

**REPORT**

**ON THE**

**REVIEW OF THE NATIONAL**

**DECENTRALISATION PROGRAMME OF**

**MALAWI**

**2001 – 2004**

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# TABLE OF CONTENTS

<b>Acknowledgements</b>	<b>iv</b>
<b>List of Acronyms and Abbreviations</b>	<b>v</b>
<b>Executive Summary</b>	<b>vii</b>
<b>1. INTRODUCTION</b>	<b>1</b>
1.1 Background to the National Decentralisation Programme	1
1.2 Objectives of the Review	1
1.3 Methodology	2
1.4 Structure of the Report	3
<b>2. POLITICAL ASPECTS OF THE DECENTRALISATION PROCESS</b>	<b>4</b>
2.1 Political and Administrative Championship	5
2.2 Membership of Assemblies	6
2.3 The Management of Chiefs by the Department of Local Government	7
2.4 The Relationship between Town and District Assemblies	8
<b>3. LINKAGES BETWEEN DECENTRALISATION AND MAJOR NATIONAL POLICY FRAMEWORKS</b>	<b>9</b>
<b>4. LEGAL REFORMS FOR DECENTRALISATION</b>	<b>11</b>
4.1 Review of the Local Government Act	11
4.2 Review of Sectoral Laws	12
4.3 The Formulation and Review of By-Laws	14
<b>5 INSTITUTIONAL FRAMEWORK AND CO-ORDINATION ARRANGEMENTS</b>	<b>16</b>
5.1 The Cabinet Committee on Decentralisation	16
5.2 Principal Secretaries' Committee on Decentralisation	16
5.3 The Inter-Ministerial Technical Committee (IMTC)	17
5.4 The Joint Donor/Government Technical Committee	18
5.5 The Department of Local Government and the Decentralisation Secretariat	18
5.6 International Comparative Experience in Co-ordinating Decentralisation Programmes	22
5.7 Co-ordination of NDP in the Assemblies	22
<b>6 FISCAL REFORMS</b>	<b>24</b>
6.1 Central Government Transfers	24
6.2 The Allocation of Funds to Lower Structures of the Assemblies	25
6.3 The Devolution of Sectoral Budgets	25
6.4 Revenue Collection and Enhancement	26
6.5 Unauthorised Virement of Funds	29
6.6 The District Development Fund (DDF)	29
6.7 Financial Management and Accounting	29
6.8 Ward Allowances	
6.9 The Procurement of Goods and Services	31
6.10 Operations of NGOs	31
6.11 The Audit of Assemblies by the National Audit Office	32

<b>7</b>	<b>SECTOR DEVOLUTION</b>	<b>33</b>
7.1	The Devolution Strategy and Planned Activities	33
7.2	The Preparation of Sector Devolution Plans and Guidelines	33
7.3	Re-orientation of Sectors to 'New' Roles	35
7.4	The Role and Capacity of Assemblies as Focal Points for Service Delivery and Development	36
7.5	Financial Implications of Sector Devolution	37
7.6	Community Participation and Empowerment	38
<b>8</b>	<b>LOCAL PLANNING AND DEVELOPMENT</b>	<b>40</b>
8.1	The Preparation and Utilisation of Socio-Economic Profiles and District Development Plans	41
8.2	Relationship of Plan to Community Needs and Poverty Focus	42
8.3	Institutional Structures for Planning and Budgeting Below the Assemblies	43
8.4	Linking District and National Planning	43
8.5	Monitoring and Evaluation (M&E)	43
<b>9</b>	<b>INSTITUTION AND CAPACITY BUILDING FOR DECENTRALISATION</b>	<b>45</b>
9.1	The Strengthening of Training Institutions	45
9.2	Training Plans and Activities	46
9.3	Strengthening the Department of Local Government	47
9.4	Strengthening the Malawi Local Government Association (MALGA)	47
9.5	The Local Government Service Commission (LASCOM)	48
9.6	The National Local Government Finance Committee (NLGFC)	49
9.7	The District Assemblies	50
<b>10</b>	<b>PROMOTING A DEMOCRATIC CULTURE AND GOVERNANCE</b>	<b>52</b>
10.1	The preparation of Civic Education Materials	53
10.2	The Implementation of a Nation-wide Civic Education Campaign	53
10.3	Roles of Civil Society Organisations in the NDP	55
10.4	The Orientation of Stakeholders	57
<b>11</b>	<b>GENDER MAINSTREAMING</b>	<b>57</b>
<b>12</b>	<b>HIV/AIDS MAINSTREAMING</b>	<b>63</b>
<b>13</b>	<b>DONOR SUPPORT FOR DECENTRALISATION</b>	<b>65</b>
13.1	The Players, the Programmes and their Perspectives	65
13.2	Utilisation of Donor Funding for the Period January 2001 To December 2003	68
13.3	Other Major Government Development Programmes impinging upon Decentralisation	68
13.4	The Nature and Scope of Donor Support	70
<b>14</b>	<b>CONCLUSION</b>	<b>74</b>

## **APPENDICES**

<b>1. Terms of Reference</b>	<b>75</b>
<b>2. Summary of Conclusions and Recommendations</b>	<b>80</b>
<b>3. Summary of Progress in respect of Recommendations of the 2001 Review</b>	<b>105</b>
<b>4. List of People Consulted</b>	<b>113</b>
<b>5. Bibliography</b>	<b>119</b>
<b>6. Budget Performance of Assemblies (Summary)</b>	<b>123</b>
<b>7. Budget Performance of District Assemblies</b>	<b>124</b>
<b>8. Budget Performance of Town Assemblies</b>	<b>125</b>
<b>9. Budget Performance of Municipal and City Assemblies</b>	<b>126</b>
<b>10. NDP Expenditure, 2001, 2002, 2003, by Donor</b>	<b>127</b>
<b>11. Comparative Analysis of Approaches to Capacity Building in Local Government in Africa</b>	<b>132</b>

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## List of Abbreviations and Acronyms

ADB	African Development Bank
ADC	Area Development Committee
ADCs (in Assemblies)	Appointments and Disciplinary Committees
AEC	Area Executive Committee
ARV	Anti retro-viral
CB	Capacity Building
CGT	Central Government Transfers
CSO	Civil Society Organisation
CSQBE	Civil Society (Network) for Quality Basic Education
DFID	Department for International Development
DA	District Assembly
DACC	District Aids Coordinating Committee
DC	District Commissioner
DCP	Democracy Consolidation Programme
DDF	District Development Fund
DDP	District Development Plan
DEC	District Executive Committee
DED	German Development Service
DLG	Department of Local Government
DPS	District Planning System
DS	Decentralisation Secretariat
DSWO	District Social Welfare Officer
EC	European Commission
EPA	Environmental Protection Area
GTZ	German Agency for Technical Cooperation
GoM	Government of Malawi
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immunity Deficiency Syndrome
IEC	Information, Education and Communication
IFMIS	Integrated Financial Management Information System
IMTC	Inter-Ministerial Technical Committee
KfW	German Infrastructure and Capital Development Fund
KS	Association of Norwegian Local and Regional Authorities
LASCOM	Local Government Service Commission
MASAF	Malawi Social Action Fund
MEPD	Ministry of Economic Planning and Development
MALGA	Malawi Local Government Association
MCI	Ministry of Commerce and Industry
M&E	Monitoring and Evaluation
MEJN	Malawi Economic Justice Network
MP	Member of Parliament
MPC	Management Procurement Committee
MGCS	Ministry of Gender and Community Services

MGPDD	Malawi-German Programme for Democracy and Decentralisation
MIM	Malawi Institute of Management
MPRS	Malawi Poverty Reduction Strategy
NAC	National Aids Commission
NAO	National Audit Office
NCEP	National Civic Education Plan
NDP	National Decentralisation Programme
NGO	Non Governmental Organisation
NICE	National Initiative on Civic Education
NLGFC	National Local Government Finance Committee
NNR	Net National Revenue
NORAD	Norwegian Agency for Development
OD	Organisational Development
OPC	Office of President and Cabinet
PS	Principal Secretary
PPE	Pro-Poor Expenditure
PRSP	Poverty Reduction Strategy Paper (also MPRS)
PSRP	Public Sector Reform Programme
SDI	Staff Development Institute
SEP	Socio-Economic Profile
STD	Sexually Transmitted Disease
Tas	Traditional Authorities
TOR	Terms of Reference
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Programme
UNV	United Nations Volunteer
VAP	Village Area Plan
VDC	Village Development Committee

# EXECUTIVE SUMMARY

## Background

This is a report that the Joint National Decentralisation Programme (NPD) Review Team has prepared in response to the Terms of Reference presented in Appendix 1. The composition of the Review Team, which included Government of Malawi (GoM) representatives and Donors' representatives, appears on the title page. The Review is a follow-up to the previous Joint Review that was conducted in November 2001. The report of the 2001 Joint Review, the work programme and the budget that it developed formed the baseline for the present review. The Review Team referred to the documentation listed in Appendix 3 and met the persons listed in Appendix 4 from 23<sup>rd</sup> February to 19<sup>th</sup> March 2004.

