
- ❖ Joint donor review and DFID annual OPR review of the National TB control Programme (February 2005)

**Project Completion Reports (PCR):**

- ❖ Malawi Sexual and Reproductive Health Programme support (October 1999).  
Customs Support Project Phase 11 TC (October 2002)
- ❖ Support to the National Statistics Office (November 2004)
- ❖ National Tuberculosis Control Programme (NTP) (February 2005)

**Project Concept Notes**

- ❖ Support to a health sector-wide approach (November 2000)
- ❖ Interim support to strengthening components of the Essential Health Package (October 2001)

**Project Memoranda**

- ❖ Strengthening Malawi Central Medical Stores and drugs supply chain (August 2000)
- ❖ BLM Integrated SRH programme Phase 2 (October 2001)
- ❖ Interim support to strengthening components of the Essential Health Package (June 2002)
- ❖ Multi-sectoral response to HIV/AIDS (January 2003)
- ❖ Voice, Accountability and Responsive Government in Malawi (Tikambirane) (2003)
- ❖ Improving health in Malawi. £100 million UK aid (2005/6-2010/11) (November 2004)
- ❖ Poverty Reduction Budget Support, November 2004
- ❖ Poverty Reduction Budget Support, December 2004
- ❖ Support to policy making, Coordination and the budget (May 2005)



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## Annex 3 Terms of Reference

### EVALUATION OF DFID COUNTRY PROGRAMMES – COUNTRY STUDIES PROGRAMME 2005-6

#### TERMS OF REFERENCE FOR CONSULTANCY ASSISTANCE

#### 1. Introduction

- 1.1 DFID's Performance management system is supported by periodic independent evaluations at project, programme, sector and thematic level. A recent NAO report suggested that performance management could be strengthened by periodic evaluation of DFID's country programmes (CPEs).
- 1.2 DFID's Evaluation Department (EvD) has recently undertaken independent pilot studies in four countries during which an evaluation framework evolved. This framework (Annex A) will form the basis of future evaluation studies.
- 1.3 These terms of reference (ToRs) are for the next stage in a rolling programme of CPEs covering EvD's requirements for the next 12 months, with a possible extension of up to 12 months. As each CPE finalised, the ToRs may be refined to reflect country context.
- 1.4 Countries proposed for evaluation in 2005/6 are Rwanda, Ghana, Mozambique and Bangladesh. The timing of these may require some studies to run concurrently.
- 1.5 The evaluation will examine the countries' most recent Country Strategy Paper (CSP), or related policy documents. The lessons learned will contribute to DFID policy, including Country Assistance Plans (CAPs).

#### 2. Background

- 2.1 DFID has increasingly targeted development assistance at the county level and become a highly decentralised organisation. Country offices have replaced regional development offices and decision-making and financial authority have been delegated to country programme heads. The purpose of this shift is to improve the relevance and coherence of development assistance programmes while at the same time maximising opportunities for partnership, influencing and donor harmonisation around a nationally owned programme for poverty reduction. The way in which country programmes (e.g. as described in a CSP) translate DFID's corporate objectives into operational plans for delivering development assistance is therefore a logical object for evaluation.

### 3. Overarching objectives

3.1 The main objective of the CPE is to assess the country programme in terms of:

#### DFID Processes

- The appropriateness of country programme objectives and the logic behind them given domestic policy objectives for poverty reduction, as well as DFID's own corporate level objectives;
- The relevance of programme interventions given overall objectives (i.e. the cause and effect link between interventions and objectives), the governance and institutional setting, and DFID's comparative advantage and human resource availability;
- The efficiency with which programme plans are translated into activities, including human resource and office management, collaboration and harmonisation with other stakeholders, policy dialogue and influencing, the use of financial instruments, and the quality of DFID as a development partner;
- The effectiveness of the overall programme in achieving intermediate poverty reduction outcomes and the systems for measuring and monitoring success;
- The success with which the programmed had mainstreamed the cross-cutting issues of poverty, gender, HIV/AIDS and environment into all of its activities. What were the variables influencing the process of inclusion? What was the impact on the achievement of wider programme objectives?

#### Outcomes and Impacts

- What can be said about impact and sustainability and at what level this occurs. What changes intended or unintended can be attributed to the interventions.

3.2 The evaluation seeks to draw the cause and effect links between:

- **Programme direction and the poverty outcomes to which they are linked** - Does the programme have clear direction? How does this relate to DFID's corporate objectives on the one hand and the country-specific environment on the other? What development theory and evidence underpins the programme direction? Why were certain investment decisions made over others? What are the results/outcomes of these linkages?
- Choice of instruments and objectives – What are the “development instruments” in use? What are the factors/variables that impact upon efficiency? Are the choices being made the best possible choices, given those factors/variables?
- DFID as a development partner – What is the nature and quality of DFID's partnerships with the country government and other development stakeholders? How do these different stakeholders perceive DFID as a development partner? What are the factors/variables that impact/influence those relationships?

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## 4. Outputs & Timing

- 4.1 The consultants will produce one study report and executive summary for each country. The report shall be approximately 30-40 pages long (excluding annexes).
- 4.2 EvD will carry out the initial data collection, with support from the consultant, which will produce a programme history. DFID will produce an initial context summary which will provide additional background information and outline issues identified by key stakeholders, other donors and DFID country staff. The consultants will work to the evaluation framework for the study (Annex A) as well as addressing country-specific issues raised by the EvD team in the context summary.
- 4.3 The consultant will:
- identify key issues for the evaluation, including understanding the development environment and history of DFID's recent programme
  - identify key stakeholders, internal and external to DFID, who they will interview
  - set up and plan the main field visit (lasting 2 weeks) including consulting with local DFID staff and getting their support
  - identify and engage a consultant locally as part of the evaluation team
- 4.4 The consultants will work to strict deadlines, to be agreed by the Evaluation Manager, however, the First Draft report will be required to be delivered to EvD within 2 weeks of the Field Visit.
- 4.5 Following a dissemination seminar in which the consultant will present the findings of the report, the consultant will produce the Final Report, incorporating any resulting comments from the seminar, within 6 weeks of the Field Visit.
- 4.6 On completion of the final report, the consultants will produce an evaluation summary (EvSum), of approximately 4-6 pages, which will include the response from the relevant DFID office/Department.
- 4.7 The Rwanda CPE is the first in the programme, with field visit dates set for 6 –17 June. The Bangladesh CPE is planned for the end of August and the Mozambique CPE is planned for late in 2005. The Ghana CPE will take place in early 2006.

## 5. Competence and Expertise Requirements

- 5.1 One consultancy organisation will be appointed to deliver the outputs described above. The team should be balanced in terms of gender and must include a strong national/regional component.
- 5.2 A full-time managing consultant with extensive evaluation experience, and a record of managing country/strategic level evaluations will be required to manage the planning and delivery this study. The individual will also be expected to have strong written and oral communications skills as he/she will play a major role in communicating lessons learned both to country programme personnel and to a wider DFID audience.

5.3 Each country team will need to be familiar with country programme evaluation, monitoring and performance management issues. The team will be made up of a combined skill set covering economics, social and institutional development and human resource management.

5.4 The consultancy team will have responsibility for:

- maintaining ethical standards in implementing the evaluation
- the timely production of evidence based conclusions and recommendations
- managing logistics in country

## **6. Reporting**

6.1 The consultants will report to the Evaluation Manager/Senior Economist (Nick York) or the Deputy Programme Manager (Lynn Quinn) in DFID Evaluation Department.

## **7. Timing**

7.1 The consultancy should start around April 2005 and outputs will be produced to firm timetable. Consultants must specify the level of inputs of each component of the evaluation work as well as provide CVs of the proposed country evaluation team.