The findings of this Joint Review are therefore based on a literature review and consultations with various key stakeholders to the decentralisation process in Malawi, including the Assemblies. The methodology adopted was as consultative as possible. Presentations were made to the GoM/Donor Technical Committee on Decentralisation on 26<sup>th</sup> February (on the Inception Issues identified) and on 18<sup>th</sup> March 2004 on the Review's major findings, conclusions and recommendations. The Review Team visited a total of eleven Assemblies in the Northern, Central and Southern Regions, and met over 250 people. The team is grateful to them all for the time and thoughts that they contributed to the Review. Various stakeholders also commented on the findings and recommendations of the Review during a consultative workshop held in Blantyre on 27<sup>th</sup> and 28<sup>th</sup> April 2004. The comments received at that workshop have been incorporated into this report.

The major findings, conclusions and recommendations of the Review are discussed in Sections 2 to 14 of this report. However, a summary of the conclusions and recommendations of the Review is presented in tabular form in Appendix 2 of the report. The report refers to the findings of the Review in its early stage that has been referred to as Phase I of the four-phase National Decentralisation Programme (NDP) Review and revision process outlined in the Terms of Reference. The Review Team has attempted to guide stakeholders to the NDP in re-programming the programme structure and elements that need to be included in the next Decentralisation Programme. It has also drawn the attention of key stakeholders to pressing institutional and resource constraints and how these might be tackled.

During the stakeholders consultation workshop, held in April 2004, we were asked to identify priorities amongst our recommendations, which we bring together in this summary. The *criteria* for identifying these priorities were:

- whether the recommendation represents a *prerequisite* to effective decentralisation, and
- whether it is 'do-able'. In other words, we considered the *practical feasibility* of the recommendation.



Amongst the prerequisites we see *political will and ownership* being of fundamental importance, and we discuss this at the outset. *Institutional 'drivers'* of decentralisation are also critical, hence our lengthy treatment of the roles of DLG and the DS. There must be *basic planning, financial, human resource management and monitoring systems* available to support more decentralised service delivery: There must also be *consistency in the legal framework* underpinning the role of the main public sector actors in decentralised service delivery: Central government ministries, the DLG itself, the Assemblies at district and municipal levels, and sub-district entities, the ward, and Village Development Committees.

## **The Context**

Before presenting our priority recommendations and the reasons for making them, we consider it important to put Malawi's NDP in the context of governance reform. We think that decentralisation can be made to work in Malawi if the recommendations of this review are implemented in full. However, we also recognise that decentralisation, in the form of devolution, is one of the most radical reforms any country can make. It takes time to change a bureaucratic 'culture', especially after 30 years of autocratic centralised governance as in Malawi. As several stakeholders pointed out during consultations, Malawi is only in Year Four of what was always planned to be a ten-year NDP process. This is worth remembering in enumerating the progress that has been made so far.

Decentralisation is being pursued in Malawi in an environment characterised by the persistent influence and power of traditional authorities who enjoy a more positive image in the eyes of ordinary people than the 'new' Assemblies<sup>1</sup>. Similarly, there are strong patron-client relations characterised by a tendency for people to look to government to provide for them and resign themselves to poor services provided by public officials and institutions. There also remains some reluctance to question the accountability of public officials and institutions in service delivery due to a widespread lack of understanding of basic rights under a democratic government. These features of the current socio-political environment will inevitably be slow to change but they do affect the implementation of the decentralisation policy. They touch on the fundamental problems of social capital formation and a general lack of civic traditions in Malawian society.

On a positive note, the Review Team was struck by the maturity of debate about the fundamental principles of decentralisation manifested during our discussions as compared to what obtained in the early stages of the planning and introducing the decentralisation policy. This has been one of the most encouraging features of our work. This maturity was reflected even at the Assembly level. Officers and elected members argued forcefully for more opportunities to be given to let them prove their worth, and to be given the resources and the autonomy over them, commensurate with their responsibilities. This impatience with the apparent slowness of reform at the

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<sup>1</sup> See Kutengule, Ellis and Nyasulu [Livelihoods and Rural Poverty Reduction in Malawi](#) 2002

central government level is also ominous: disillusionment can easily set in if meaningful devolution of decision-making over resource use does not follow soon. Some Assemblies we visited displayed insights and capacities which bode well for the onset of decentralisation. They are ready to enhance local democracy, and service delivery, as and when they are given the chance.

In short, the time is ripe for a new impetus towards effective devolution, and an associated building of capacities both at Assembly level and at the centre. This is so as decentralisation is a key aspect of public sector reform which is a two-ended process, involving two-way learning, and, crucially, the centre beginning to 'let go' power and control over public resources to the assemblies.

### **Overall Assessment**

While we have been encouraged by the will of some players (particularly at local level) to put decentralisation into practice, our overall assessment of the state of implementation of NDP in Malawi is that of a mixture of some successes but many implementation failures. As can be seen from the progress summary in Annex 3, progress in respect of the recommended action from the 2001 Review – most of which were to be carried forward into the work-plan for the 2001-2004 NDP – has been at best slow, or sometimes non-existent. There is evidence of entrenched reluctance amongst some key central ministries to put into practice the devolution of functions and resources to Assemblies, which is at the centre of the policy. We have attempted to identify the underlying causes of this reluctance.

One causal factor appears to be a lack of popular awareness and understanding of, and pressure for, decentralisation. The policy has been formulated 'top-down' and the planned civic education and information component of the NDP work-plan to popularise the policy did not commence until a few months ago.<sup>2</sup> This is, in turn, one factor that explains the apparent lack of pressure from Ministers on their civil servants to take forward devolution and the specific steps that they were directed to take in a circular issued to them by the Office of the President and Cabinet in December 2003.

Resistance to decentralisation is understandable. Whenever countries have attempted this policy, obstructionism from those who feel threatened by it has arisen. Central Ministries feel they have the most to lose: politicians and senior officials fear for loss of control over resources, particularly when – as some officials articulated in interviews – they feel they would remain publicly accountable for delivering the policies of their ministry and for the resources needed and used to implement them.

Incentives to devolve are not apparent. The costs – financial, and in terms of loss of power to those at the centre – are more apparent than the benefits of decentralisation – in terms of improved, more locally responsive service

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<sup>2</sup> On a positive note, it was interesting to note that even after only a few weeks of the popularisation campaign for decentralisation on radio and TV, under the 'power to the people' slogan, we saw and heard frequent use of the term when we embarked on discussion of what decentralisation meant.

delivery, more effective and sensitive tackling of poverty and more participation of citizen in public decision-making processes.

### **Summary of Priority Recommendations**

We make more than 130 recommendations in the report. Please refer to Appendix 2 for a summary of conclusions and timeframe for implementation. While we understand that the programming and planning team will use them, after consideration and approval, to draw up a work-plan and budget, we have been asked to provide indications of what we feel are the most pressing, to ensure that the team drawing up the programme take them into account first. This is what we do here.

In the circumstances described in the previous section, particularly when there is no immediate incentive for devolution for key players at the centre, a strong and consistent '**champion**' of decentralisation is vital. However, we have been unable to find a recognised political – or even administrative – champion for decentralisation in Malawi. Thus political or bureaucratic incentives or 'drivers' for change and the devolution process, are missing. This is the focus of our first set of recommendations. In the boxes below, we indicate the top priorities.

The President of the Republic of Malawi should provide the leadership and champion the decentralisation process as a priority and reduce resistance to the devolution process.