Evaluation Department March 2005

**Annex A:**  
**EXAMPLE DRAFT COUNTRY PROGRAMME EVALUATION MATRIX**  
**ANNEX A**

CRITERIA	MAIN QUESTIONS	SUB QUESTIONS / TASKS	LEAD RESPONSIBILITY
<b>1. CONTEXT: what were the significant features of the context in which the programme was designed and implemented?</b>			
1.1 Country Office [circa 2000-2004]		<ul style="list-style-type: none"> <li>• timeline</li> <li>• significant features.</li> </ul>	
1.2 DFID 2000-2004		<ul style="list-style-type: none"> <li>• timeline</li> <li>• significant features.</li> </ul>	
1.3 1996 -2000		<ul style="list-style-type: none"> <li>• significant historical factors</li> </ul>	
<b>2. PROGRAMME EFFECTIVENESS: what was the quality of DFID's programme and process?</b>			
<b>2.1. Strategy</b>	<ul style="list-style-type: none"> <li>• Was DFID's strategy(s) appropriate?</li> </ul>	<ul style="list-style-type: none"> <li>• Summarise evolution &amp; content</li> <li>• appropriately harmonised with, and communicated to, other donors?</li> <li>• clear, results-focused and monitorable?</li> <li>• relevant, appropriate and aligned to context/PRS?</li> <li>• consistent with DFID policy and guidelines?</li> </ul>	

<p><b>2.2 Relationships</b></p>	<ul style="list-style-type: none"> <li>• how was DFID viewed by other development partners?</li> <li>• how effectively did DFID pursue their 'influencing' agenda?</li> <li>• was there adequate consultation with, and communication to govt, CS and NGOs?</li> <li>• risks and unintended effects</li> </ul>	<ul style="list-style-type: none"> <li>• ID key partners and change over time</li> <li>• general approach to influencing</li> <li>• DFID – government</li> <li>• DFID – civil society</li> <li>• DFID – bilaterals</li> <li>• DFID – multilaterals</li> <li>• DFID – FCO</li> <li>• DFID – Country office-regional office</li> </ul>	
<p><b>2.3 Activities</b></p>	<ul style="list-style-type: none"> <li>• what portfolio of activities and instruments did DFID implement?</li> <li>• How did DFID appropriately balance its support for government and civil society?</li> <li>• How did it implement the cross-cutting issues of gender, poverty, HIV/AIDS and environment?</li> </ul>	<ul style="list-style-type: none"> <li>• financial and staff inputs by CSP outcome and instrument</li> <li>• justification for activities and instruments by outcome</li> <li>• mainstream gender?</li> <li>• mainstream environment?</li> <li>• mainstream poverty?</li> <li>• mainstream HIV/AIDS</li> <li>• harmonised with other donors?</li> <li>• cross-cutting rights-based approach?</li> <li>• government ownership?</li> <li>• civil society ownership?</li> <li>• Balance between govt. and CS?</li> <li>• M &amp; E of initiatives and instruments?</li> <li>•</li> </ul>	



3.5 Unanticipated Outcomes	<ul style="list-style-type: none"> <li>Were there any unintended consequences (positive or negative) from DFID's activities?</li> <li>Were any missed opportunities identified?</li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>	
<b>4. DEVELOPMENT PROGRESS: what development progress has been achieved in country?</b>			
4.1 Development progress 2000-2004	<ul style="list-style-type: none"> <li>What overall progress has been made towards the MDGs etc.?</li> <li>What has been the contribution of the development assistance?</li> </ul>	<ul style="list-style-type: none"> <li>Economic and development progress</li> <li>Contribution of development assistance?</li> </ul>	<ul style="list-style-type: none"> <li></li> <li></li> </ul>
<b>5. CONCLUSIONS, LESSONS AND ISSUES</b>			
5.1 DFID contribution and value added	<ul style="list-style-type: none"> <li>What has been DFID's overall value added/contribution?</li> </ul>		
5.2 Strengths and weaknesses of DFID programme	<ul style="list-style-type: none"> <li>What have been the strengths of the DFID programme?</li> <li>What have been its weaknesses?</li> </ul>		
5.3 Explanatory factors	<ul style="list-style-type: none"> <li>what explains DFID's contribution and the strengths/weaknesses of the programme?</li> </ul>		
5.4 Issues and lessons	<ul style="list-style-type: none"> <li>what lessons can be learned for the [country] programme, Regional Office, DFID and donors?</li> <li>what issues of wider interest are raised by the [country office.] experience?</li> </ul>		

**The report will include the following:**

- List of acronyms
- Terms of Reference
- Timeline(s)
- Outcome matrices
- Financial analysis
- Persons met
- Documents consulted

## Annex B:

## Country Programme Review Timeframe

Activity	Timeframe
Letter/ToRs sent to Country Office	2 months +
EvD Scoping/Documentation Collection	1 week
Inception/Hand-over to Consultants	3 – 5 weeks
Field Visit	2 weeks
Draft paper	3 weeks
Seminar	2 weeks
Final Report/EvSum	2 weeks