A comprehensive brief for the new President on the current state of implementation of the NDP, based on this Review, should be prepared by OPC.

### **Legal reforms**

The Local Government Act and the laws which govern sector ministries functions are inconsistent with the decentralisation policy. So much is clear to all concerned and 17 Acts require amendment but the pace of the revision process is slow. It is delayed by both the capacity of the Law Commission to tackle the revisions and the shortage of funds to contract out the tasks involved.

Amendments as proposed by the recent review of the Local Government Act have not gone far enough. The revised Local Government Act should clarify the roles and inter-relationships of the DLG, sector ministries and departments in relation to devolved functions, zones under devolution, Assemblies, Wards, and Village Development Committees.

A draft bill containing the proposals must be considered by the Inter-Ministerial Technical Committee and approval obtained from the Cabinet Committee on Decentralisation.

The draft bill should be tabled at the next session of Parliament and a specific officer in DLG should be assigned responsibility to coordinate the process.

DLG should assist sectors to access sources of funding that will enable them to accelerate the review of their sectoral laws and policies.

### ***Institutions and Co-ordination***

We note that, broadly speaking, institutional co-ordination arrangements are appropriate but they are not functioning adequately. Lack of decision-taking causes delays and ministries send junior staff to potentially important meetings. The solution will not be easy but resolving this problem will require the DLG to be effectively 'in the driving seat' in terms of facilitating the devolution process. But DLG is clearly over-burdened. In part, this is because it plays certain roles that are not strategic to its core business of managing the decentralisation process.

The DLG should focus on its primary roles related to NDP management: policy co-ordination, planning, capacity building, Human Resource Development in the Assemblies, Monitoring and Evaluation of the decentralisation process, and servicing the Cabinet Committee, the proposed Principal Secretaries' Committee, and IMTC. It should devolve all the other roles it is currently playing.

### ***The DLG / DS Relationship***

The relationship between the DLG and the DS is problematic and tense. All previous plans and strategies have pointed to the DS being phased out at the end of 2004. We see no compelling reason to extend it in its present form. In view of the obvious need for DLG to have continued technical support, we propose a transitional arrangement is designed as soon as possible. This would include Organisational Development support to DLG to help it sort out its basic working, management and communication systems to increase its absorptive capacity and performance in future.

The roles and functions of the DLG and the DS should immediately be clarified to reduce duplication and confusion. Operational guidelines should be put in place to guide and improve the relationship between these institutions, including any counter-parting arrangements to facilitate the building of certain technical capacities in the DLG.

An exit strategy should be designed and implemented for the winding-up of the DS with the participation of donors and with the help of a facilitator.

A Technical Support Group (TSG) should assume priority tasks to support DLG in 2005. The foci of the TSG should be legal reform, IEC, Information Technology, promoting a democratic culture, gender and HIV mainstreaming.

A Task Force of the IMTC should co-ordinate the process of transforming the DS into the TSG.

An Organisational Development consultant, commissioned with the support of DHRMD, should analyse and advise upon management and

communication mechanisms in DLG, and accelerate the implementation of its Strategic Plan.

***Fiscal Reforms:***

The availability of financial resources and how these resources are managed is the backbone of any decentralisation policy. Of particular concern in Malawi is how funds are incrementally allocated to assemblies and how they are distributed below the assembly level; the establishment of a system for financing of devolved service delivery systems; revenue generation; staffing of finance posts; audit; asset transfer; and procurement. Current volumes and patterns of financial transfers to Assemblies are low. It is also essential to ensure that devolved functions of direct relevance to poor people do not suffer the cutbacks experienced hitherto in local government transfers.

The Ministry of Finance, in collaboration with DLG and NLGFC and relevant ministries should develop clear guidelines on the devolution of sectoral budgets and commence the orientation of sectoral ministries to the guidelines as soon as possible, to facilitate the devolution of sectoral budgets in the 2004/2005 budget.

Sectoral activities already classified as PPEs (expenditures on front-line pro-poor services and facilities) which are to be devolved should be classified as Protected Pro-Poor Expenditures (PPEs) under the transfers to LG budget line, to prevent any reductions in funding.

***Sector Devolution***

There are signs of lost momentum in this process. Some senior officials are still reluctant to begin to take the steps they were directed to take by the SPC in December 2003. Some were still openly critical about the feasibility of Assemblies taking over functions and resources. Only one set of guidelines to Assemblies from Ministries on how to take over sector functions was available during the period of the review. Much remains to be done. It is difficult to see how the process will be driven forward without firm leadership from DLG. That has been inadequate so far. No much has been done to prepare sectoral ministries for their new roles under devolution and how to handle the wider implications of the devolution process for their ministries. This was regarded as crucial and commented upon by the 2001 review.

DLG should rationalise itself to permit more attention being given to planning and coordinating the sector devolution processes and also to the monitoring of implementation of devolution.

DLG and OPC should develop guidelines and an institutional framework for the provision of technical support to assemblies for devolved functions.

The Office of the President and Cabinet should develop guidelines for the new role of line ministries (policy making, standard setting, inspection, monitoring and evaluation).

### ***Local Planning and Development***

While the very production of Socio-Economic Profiles and District Development Plans since 2000 is a great achievement, there is little evidence in the documents of how communities participated in the process of compiling them. It is also unclear how they are used, linked to Assembly budget processes and indeed to the national policy context, especially the Malawi Poverty Reduction Strategy and other national planning frameworks. There is an urgent need to reinforce future plans' attention to economic growth and poverty reduction at the assembly level.

The planning system should be used to link closely the SEPs and DDPs to annual work-plans, budgeting and expenditure in the assemblies.

DLG and MEPD should find practical ways of linking district to national planning.

DLG should ensure that the four pillars in the MPRS and cross-cutting issues are integrated with district plans.

Poverty reduction, local economic growth and sustainability should remain the main objectives of the DPS and its funding facility.

### ***Institutional Development and Capacity Building***

This is a very crucial issue both at Assembly level and at the centre. Current efforts appear to equate the concept with 'off-job training' only. Moreover, there appears to be no strategy to guide this aspect of the programme and inadequate attention is given to building capacities in Malawian training institutions to deliver and follow-up relevant programmes. A much-postponed needs analysis poses an opportunity to put future capacity building on a firmer, more innovative and comprehensive footing.

Broaden the ToRs of the proposed training needs analysis into a decentralization capacity building analysis (central and local levels), ensuring that gender and HIV/AIDS issues are fully encompassed in it.

A comprehensive capacity building strategy and plan should be developed on the basis of this study, focusing not only on human resources but other capacity deficiencies and factors. This should build on some lessons of international experience and possible innovations.

### ***Civic Education and the Information, Education and Communication (IEC) Component***

The 2001 Review stressed the importance of this element and the urgency of moving ahead with action in this area. Little IEC activity has been implemented through the NDP, despite this emphasis, the earmarking of funds in the NDP, and the existence of active civil society partners able if asked, to help with content, approach and delivery. This is a contributor to the dearth of political pressure for decentralisation, which in turn explains in part the lack of progress with the policy. There is now an IEC strategy, and implementation has just started but it appears not to take on board gender or

HIV issues. The prospect of local government elections in 2005 underlines the importance of decisive, coherent and well-co-ordinated action on this component in 2004/5. **Civil Society** organisations are growing in number, capacity and influence as Malawi's democracy matures. They are playing an important role already in service delivery and usually attempt to focus on the least served areas. However, their knowledge of, and involvement in NDP hitherto, has been patchy and sporadic. There are major mutual benefits to be derived from more intensive dialogue and collaboration.

DLG should devise a more systematic approach to orientation and sensitisation to ensure that messages going out are concrete, uniform, integrated and targeting a wide range of stakeholders. This approach should be developed in consultation with, and the involvement of, civil society organisations working in the field of civic education.

DLG should in general improve its collaboration with NGOs and the involvement of communities in the devolution process as the intended beneficiaries.

### ***Gender Mainstreaming***

The issue of gender is vital in decentralisation if it is to offer the prospect of the equitable political representation of men and women and equitable access to appropriate services. This does not appear to be a primary consideration in the roll-out of the policy so far and there is need to clearly define roles of both the DLG and the Ministry of Gender and Community Services in this area of work as decentralisation unfolds.