## Annex 4 DFID Malawi Timeline

	1999 & before	2000	2001	2002	2003	2004	2005
<b>Key national events in Malawi and the region</b>	1999: start of second term of President Bakili Muluzi  GoM: Vision 2020	December: approval PRGF	November: Off-track re: IMF	April: launch MPRS	October: back on-track re: IMF	April: off-track re: IMF  May: President Mutharika elected  September: approval of IMF Staff Monitored Programme  GoM: MEGS	June: untimely death of Speaker of Parliament  July: budget 05-06 passed by Parliament
<b>DFID</b>	1997: White Paper on International Development September 1998: Malawi CSP  SoS visit 98		In-country office devolved from Harare to Lilongwe	January: CAP to replace CSP and be updated annually  Public Service Agreement  Service Delivery Agreement	CAP 2003-2006  Move towards an outcome-oriented team-based approach in DFID's Policy Division  SoS meets Muluzi (London)	DFID Policy paper: "Poverty Reduction Budget Support"  Director's Delivery Plan: Africa Division Objectives	March: DFID Policy Paper: "Partnerships for poverty reduction: rethinking conditionality"
<b>Major Reviews and Evaluations</b>			UNDP: Malawi Human Development Report			PSA country annual review	- Country Programme Evaluation - Staffing Review - GBS Evaluation - DFID Internal Audit
<b>Major programme activities and projects</b>							
<b>Budget Support</b>		£75m committed over 3 years	November: BS suspended (£30m disbursed in 00-		£10m disbursed	April: BS suspended	

	1999 & before	2000	2001	2002	2003	2004	2005
<b>Livelihoods</b>	Since 1998: Starter Packs and Targeted Inputs Programmes  Dedza sustainable livelihoods (£3.5, 6 years)	TIP 1 (£3m, 2 years)	TIP (£3.8m, 2 years)	Foodcrisis CUMO (£2.5m, 5 years) Malawi Forestry Sector Support (£4.9m, 4 years) Save the Children Emergency Food Prog (£2.6m, 3 years) Expanded TIP 02-03 (£6.8m, 2 year) Winter TIP (£1.2m, 2 years)	Foodcrisis 'Upstream' shift in CAP 2003 TIP 03-04 (£6.8m, 2 years)	Growth and Livelihoods Staffing Strategy  Humanitarian maize (£5m) 04-05 SAP (£5.4, 2 years)	September: £5m disbursed (00-03 programme)  December: New programme 04-05 approved for £30m and £10m disbursed  Foodcrisis No new projects  Discussion paper: stimulating growth in Malawi and the role of agriculture and social protection: A paper in support of MEGS
<b>Education</b>	Start support for: PCOSP MSSSP	PIF developed	Education office established within DFID Malawi Start ESSP	MPRSP	ESSP rationalised		Malawi Education Sector Plan  Code of conduct for SWAp  Begin 'Mini swap' Implementation Joint PoW starts.
<b>Health</b>	Start support for: BLM (RH), Safe	Demographic Health Survey	National AIDS Commission	Start EHP interim support	HIV/AIDS multisectoral	Demographic Health Survey	

	1999 & before	2000	2001	2002	2003	2004	2005
	Motherhood, contraceptive supplies, SRHP, EPI, TB, Central Medical Stores National Health Plan 1999-2004	Start support for SWAp	established as semi-autonomous body under the President's Office	MoU between GoM and CHAM	response Humanitarian aid	Joint Programme of Work MoU between pool funders and MoH on PoW	All DFID health projects to be incorporated.
<b>Gender</b>		GTZ Partners DFID in Economic Activities Programme			DFID Joins CIDA Gender Equality Support Project (GESP)	DFID Malawi Gender Audit	January: Realignment of DFID's Gender Policy and Practice in London by Development Committee Meeting
<b>Governance</b>	2nd Muluzi term from 99			MaSSAJ Commences (5 - 10 yr Prog) ACB		Tikambirane commences - initial focus on elections support May 2004 Elections - improved donor coordination led by UNDP	Significant EU, USAID and DFID programmes in pipeline
<b>Infrastructure</b>	Jan: Central Africa Building Advisory Team (CABAT) formed PCOSP started 1994 Female owned contractor	CABAT extension to Jan 2002 agreed Chirazulu Initiative in PCOSP – piloting a district wide approach to	Education Sector Support Programme (ESSP) starts with budget of £61 m over 6 years April: construction	CABAT extended to Dec 2004 District Education Offices constructed Tile manufacture introduced as	August: ESSP construction adviser appointed as Programme Manager Pilot classrooms in Ntchisi, Phase 1 Classroom,	Dec.: Education programme split into Construction Management Unit (CMU) and ESSP Phase 2 classrooms, PEP schools complete	Jan.: start CMU Phase 1 urban classroom, Phase 3 Classrooms scaled down due to budget cuts,

1999 & before	2000	2001	2002	2003	2004	2005
<p>programme started 1998</p> <p>Environmentally friendly materials introduced 1997</p> <p>Cement Stabilised Soil Block (SSB) Technology introduced by DFID in Malawi</p>	<p>school improvement</p> <p>DANIDA, DFID &amp; GTZ agree to jointly construct TDCs.</p>	<p>adviser appointed</p> <p>Final phase of TDC construction</p> <p>Joint school mapping exercise by DFID, NORAD and USAID to establish criteria for targeting construction project</p> <p>UNICEF School Sanitation and Hygiene Programme commences with budget of £1m over 3 years (2001-2003)</p>	<p>SME</p> <p>DANIDA pull-out of Malawi-DFID agree to complete DANIDA schools</p>	<p>Urban classroom pilot</p> <p>DFID starts implementing school construction prog. funded by NL Government</p> <p>Pilot application of HIV/AIDS construction clauses to DFID contractors and vocational training clauses introduced</p>	<p>Riviri bridge Justice Infrastructure – prisons and police training planned</p> <p>Completion of Safe Motherhood Programme</p> <p>Second tranche of Dutch funds disbursed</p> <p>UNAIDS construction clauses introduced</p> <p>UNICEF SSHP extension by one year to Dec 2004</p> <p>ADF, JICA, CIDA and WB adopt SSB technology</p> <p>DFID agree to complete WB PEP schools</p> <p>SSHP Evaluation</p>	<p>Health SVVAP programme starts</p> <p>Hospital Laboratories (Lilongwe and Blantyre)</p> <p>Cut backs in Justice infrastructure</p> <p>SoS announces DFID's intentions in water sector</p> <p>Maintenance specialist appointed</p> <p>Third tranche of Dutch funds disbursed</p> <p>EU Microprojects given standard designs for classrooms</p> <p>Plan for co-location with WB and ADF PIUs.</p> <p>WB: Country Programme Review</p>
<b>Other donors</b>				WB: CAS 03-06		
2000/01		2001/02	2002/03	2003/04	2004/05	2005/06 (planned)

## Annex

	1999 & before	2000	2001	2002	2003	2004	2005
<b>Total resources<sup>1</sup></b>		£56.0m	£42.1m	£51.7m	£53.1m	£54.5m	£60.0m

<sup>1</sup> Development Effectiveness Report (DER): Annex 1, DFID, 2005.