DLG should establish an effective gender focal point at headquarters and create the post of a gender co-ordinator within the Planning and Development Directorate of the district assemblies.

DLG should develop a gender strategy and guidelines for mainstreaming for the decentralisation process, in conjunction with the Ministry of Gender and Community Services.

### ***HIV/AIDS Mainstreaming***

The HIV/AIDS pandemic has an important bearing on the implementation of the NDP. So far, not much attention has been given to this aspect of the decentralisation process although there is a well-resourced central agency (the National AIDS Commission or NAC) leading national efforts to mitigate the effects of HIV/AIDS on such crucial development initiatives as decentralisation. However, there appears to be much scepticism currently as to the capacities of assemblies to take responsibility for local programme design and delivery and resource management and monitoring.

The dialogue between DLG and NAC should be strengthened to support the mainstreaming of HIV/AIDS in the decentralisation process as a priority. Both should collaborate to support capacity building in Assemblies.

### ***Donor Support and Co-ordination***

This support is vital to the decentralisation programme. Despite an apparent decline in donor financial support levels compared to 2001, and a tendency for some major donors to fund sectoral development, the pace of implementation has been such that substantial unspent balances will remain at the end of the current phase of NDP. There is no machinery for overall co-ordination of donor inputs into decentralisation in general, or into the DDF in particular.

In view of the evidence presented on expenditure rates on NDP 2001-4, and the probable significant savings arising, we recommend that un-used funds be re-committed against top-priority activities (indicated in this report) at the start of the programming and planning phase of this Review.

The Government should stress that the DDF is the entry point and basket for funding development activities by all donors and NGOs.

In order to accommodate development partners who are prevented from contributing to Basket Funds, we recommend that the forthcoming UNCDF study on the DDF should devise a Basket Fund Management arrangement for the DDF, in which all partners could contribute (according to different modalities, geographical patterns, or development themes/ sectors if necessary) in a transparent and co-ordinated fashion.

### ***Monitoring of the National Decentralisation Programme***

This Review has virtually re-stated as recommendations many of those that appeared in the 2001 Review. It is clear from that state of affairs that no regular effective NDP monitoring is taking place. The only monitoring seems to be for 'projects'. In order to avoid a repetition of this experience, we make some practical recommendations.

The next NDP should be monitored annually jointly by all stakeholders, at an annual Round Table Conference.

This conference should be informed by a briefing paper from the Inter-Ministerial Technical Committee on progress and issues arising, which would have been scrutinised and approved by the Cabinet Committee on Decentralisation.

The NDP M&E Unit in DLG should monitor the NDP throughout the year and provide the basic information for the paper above.



## **General Observation**

We advocate successful implementation of the decentralisation policy in Malawi. The alternatives are, in our view, not only unfeasible, but not in the best interests of the citizens of this newly democratic country. Our intention in the review therefore has been to draw attention to the apparent deficiencies in what has been happening so far so that they can be corrected or alleviated in future as the NDP takes root.

One general conclusion is that we feel that a fundamental re-affirmation of commitment to the decentralisation policy and the associated processes – first by Government, then by donors – will be needed to pave the way for renewed drive to NDP implementation and its detailed planning.

On the other hand, without this re-affirmation by the new President and government, backed up by practical action along the lines we recommend, we fear that there is a real threat of all stakeholders in central and local government, civil society, and donors, simply losing interest in NDP. Any such stalling of NDP would inevitably lead to a reversal to centralised government. This would nullify the gains over the past years, and seriously impede the delivery of Malawi's Poverty Reduction Strategy. We stress that this should not be allowed to happen.

We hope that central government authorities, local assemblies, civil society groups, and donors will find our suggestions practical and useful in taking forward the process of democratic decentralisation in Malawi.

# **1. INTRODUCTION**

This report discusses the findings, conclusions and recommendations of a Joint Government of Malawi and Donors Review of the implementation of the National Decentralisation Programme. The review was conducted by a joint Team from the Government of the Republic of Malawi and the Donor Community. It was undertaken from 23<sup>rd</sup> February to 8<sup>th</sup> April 2004. After feedback on the Draft Report at a workshop in Blantyre on April 27<sup>th</sup> – 28<sup>th</sup> 2004, the team revised the report, to form this final version. The names of members of the Review Team are on the title page.

## **1.1 Background to the National Decentralisation Programme**

The National Decentralisation Programme is based on the National Decentralisation Policy, which was approved in 1998 by Cabinet. The aim of this policy is to devolve central government functions and responsibilities to City, Municipal, Town and District Assemblies. The process of policy formulation was facilitated by a number of studies and extensive consultations designed to clarify substantive areas of the policy, particularly those related to policy options, financing arrangements, implementation and institutional arrangements. The Decentralisation Policy was translated into a Local Government Act that was passed by Parliament in December 1998 and became effective in March 1999.

The National Decentralisation Programme (NDP), currently under review, was prepared between 1999 and 2001. The NDP, which covers the period 2001 to 2004, was tabled at a Round Table Conference for stakeholders and Malawi's development partners to seek their consensus and support. The Donor Round Table Conference, held in August 2001, commended the plan, and all stakeholders and donors pledged their commitment to the implementation of the NDP as an efficient means of delivering public services to the people especially the poor. Decentralisation has therefore been viewed as a vehicle for addressing the poverty reduction development objectives of the Government. The NDP has been under implementation since 2001.

The objective of the review was to examine the progress achieved so far in the implementation of the programme. The findings of the Review were intended to inform the design and implementation of a subsequent Programme of Action that will deepen the decentralisation process in the country.

## **1.2 Objectives of the Review**

The main objective of the review is to assess the progress that has been made in the implementation of the NDP for the 2001-2004 period. The Programme has the following components, implementation of which has been

reviewed in relation to the recommendations of the previous NDP Review in 2001.

1. Legal reforms
2. Building a Democratic Culture
3. Institutional Development and Capacity Building
4. Fiscal Decentralisation
5. Accounting and Financial Management
6. Sector Devolution, and
7. Local Development Planning.

In addition to the above areas, the review included an assessment of:

- the political aspects of the decentralisation process
- linkages between NDP and major national policy frameworks
- issues arising in relation to donor support of NDP, and
- the integration of gender and HIV/AIDs issues in the decentralisation process

The review was expected to identify any pertinent gaps, emerging issues and challenges associated with the implementation of the Programme. The review was also expected to propose directions for the implementation of the decentralisation policy and an implementation plan to address any implementation challenges. The specific Terms of Reference for the Review, as defined by the client institutions, are presented in Appendix 1 which includes the phasing of the Review process.

This report covers the findings on almost all the Terms of Reference for the first phase of the exercise except for those that require the use of the findings to do the actual programming for the future. This programming will be done in Phase IV after the digestion of the recommendations of this review. In this regard, Terms of Reference 4.2 and 4.8 are not addressed in full by this phase of the Review as they can be fulfilled only after the fourth phase activities have been completed.

### **1.3 Methodology**

In carrying out the review, the Team first examined the terms of reference for the assignment and produced an Issues Paper, which outlined questions and issues implicit in the ToRs, which the team proposed to attempt to answer. This was presented and discussed with stakeholders on February 26<sup>th</sup>. The Team then held discussions with Principal Secretaries and other stakeholders based in Lilongwe.

In addition, the Team held discussions with selected Assemblies. In this regard, all the City Assemblies of Blantyre, Lilongwe and Mzuzu and the two Town Assemblies of Dedza and Mangochi were visited. The District Assemblies of Blantyre, Dedza, Mangochi, Nkhata Bay and Mzimba were also visited. A total of nearly 250 people were consulted by the Team (see Appendix 4). Apart from consultation meetings, we examined literature on

decentralisation and other related issues (see Appendix 5). The preliminary findings, conclusions and recommendations of the Team were discussed with the members of the Donor/Government Technical Committee on March 18<sup>th</sup>. Thereafter, the drafting process continued until April 7<sup>th</sup>, and the draft report was discussed at a workshop of stakeholders in Blantyre on April 27<sup>th</sup> – 28<sup>th</sup>.

This report has taken into account many of the comments made during the workshop, and in writing by some stakeholders.