## Annex Five: Key elements of the CSP and CAP

<p><b>CSP 1998 -2003</b>  <i>" Achieving international development targets at national level will take a very long time. There is nevertheless the potential for an effective partnership between British and Malawi Governments"</i></p> <p><i>" The purpose of the programme is to build partnerships that promote poverty alleviation, equity and human rights in Malawi"</i></p>	<p><b>CAP 2003-2006</b>  <i>"there has been considerable progress in establishing the institutions and systems of democracy. However government have not dealt vigorously enough with critical issues such as land reform and corruption or to restoring macroeconomic stability"</i></p> <p><i>" The challenge for the Government of Malawi is to move beyond populist policies and make the hard social and economic choices necessary to advance the pro-poor objectives articulated in the impressive Poverty Reduction Strategy Paper " (PRSP)</i></p> <p><i>Overarching programme objective - "To support poverty reduction through sustainable and equitable growth"</i></p>
<p><u>Broader Policy Linkages</u></p> <ul style="list-style-type: none"> <li>• Achievement of MDGs and IDTs</li> <li>• White Paper on International Development (Nov 97)</li> </ul> <p><i>3 Specific White Paper Objectives</i></p> <ul style="list-style-type: none"> <li>• <i>Policies and Actions that promote sustainable Livelihoods</i></li> <li>• <i>Better education, health and opportunities for poor people</i></li> <li>• <i>Protection and better management of the natural and physical environment</i></li> </ul>	<p><u>Broader Policy Linkages</u>  MDGs and IDTs</p> <p>White Papers on International Development (97 &amp; 2000)</p> <p>Linkage to DFID Service Delivery Agreement (SDA) objective: (SDA appended to CAP)  To reduce Poverty in Sub Saharan Africa through:</p> <ul style="list-style-type: none"> <li>- more effective and equitable education and health sector programmes</li> <li>- better economic and political governance</li> <li>- more attractive climate for foreign investment</li> </ul> <p>Also:</p> <ul style="list-style-type: none"> <li>- to increase the impact of multi lateral agencies</li> <li>- develop evidence based innovative approaches to international development</li> </ul>
<p><u>A focus on six main impact areas (p9):</u></p> <ul style="list-style-type: none"> <li>• Rethinking the role of government, including decentralization  <i>Restructuring ministries, decentralisation</i>  Key partners : World Bank and UNDP</li> <li>• Economic and financial management  <i>Budgetary support, PFM, Corruption.</i>  Key partner: World Bank</li> <li>• Human rights  <i>Safety, Security and Justice, Civic Education.</i>  Key Partners: NGOs, EC, UNDP</li> <li>• Sustainable rural livelihoods  <i>Land reform, soil fertility, rural public works, rural credit and training, emergency relief</i>  Key partners: EC, World Bank, UNDP, US, NGOs</li> <li>• Better access and quality of basic health and education  <i>National Health Plan led, institution building, AIDS,</i>  Key Partners EC and World Bank, BLM,  <i>Education - support to development of Policy Investment Framework, follow on from existing projects in community schools and teacher development.</i></li> </ul>	<p><u>A focus on three core areas (p14):</u></p> <ul style="list-style-type: none"> <li>• Measures to enable sustainable growth and improve livelihoods  <i>Includes - Food security/humanitarian assistance, agriculture, forestry, various NGO projects</i></li> <li>• Better service delivery to the poor  <i>Mainly Health and Education</i></li> <li>• Pro-poor governance  <i>Taken to include budgetary support/PFM. Also: Safety Security and Justice, machinery of government and elections, anti-corruption.</i></li> </ul> <p>"DFID's ability to make a difference in these core areas is based on comparative advantage"</p>