#### **1.4 Structure of the Report**

In the following sections, the report presents findings, conclusions and recommendation on the political aspects of decentralisation; linkages between NDP and national policy frameworks, legal reforms for decentralisation; the institutional framework and coordination arrangements; fiscal reforms; sector devolution; local planning and development; institutional and capacity building; promoting a democratic culture and governance; gender and HIV/AIDs mainstreaming in decentralisation; and donor support for decentralisation.

## **2. POLITICAL ASPECTS OF THE DECENTRALISATION PROCESS**

The review has found that the decentralisation process in Malawi is widely viewed as a means of fostering the democratisation of decision-making processes at the national and sub-national levels as a way of improving the delivery of public services. As part of consolidating the new multiparty democracy, and as an instrument for realising the country's central development policy objective of poverty reduction, the Government is in the process of decentralising political and administrative authority to the district and lower levels of decision-making. Decentralisation is therefore basically a political reform process bordering on the question of who controls, and has access to, public resources. However, for this to benefit the majority of the country's population, decentralisation ought to be seen as being championed by ordinary Malawians in their communities that are now consolidated into the administrative and political unit of the ward. The ward is the political and administrative entity that has been legitimised as a rallying point for ordinary Malawians so as to promote popular participation in the governance and development of districts.

Decentralisation is also viewed as an important means of facilitating the participation of people at the grassroots level in decision-making for the efficient provision of public services in an accountable manner at the local level. Decentralisation thus entails promoting a democratic system within which government officials can be held accountable to the local people that they are supposed to serve. It is in this light that the decentralisation approach that is being pursued in Malawi was widely recognised (by the people met) as "devolution". Devolution is the transfer of authority for decision-taking and the resources needed to carry decisions out, to implement various sectoral policies, programmes, and activities, and thus make the delivery of public services more responsive to the needs of those who use them at district and lower levels.

While decentralisation (in the form of devolution) is idyllic, it has rarely happened in poor societies such as Malawi without resistance from those who have to devolve their functions. Those devolving realise that they shall lose their control over resources in the process. This resistance tends to stall decentralisation processes in most developing countries. Struggles for the control of local power structures also create tension between officials whose legitimacy and survival depend on exercising such control. This resistance (and tension) can easily derail efforts to serve ordinary people who would benefit from the efficient delivery of public services through decentralised administrative structures of locally-elected government. The resistance and tension manifest themselves in political contexts and processes. It is therefore vital to recognise the political imperatives that might affect the decentralisation process in Malawi, as they have done so in other developing countries. In this regard, we identified the following political dimensions of decentralisation as requiring careful consideration and action in the case of Malawi:

- 1) Political and administrative championship;
- 2) Membership of assemblies ;
- 3) The management of Chiefs by the Department of Local Government;  
and
- 4) The relationship between Town Assemblies and District Assemblies.

## 2.1 Political and Administrative Championship

The review has found that most people consulted would like to see decentralisation happen. They appreciate its role in the democratisation of Malawian society and see its value in terms of improving the delivery of economic and social services as part of the development of the country. The preferred form of decentralisation is the devolution approach although the review came across some advocacy for deconcentration<sup>3</sup> in some sectoral ministries and donor agencies. It was also evident during the review that some sector ministries had fears about how their operations and staff and other resources would be affected by the devolution of their functions and resources to the assemblies. It is therefore anticipated that some ministries will resist the decentralisation process especially where it is considered that they will lose much to the assemblies. The process thus needs some political leadership from the highest level of government and this was not evident during the review. Without it, sectoral ministries are likely to protect their control over resources through various covert forms of resistance and sabotage of the decentralisation process.

In view of the above concerns, it is important that the decentralisation process is championed or driven by the highest political leadership of the country. This will ensure that the process is facilitated by removing the fears and unnecessary resistance to the process. As fear and resistance were already apparently emerging in several powerful sectoral ministries at the time of this review, it is not appropriate to assign the political championship to the minister responsible for local government, since he is unlikely to command much political authority over fellow ministers.

The Review Team therefore **recommends** that the position of President of the Republic of Malawi provide political leadership for the decentralisation process. The President should therefore be the political champion of the decentralisation process so as to drive it through any forms of resistance and technical delays to the devolution process. At the officials' level, the Secretary to President and Cabinet should be the administrative champion, as head of the Public Service. This political and administrative championship should include strong advocacy for decentralisation as has recently been the case with HIV-AIDS and the deployment of human and other resources in the health sector through a presidential decree.

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<sup>3</sup> Deconcentration is the process of delegating administrative powers to offices at lower geographical levels of a central ministry or Department.

The Review Team also **recommends** that DLG should take advantage of the May 2004 Presidential and Parliamentary elections to ensure that the next government takes decentralisation as its major reform programme. This will require the DLG to present strategically and regularly, politically problematic decentralisation issues for immediate resolution by the future President and / or his Cabinet. This should initially be in the form of a brief for the new President, based on this NDP Review Report.

## **2.2 Membership of Assemblies**

The review found that the composition of City, Town and especially District Assemblies, is currently problematic. This finding has also been documented by previous reviews and analyses of the decentralisation process. While only councillors are voting members of Assemblies, the inclusion of Members of Parliament (MPs) and Traditional Authorities (TAs) as ex-officio participants in the assemblies, as provided for in the Decentralisation Policy and the Local Government Act, tends to create tension and conflict between them and the members, and this affects democratic decision-making.

Councillors and MPs have similar roles in the assemblies although their jurisdictions coincide (with certain variations of wards) within constituencies. It was also widely observed that MPs tend to associate themselves with central government and this compromises their participation in debate in the local assemblies. The two representatives were also widely viewed as competing for recognition, and some councillors were said to be harbouring the ambition to compete with MPs for parliamentary seats. Similarly, some MPs were said to be underrating the role, functions and performance of councillors and regard councillors as their juniors. It was also evident in all the assemblies visited that the large difference in the constituency and ward allowances fuelled tension between the two groups of representatives. Most councillors and several other stakeholders felt that MPs should cease to participate in assembly meetings, as they are elected to represent their constituents in the National Assembly and not in the local assemblies.

The inclusion of TAs in District Assemblies was also resented by some, but not all, councillors. The number of chiefs in an assembly can be as high as 28 and in a few cases greater than the number of councillors. Most councillors felt that chiefs use their traditional powers to overrule the views of councillors. In extreme cases, chiefs were even reported to be in the habit of reversing decisions made by district assemblies. There was even a case whereby councillors contemplated resigning from a district assembly when chiefs reversed an assembly decision despite the fact that chiefs are legally defined as non-voting members of assemblies. While chiefs have traditional powers over the people, their inclusion in the assemblies (without having been elected) was widely claimed to be undermining the functioning of the democratic culture enshrined in the notion of an elected district assembly.

In the light of the tension that currently prevails between the councillors, TAs and MPs, there is much need for a clear demarcation of the roles of the three

in national and local politics. The importance of each one of them to the district assemblies needs to be contextualised and clarified to all of them and Malawian society in general.

The Review Team therefore **recommends** that, in the long-term, only councillors should participate in the assemblies as a way of deepening democratisation and civic traditions in Malawian society. Initially, however, one or two chiefs, appointed by a meeting of all the chiefs in the city or district jurisdiction, could be allowed to participate in the meetings of the assemblies as a way of accommodating their interests in the affairs of the assemblies. For this to happen, all the relevant laws and policies will have to be reviewed, following thorough consultations and debate on the importance and relevance of MPs and chiefs to the affairs of the assemblies. This debate should not lose sight of the need for decentralisation to promote participatory democracy in public decision-making processes. These consultations are important since MPs and chiefs currently wield significant power and authority in their own areas of jurisdiction. Similarly, any other sectional or special interests should be represented in assemblies only in a transitory manner pending the eventual situation where only elected representatives or councillors are empowered to represent all interests from their wards in the assemblies.

The Review Team further **recommends** that the DLG should facilitate wide consultations and debate on the importance and relevance of MPs and chiefs to the affairs of the assemblies. These consultations should be concluded and decisions made before the next local government elections in 2005.

### **2.3 The Management of Chiefs by the Department of Local Government**

There was a widespread feeling among the stakeholders consulted that the involvement of the DLG in the management of chiefs diverts the DLG from supporting the decentralisation process fully. The effect of this arrangement is alleged to be inadequate strategic leadership being provided by the DLG to the decentralisation process. This is aggravated by the limited capacity of DLG to support the decentralisation process alone. It has, therefore, been suggested by many stakeholders during the review that the management of chiefs should be handled by another unit in the OPC and not by DLG. This finding has also been documented by recent studies and/or reviews on this subject matter<sup>4</sup>. The District Commissioner would have a direct link with this Unit in the OPC.