<p><i>Key Partners: World Bank, US, Germany, Denmark)</i></p> <ul style="list-style-type: none"> <li>• Safeguarding the environment <i>Forestry, biodiversity.</i> <i>Key Partners US, EC, GeF</i></li> </ul> <p><u>Programme Value</u></p> <ul style="list-style-type: none"> <li>• Commitment to increased funding following SoS visit in 1998 - from £26m (97/98 outturn) to £70m (00/01 plan)</li> </ul> <p><u>Strategic Directions</u></p> <ul style="list-style-type: none"> <li>• Establishment of Lilongwe Office to manage the expanded programme</li> <li>• Dialogue and Partnership building with the young democratic regime in Malawi</li> <li>• Programme scope is wide with large number of discrete projects encompassing all sectors</li> <li>• Intention to increase linkage with other donors and IFs, especially World Bank, IMF (new office) and EU</li> <li>• Movement towards sector strategy in Health and preliminary thinking in Education</li> <li>• Budgetary Support already a feature</li> <li>• Emergency relief integrated into the main programme</li> <li>• Programme Aid linked to IMF/GoM Policy Framework paper - no mention yet of PRSP</li> </ul> <p><u>Consultation</u></p> <ul style="list-style-type: none"> <li>• CSP development consultative (e.g. "Open Space" events in Harare and Zomba) - clearly DFID led with Government of Malawi as a consulting partner.</li> </ul> <p><u>Review and Monitoring Arrangements</u> Not stated</p> <p><u>Targets</u> Global IDTs restated Country specific targets not Stated</p>	<p><u>Programme Value</u> Programme value broadly stable after rapid expansion during CSP period - plan for £47m project and programme assistance plus £15m of budget support in each of three years. Potential for additional budgetary support depending on performance.</p> <p><u>Strategic Directions</u></p> <ul style="list-style-type: none"> <li>• CAP more openly critical of Government failings - but also more focussed towards the government with increasing reliance on government's own systems</li> <li>• Also self critical - of the donor community as a whole "Donor support is far more effective where there is a shared vision and where donors and government agree on priorities"</li> <li>• Strong linkage to PRSP (4 pillars) - 4 pages of CAP is PRSP description and analysis</li> <li>• Aim to shift more towards budget support (suspended at time of CAP drafting) Intention to link BS to Pro Poor Expenditure</li> <li>• Donor Harmonisation Agenda "moving progressively towards a programme based around harmonised donor approaches"</li> <li>• Explicit in identifying role of other agencies in achieving DFID objectives</li> <li>• Plan to rationalise the portfolio</li> <li>• Move towards Food Security Strategy</li> <li>• Agriculture recognised as main engine of growth - but movement away from stand alone projects in livelihoods towards a more strategic influencing role</li> <li>• Contains comprehensive risk analysis</li> <li>• Scope for innovation and learning</li> <li>• Still planning sector wide approach in Health and Education</li> <li>• SSAJ identified as a sector</li> <li>• Continuing focus on World Bank and IMF as key strategic partners</li> </ul> <p><u>Consultation</u></p> <ul style="list-style-type: none"> <li>• CAP development built around GoM PRSP (launched April 2002) - extensive PRSP consultation process therefore moderated the need for separate consultation around CAP (duplication to be avoided) - however series of stakeholder meetings held</li> </ul> <p><u>Review and Monitoring Arrangements</u> To be reviewed annually against change forecasts set out in Part III</p> <p>Linkage to DFID internal review cycle (SDA/DDPs)</p> <p>Also by reference to PRS monitoring systems - but these still to be developed</p> <p><u>Targets</u> PSA Targets adopted</p>
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## Annex Six: Timeline of DFID Infrastructure Programme

Date	Summary of key events
1997	Central Africa Building Advisory Team (CABAT) established in Zambia as a 3 year regional project ending January 2000; CABAT is created to respond to the large size, innovativeness and high fiduciary risk usually associated with construction projects.
1998	CABAT Regional Office transferred to Lilongwe in June 1998 due to increasing workload in Malawi
2000	CABAT Regional Project extended for three years to December 2002 DFID closing regional office in Harare and opening country offices in Zambia, Mozambique and Malawi Chirazulu Initiative in PCOSP – piloting a district wide approach to school improvement
2001	Education Sector Support Programme (ESSP) starts with a budget of £61 m over 6 years, of which £28m was earmarked for construction projects Joint school mapping exercise by DFID, NORAD and USAID to establish criteria for targeting construction project UNICEF School Sanitation and Hygiene Programme commences with budget of £1m over 3 years (2001-2003)
2002	Malawi Safety, Security and Access to Justice (MASSAJ) Programme launched in January 2002 for 5 years with funding of £35m; construction projects under MASSAJ are given to CABAT to manage DFID agree to complete DANIDA schools after the latter pulled out of Malawi in 2002
2003	CABAT Regional Project extended for two years to December 2004 CABAT transformed into a Malawi Programme; other DFID offices start paying for services rendered by CABAT ESSP Construction Adviser becomes ESSP Programme Manager Quantity Surveyor (QS) from CABAT transferred to ESSP Construction Unit (timesharing of QS between ESSP and CABAT); CABAT continues under leadership of Architect DFID agrees with the Netherlands Government and starts implementing a primary school construction programme funded by the latter valued at £18m over a period of 4 years
2004	Safe Motherhoods Project is closed; new agreement signed to cover retention period ADF, JICA, CIDA and WB adopt SSB technology DFID volunteers to complete WB PEP schools after WB suspended loan to Government of Malawi
2005	ESSP programme split into construction and non-construction components Construction Management Unit set up incorporating posts from CABAT and the construction component of ESSP DFID centralises all construction under CMU Health SWAp programme starts (CMU given responsibility to manage construction of Hospital Laboratories in Lilongwe and Blantyre financed from the SWAp) EU Microprojects adopts DFID standard designs for classrooms Plan for co-location of DFID CMU with WB and ADF Project Implementation Units is discussed by the donors as first step towards full integration into government systems