In view of the need for the DLG to support fully the difficult process of devolution of sectoral ministries, the Review Team **recommends** that the DLG stop handling matters related to chiefs on a day-to-day basis as is the current practice. However, DCs should continue doing so and they should report matters relating to chiefs directly to the new Unit in OPC. OPC would then refer such matters to the President, if necessary. This recommendation has been made by other studies and commentators but it has not yet been

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<sup>4</sup> See Mwadiwa et al (2003), for example.



implemented. This recommendation is aimed at reinforcing the earlier ones so that action can be taken, and DLG can focus on the devolution process.

## **2.4 The Relationship between Town and District Assemblies**

During the review, it became clear that there was some controversy surrounding the justification for the continued existence of Town Assemblies. This finding has also been documented by previous reviews and analyses of the decentralisation process. Town Assemblies typically cover relatively small geographical areas and small populations. This has considerable implications for the overhead costs associated with the management of Town Assemblies using the recommended standard structure of directorates. In most cases, the establishment of directorates in Town Assemblies for the management of such services as education, health care and others involves incurring disproportionately high overhead costs. For example, in several towns, there are very few educational or health institutions. Establishing directorates for such few facilities cannot be justified in terms of costs and workload.

The formation and management of Town Assemblies does not, therefore, have a sound economic basis although these entities may seem to be politically convenient to certain circles in Malawian society. It is conceivable, therefore, that the operations of Town Assemblies will not be economically and financially sustainable in the medium and long-term. In view of the above questions surrounding the rationale for the continued existence of Town Assemblies, and the observations made by other studies of this subject, the role and relevance of Town Assemblies needs to be reconsidered.

The Review Team therefore **recommends** that the Town Assemblies are integrated into District Assemblies. An appropriate directorate would need to be created within the concerned District Assembly secretariats. This directorate would oversee and represent the interests of Townships in District Assemblies. This directorate would also serve as the secretariat of all those councillors from the jurisdiction of the Town Assembly, and have its own budget line. The names of Towns would be retained since the Towns will still be there. However, it is possible that in future, the urbanisation process might over-stretch the capacities of District Assemblies to accommodate the affairs of towns. Where such a growth is accompanied by economic expansion and an increase in demand for services, such as that experienced by city jurisdictions, the relevant jurisdictions can be upgraded to Town Assemblies. None of the current towns has so far experienced this scale of urbanisation which would justify the establishment of a separate assembly with its various directorates.

### **3. LINKAGES BETWEEN DECENTRALISATION AND MAJOR NATIONAL POLICY FRAMEWORKS**

We were required to assess the extent to which existing key government policy instruments and initiatives, especially the Malawi Poverty Reduction Strategy (MPRS); the Public Sector Reform Programme (PSRP); the Medium Term Expenditure Framework (MTEF); the Malawi Social Action Fund (MASAF) III; Sector Investment Plans (SIPs); and Sector Wide Approaches (SWAPs), are being implemented in relation to the decentralisation process. This was in recognition of the fact that decentralisation can meaningfully contribute to economic growth and poverty reduction only if it is effectively linked to these frameworks and the national budget.

We found that there is a conceptual linkage but no operational linkage between the MPRS and the decentralisation process. While the national policy of the Government, as articulated in the MPRS, focuses on promoting economic growth and poverty reduction, the District Socio-Economic Profiles and Plans do not directly reflect the pillars and fundamental concerns of the MPRS. This discrepancy will create implementation difficulties since the national budget and donor support for Malawi's development are supposed to be based on the priorities articulated in the MPRS. Forging strong linkages between the two will ensure that activities to be implemented through decentralised structures are protected in the national budget. Similarly, the Team found only a conceptual linkage but no operational linkage between the MTEF and the financial budgeting system adopted by the decentralisation process. The same applies to the SIPs, SWAPs and the PSRP.<sup>5</sup>

The lack of strong linkages with the Public Sector Reform Programme is unfortunate, because the decentralisation programme alone cannot resolve the more complex institutional changes required for decentralisation to be implemented effectively. Of particular significance here are the public financial management reforms through the Integrated Financial Management Information System (IFMIS), legal reforms, pay policy reforms, and certain reforms of public institutions and government institutions in relation to privatisation. Without the necessary operational linkages, there are likely to be significant problems regarding the relationship between sectoral ministries and Assemblies, the determination of remuneration of assemblies staff, the management of public finances and other resources by assemblies, the recruitment and management of assemblies staff, and the role of the private sector in the decentralisation process.

We found both conceptual and operational linkages to be strongest between MASAF III and the decentralisation process. This is so because MASAF III has been designed for implementation through the Assemblies. For this to happen, serious consultations on how the two can be linked to each other were conducted between the DLG and the MASAF process. The Team also observed that MASAF III had already started allocating funds to Assemblies, which is a positive development.

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<sup>5</sup> See Section 13 for a fuller discussion of the potential pitfalls of SWAPs in relation to decentralisation.

In view of the above inadequate linkages, the Review Team **recommends** that the DLG should take proactive measures to establish strong operational linkages between the decentralisation process and the MPRS, national planning frameworks, the PSRP, the MTEF, SIPs and SWAPs. This will require the DLG and the concerned authorities in government, especially the Ministry of Finance and the Ministry of Economic Planning and Development to engage in serious dialogue on how the decentralisation process can be linked to these policy and planning frameworks.

## **4. LEGAL REFORMS FOR DECENTRALISATION**

The 1995 Malawi Constitution and the Local Government Act form the basic legal framework for the implementation of the National Decentralisation Programme (NDP). The Act recognizes the Assemblies as the highest policy making bodies at the district, town and city levels. The Assemblies have been given the responsibility of planning and implementing development activities in their areas of jurisdiction.

The team, however, observed that the process of fully empowering the Assemblies to carry out their functions effectively has been delayed partly by the continued existence of laws, by-laws and policies that are in conflict with the Local Government Act. A decision was, therefore, taken as far back as 1999 to harmonize the Local Government Act with other existing sectoral laws, by-laws and policies. In this regard, we noted that some commendable progress had been achieved since 1999 largely in terms of taking stock of such laws, by-laws and policies and reviewing the Local Government Act.

### **4.1 Review of the Local Government Act**

The Local Government Act, which was adopted in 1998, has itself undergone two reviews which were carried out in 1999 and one from 2003 to 2004.

#### **4.1.1 The First Review**

The first review of the Local Government Act was initiated by the Department of Local Government in 1999 when it was realized that the Act was not in harmony with the National Constitution. While the Constitution provided for the establishment of the Local Government Service Commission (LASCOM), the Local Government Act did not make any provisions for LASCOM. The Local Government Act was, therefore, reviewed and is now in harmony with the Constitution. See Section 5 for a discussion of LASCOM.

#### **4.1.2 The Second Review**

The second review of the Local Government Act has just been completed. The review was undertaken by a group of local consultants engaged by the Department of Local Government. The consultants have reviewed the whole Local Government Act taking into account the experience of the past four years. In this regard, the consultants have addressed a number of critical issues, some of which have adversely affected the process of implementing the decentralisation programme. The issues covered include the size and membership of Assemblies, eligibility for membership, procedures for meetings, roles of Assembly staff and elected members, channels of communication, conditions of service and staffing matters.

The consultants have provided a sound basis for further improving the legal framework for the decentralisation programme. The consultants have also provided a great deal of information which could be used to speed up the

whole decentralisation process which appeared to be almost grinding to a halt over the past year. However, very little progress may be achieved in future if the information and the Draft Bill, which have been provided by the consultants, are not submitted to Parliament for enactment as soon as possible. We have observed that in the past, the review of consultants' reports and the subsequent preparation and submission of draft bills to Parliament took too long. The team, therefore, **recommends** that DLG should speed up the implementation of the recommendations of the study.

However, we noted that the Act is silent on zonal or regional administrative structures as well as on legal structures below the district assemblies. As a result, sectoral ministries are creating their own structures some of which are clearly in conflict with the spirit of decentralisation.

It was further noted that the Local Government Act is also silent on the roles and responsibilities of the major players in decentralisation. The absence of such a provision in the act may have contributed to some of the duplication of effort and tensions which we note elsewhere.. The Review Team **recommends** that the consultants who carried out the second review of the Local Government Act be requested to carry out the following additional tasks urgently:

- a) Define the roles and responsibilities of all the major actors in decentralisation including DLG.
- b) Define the roles and responsibilities of the sector ministries with regard to decentralisation
- c) Define the relationship between DLG and other sectoral ministries
- d) Define the legal decentralised structures below in the district assemblies
- e) Define the legal status of zonal/regional administrative bodies of the central government.

It is expected that once the Local Government Act is revised to take into account these issues, DLG would have a clear mandate in relation to other ministries, there would be clear direction for the devolution of sectoral ministries functions and legally identified decentralised focal institutions below the district. Lessons could be drawn from other countries in the region (Including Uganda), which have carried out similar reviews.

#### **4.2 Review of Sectoral Laws**

In another attempt to harmonize the Local Government Act with other existing laws, the Department of Local Government engaged a Local Consultant in 1999 to carry out a general assessment of existing laws. During the study, a total of twenty-eight laws were examined out of which seventeen were recommended for a more comprehensive review by ministries.

We noted that since the study was undertaken, very little progress has been achieved. Only four Acts, namely Education, Land, Business and Gender Acts

were now under review. None of these had been completed by the time of this review. In addition to the seventeen Acts already identified *during the 1999 study*, there are many other sectoral laws that are yet to be harmonised with the Local Government Act.

The team is of the view that the delays experienced in the implementation of review of sectoral laws were largely due to the poor design of this component of NDP, particularly in the following respects:-

- (a) The designers of the programme assumed that the various sectors would, on their own, carry out the law reviews with little assistance from the Programme. This has not happened. Consultations have indicated that for the majority of the sectors, the review of the laws is not a priority activity. It is therefore unlikely that much progress will ever be made unless there is sufficient drive and coordination from OPC and the Department of Local Government.
- (b) Only a token allocation of financial resources was made in the decentralisation programme's budget for the implementation of this component. It was again assumed that the sectors would meet costs related to these reviews. This assumption was unrealistic given the costs involved and the financial problems the sectors are facing.
- (c) It was also assumed that the Law Commission would assist the sectors in carrying out the sectoral law reviews. We have learnt that the Law Commission is itself facing serious financial problems which have adversely affected the Commission's capacity to carry out such reviews. The Commission is, in this respect, wholly dependent on donor support for the review of laws. Reviews carried out by the Commission tend to be costly and time consuming. A single review may cost over K30 million, and take up to two years to complete, due to the very consultative approach adopted by the Commission. The Commission alone cannot, therefore, undertake all the sectoral law reviews envisaged under the decentralisation programme.

In order to speed up the process of reviewing the sectoral laws, the Review Team makes the following **recommendations**:

- (a) A second circular letter should be issued by OPC urging sector ministries to prepare plans for implementing the legal reviews because very little progress has been achieved since the first circular was issued.
- (b) The Government, through the DLG, should assist sectors/ministries to source funds from development partners to accelerate the comprehensive reviews. This would enable them to use private consultants in carrying out reviews. There is need for each sector to review its own laws beginning with those sectors that are to soon

devolve their functions to Assemblies. Comprehensive sectoral reviews are far more appropriate than the approach used in the 1999 study in which 28 laws were picked, and 17 laws were recommended for review. The sectors concerned were not even involved in the study.

- (c) Due to the delays experienced so far, a consultant should be recruited by DLG to assist in identifying sectors in which the most comprehensive reviews should be carried out, liaise with sectors and donors on the way forward, prepare an implementation plan, assist in the formulation and review of Assemblies by – laws and coordinate the whole legal framework programme for a period of one year. The consultant is being proposed to address the problem of stagnation of the process noted by the review team.
- (d) The Department of Local Government should ultimately recruit its own full-time lawyer to coordinate the review process in liaison with the above proposed consultant. The lawyer should also liaise with Assemblies and sectors on the formulation and review of by-laws. We are aware of the capacity problems that the Ministry of Justice is experiencing at the moment. It is unlikely that the problem will be resolved in the near future. It is, therefore, further unlikely that the Ministry of Justice will be in a position to provide sufficient back-up services to DLG, the sectoral ministries, the assemblies and other stakeholders on the issue of legal reforms.

### 4.3 The Formulation and Review of By-Laws

Assemblies are responsible for formulation and review of their by-laws. We noted that there are many by-laws which were formulated during the one-party era and are clearly not in line with both the 1995 Constitution and the Local Government Act. There is, therefore, an urgent need to review the by-laws and to formulate new by-laws.

We observed that many Assemblies lack the necessary capacity to undertake such reviews. No training has been provided to Assembly members, most of whom have never carried out such a function before. As a result, the quality of the by-laws formulated by Assemblies so far has generally been poor. The by-laws have also largely focused on market fees and other taxes. Critical issues, such as their potential economic impact, or on the environment, health and gender, have been ignored. The team also learnt that Assemblies have received very little feedback from the Department of Local Government, the Ministry of Justice and the sectors on their draft by-laws. The Review Team has therefore makes the following **recommendations** with a view to ensuring that the process is speeded up:

- (a) A structured training programme on the formulation and review of by-laws should be developed for members of Assemblies and other

stakeholders including sectoral ministries for implementation in the next phase of NDP.

- (b) Ministries should ensure that critical issues related to their sectors are taken into account in the formulation of by-laws. There is, therefore, need for Assemblies and sectors to work closely together in the formulation and review of by-laws.
  
- (c) The Department of Local Government should play a more effective role in the coordination of the process of reviewing by-laws. We were informed of the long delays experienced by the Assemblies in obtaining approval from DLG and Ministry of Justice for by-laws which they formulate or review. There has also been very little feedback to the Assemblies on this matter from both DLG and Ministry of Justice.



## **5. INSTITUTIONAL FRAMEWORK AND CO-ORDINATION ARRANGEMENTS**

This Section of the report assesses the effectiveness and appropriateness of the institutional framework and co-ordination arrangements for the decentralisation process at the national and district levels. These are the Cabinet Committee on Decentralisation, the Inter-Ministerial Technical Committee (IMTC), the Joint Donor/Government Technical Committee, the Department of Local Government, the Decentralisation Secretariat, (and their inter-relationship) and the Assemblies.

We observed that the co-ordination arrangements are generally appropriate. However, there are a number of weaknesses, and they need to be addressed in order to invigorate the process. The major ones, on each of these institutions, are as follows:

### **5.1 The Cabinet Committee on Decentralisation**

This Committee is responsible for providing policy direction to the decentralisation process. It has a chairperson, a deputy chairperson and ten other Cabinet Ministers. It is currently chaired by the Attorney General in his personal capacity but also as a senior Cabinet Minister. The Department of Local Government provides it with secretarial services and the Committee is required to meet bi-annually.

We found that this Cabinet Committee met only once in the year 2003. The consequence is that key policy issues affecting the implementation of decentralisation are not decided upon in a timely manner. The devolution of sectoral ministries would have benefited significantly from its guidance had its meetings been more regular than this.

### **5.2 Principal Secretaries' Committee on Decentralisation**

The Joint Donor/Government review of 2001 recommended the establishment of a Steering Committee on decentralisation to be composed of Principal Secretaries of ministries affected by devolution. The current Review Team found that this Committee had not been established by the DLG. However, the DLG recently organized a meeting of Principal Secretaries to brief them on the status of implementation of the decentralisation policy, especially the devolution process. This meeting concluded that it is important for Principal Secretaries to meet regularly as a way of briefing each other on their experiences with the devolution process.

We observed that most Principal Secretaries have had limited opportunities to meet and discuss in depth the decentralisation implementation process. This has had the effect of delaying decision-making and reducing commitment to the implementation process by a number of sectors. Some stakeholders have

also observed that such a committee existed in the past but came to an end because Principal Secretaries tended to be too busy and meetings of the Committee rarely took place. There are, therefore, fears that, if re-constituted, this Committee might still be inactive. In addition, it has been suggested that this Committee would lengthen the hierarchy through which issues would have to pass and that the DLG would have the added responsibility of managing the meetings of the committee. Despite these past problems we see the potential for this committee to function effectively.