## Annex seven: Linkages between the CAP and MPRS

DFID programme (CAP heading)	Value <sup>2</sup>	MPRS link
<b>Budget support</b>	Up to £25m p.a. PSA objective to move from 37% of programme in 02/03 to 50% by 05/06	Pillar 1, Macro Economic Stability to underpin Growth
<b>Harmonised sector programmes</b>		
Livelihoods	Safety nets: £26.8m over the PSA period	Pillar 1, Goal 1 - Sources of growth
Education	PSA commitment £61m over 2001-07	Pillar 2, Goal 1 - Education
Health	PSA commitment: up to £11m p.a. by 2005/06	Pillar 2, Goal 3 - Health
Food security	PSA commitment £26.8m	Pillar 3, Goal 1 - Safety Nets
Safety, Security and Access to Justice (SSAJ)	Commitment £15.3m over PSA period	Pillar 4, Goal 2 - Security and Justice
<b>Pro-poor Governance Programmes</b>		
PRSP implementation /poverty monitoring	£2m TA commitment	MPRS Monitoring Master Plan
Public Financial Management	£10m over PSA period	Pillar 4, Goal 3 - Responsive public institutions
Voice, Accountability and Rights Tikambirane	£11m actually committed	Pillar 4, Goal 1 - Political will and mindset
Public Sector Reform Support to Parliament and Anti-corruption bureau	£5.2m actually committed	Pillar 4, Goal 1 - Political will and mindset
Trade Continued support for Malawi Trade and Poverty Programme	£0.5m actually committed	Pillar 1, Goal 2 - Enabling environment
Decentralisation	Not indicated in CAP nor actually committed	Pillar 4 - Goal 3 - Responsive public institutions
<b>Cross -Cutting Programmes</b>		
HIV/AIDS	£5.6m actually committed 2003-06	Cross-cutting issues, Goal 1 - HIV/AIDS
Gender (no heading in CAP, but repeatedly mentioned as issue to be mainstreamed in other programmes)	No separate programme/ budget commitment	Cross-cutting issues, Goal 2 - Gender
Environmental Sustainability	No separate programme/ budget commitment	Cross-cutting issues, Goal 3 - Environment
Harmonisation	No separate	All development

<sup>2</sup> This column includes all the figures available from the CAP 2003, plus actual commitments in those cases where the CAP does not mention amounts but where projects have been committed in practice. The PSA period referred to is 2002/03 - 2005/06.

	programmes/ budget	assistance expected to support MPRS
<b>Strategic partnerships</b>		
Private Sector Development: USAID/WB lead	£7m over PSA period	Pillar 1, Goal 1 - Sources of growth
Transport: EU lead	EU transport adviser: £0.4m committed	Pillar 1, Goal 2 - Enabling environment

## DEPARTMENT FOR INTERNATIONAL DEVELOPMENT

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One in five people in the world today, over 1 billion people, live in poverty on less than one dollar a day. In an increasingly interdependent world, many problems – like conflict, crime, pollution and diseases such as HIV and AIDS – are caused or made worse by poverty.

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- halve the number of people living in extreme poverty and hunger
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- promote sexual equality and give women a stronger voice
- reduce child death rates
- improve the health of mothers
- combat HIV and AIDS, malaria and other diseases
- make sure the environment is protected
- build a global partnership for those working in development.

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DFID works directly in over 150 countries worldwide, with a budget of some £4.6 billion in 2005. Its headquarters are in London and East Kilbride, near Glasgow.

DFID  
1 Palace Street  
London SW1E 5HE

and at:

DFID  
Abercrombie House  
Eaglesham Road  
East Kilbride  
Glasgow G75 8EA

Switchboard: 0207 023 0000 Fax: 0207 023 0016  
Website: [www.dfid.gov.uk](http://www.dfid.gov.uk)  
Email: [enquiry@dfid.gov.uk](mailto:enquiry@dfid.gov.uk)  
Public Enquiry Point: 0845 300 4100  
From overseas: + 44 1355 84 3132  
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