Considering the critical need for Principal Secretaries to support the devolution process as a key element of the decentralisation policy, the Review Team **recommends** that through the Office of the President and Cabinet should establish this Steering Committee of Principal Secretaries on decentralisation. The committee should be an integral part of a broader Committee of Principal Secretaries on Public Sector Reforms of which the Decentralisation Programme is a component.

### **5.3 The Inter-Ministerial Technical Committee (IMTC)**

The mandate of this committee includes coordination and providing technical support to the development and implementation of the decentralisation policy. It reports to the Cabinet Committee. The DS provides secretarial support to this Committee. The Committee works through Task Forces established to tackle specific assignments such as the preparation of sector devolution plans. It is expected to meet on a quarterly basis.

We found that the IMTC did not meet at all in 2003. It only met recently on 8<sup>th</sup> January, 2004: 15 months after its last meeting. This Committee should have met more frequently than this so as to complete very important tasks, including facilitating the implementation of the sector devolution plans. The quality of its latest meeting suffered due to junior officers being sent to represent some ministries. Members of the IMTC are supposed to be key senior government ministry officials. There was inconsistency in representation as other ministries changed representatives from one officer to another. These changes adversely affected the quality of contributions at such meetings. Another factor was that some members failed to report back effectively to their ministries on decisions made and the follow-up actions to be taken by their institutions.

We also found that there were no adequate records of the issues discussed at IMTC meetings and of actions to be taken. In the absence of such records, it is difficult for the Department of Local Government and the Decentralisation Secretariat to follow up the implementation of the decisions made by this committee.

In view of the above problems faced by the Cabinet Committee on Decentralisation and the IMTC, the Review Team **recommends** that the Department of Local Government should ensure that the organization of meetings for the Cabinet Committee and the IMTC are included in its work

plans. The DLG should also ensure that there is active follow-up so that such meetings are held as indicated in the terms of reference of these Committees and also that decisions are properly recorded, and agreed action is taken on the decisions of these committees.

On the problem of representation at committee meetings, the Review Team **recommends** that DLG impress upon Ministries to designate named senior level staff at the Director level to attend IMTC Meetings and ensure that there is consistent attendance by such officers. Minutes of the meetings should be produced within two weeks of holding such meetings. These minutes should be circulated to Ministries for timely follow-up action to be taken. This secretariat function is a function which we recommend (below) is handed over to DLG from DS.

#### **5.4 The Joint Donor/Government Technical Committee**

This committee, which was formed in 2003, is composed of donor agencies and senior government representatives. It provides a forum for dialogue, communication and co-ordination between the government and its development partners on technical issues related to decentralisation.

We found that this committee has met four times since its establishment. Its main task so far has been to discuss the Terms of Reference for this Joint Review of the NDP 2001- 2004. It has also provided guidance to the team undertaking the review. However, there are many issues that this Committee will need to discuss especially in relation to the current problems of co-ordinating donor support for the decentralisation process.<sup>6</sup>

#### **5.5 The Department of Local Government and the Decentralisation Secretariat**

##### **5.5.1 The Department of Local Government and its performance**

Located in the Office of the President and Cabinet, the Department of Local Government is responsible for the co-ordination and management of the whole decentralisation process. It does this by working with line ministries at the centre in preparing for the devolution of their functions to Assemblies and by providing administrative support and guidance to Assemblies. The joint government and donor review mission of 2001 observed that the Department had weak capacity to coordinate and manage implementation of decentralisation due to lack of appropriately qualified personnel in key operational positions. We noted that most of the Managerial positions have been filled, but there are remaining gaps at technical levels from P8 to P5 grade.

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<sup>6</sup> Please refer to Section 13 for a commentary on the most important issues facing donor support to NDP.

The Review Team **recommends** that the Department of Local Government should speed up filling the vacancies at technical levels with appropriately qualified staff. The team is, however, of the view that this process is likely to take a long time particularly due to the existing freeze on recruitment of new staff and filling of vacant positions in the civil service. In view of this, it is unlikely that the vacancies in DLG will be filled in the near future. The DLG will, therefore, not be in a position to take over all the functions of the DS at the end of this year as planned (see below).

A strategic plan was drawn up for DLG under DS auspices. It has not been implemented yet, in part due to the persistent shortages of technical staff noted above. Fourteen DLG staff have received training, mainly overseas, over the past few years in aspects of decentralisation management, financial management, human resources management, M&E of projects, management development for executives, and property taxation.

There is evidence of severe overload on a relatively small group of DLG staff. This is caused in part by the Department having responsibilities besides NDP management. For example:

- the Department hires, and transfers, Assembly staff of Director level and above. It appears to lack effective records of them and their movement, evidenced by the difficulty the team faced in getting access to information on DA staff disposition and turnover.
- As noted in Section 2, it is responsible for the management of chiefs. While only one officer is responsible full time for this function, it takes a disproportionate amount of the time of the senior staff (especially the Principal Secretary and Minister) as they are regularly called to attend or officiate over ceremonies related to chiefs, and to arbitrate in disputes.<sup>7</sup>

There are indications too of ineffective communication and working systems and procedures amongst the available staff. Assemblies complained of significant delays in getting a response from the Department to requests to process or respond to draft by-laws, or to fill long-vacant key posts. Development partners complained about shortage of regular information on decisions which have been made, delays in gaining a formal response to a request for approval, or appointments cancelled at short notice, or appointments not kept. The Department has not reacted officially to several important studies which – through DS – have been commissioned.

While the absence or shortage of technical staff in key functional areas is undoubtedly a contributory factor to its performance, it is also the case that organisation of work amongst the staff in post is another important factor.

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<sup>7</sup> The Minister and PS had been called away at short notice to one such event the day of the presentation of the preliminary findings and recommendations of this Review at the end of Phase I, and therefore could not attend it.

## 5.5.2 The Decentralisation Secretariat and its performance

The Decentralisation Secretariat (DS) was established as a temporary institution to assist the Department of Local Government (DLG) to develop systems, test procedures and to support the DLG in a relatively non-bureaucratic manner in the implementation of the decentralisation programme, and generally to provide managerial and technical support to the implementation of the NDP. In carrying out its activities, the Secretariat has been supported by the UNDP/UNCDF, NORAD, GTZ, the African Development Bank (ADB) and the Malawi Government. According to the recommendation of the 2001 Review, it should wind up its operations by 31<sup>st</sup> December, 2004.<sup>8</sup>

We noted that the DS had made some progress in the implementation of its programmed activities. The following are some of the major activities which the DS has carried out:

- (a) Facilitating the development of a draft formula which has been approved by Parliament and is now being used for the allocation of financial resources to assemblies;
- (b) Organizing various forms of orientation on decentralisation for Principal Secretaries, Members of Parliament, District Commissioners and DS staff;
- (c) Facilitating the setting up of the National Local Government Finance Committee's Secretariat;
- (d) Facilitating the preparation of sector devolution plans; and
- (e) Facilitating the preparation of MALGA's strategic plan and contributing to MALGA's functional review.

The team, however, noted that there were many planned activities which are yet to be implemented by the DS. Please refer to Appendix 3, which presents a summary of progress in NDP components, compared to the recommendations of the 2001 Review. The major outstanding activities are in the areas of legal reforms; IEC strategy (which has now been developed, but is yet to be refined and implemented in full), capacity building, Information Technology; gender and HIV/Aids strategies as well as civic education for the promotion of a democratic culture. There are indeed so many outstanding activities and this has led us to conclude that, on balance, the DS has not performed as expected. Consultations have revealed that this view is shared by many other stakeholders. Furthermore, this underperformance is evidenced by the expenditure patterns as analysed in Section 13 which show that only 57% of donor funding for the NDP was utilised by 31 December 2003. It is unlikely that implementation of the programme in 2004 will absorb the remaining 43%.

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<sup>8</sup> The UNDP funding for DS salaries runs out at that time.

### 5.5.3 The Relationship between the Department of Local Government and the Decentralisation Secretariat

As can be observed from the above description of the roles and functions of the DLG, there are certain similarities between the DLG and the DS which can be seen as either complementary or indeed duplicating each other. During the review, however, the relationship between the two was widely viewed by several stakeholders as tense and confrontational.

There are clearly conflicting interests between the two. Some observers suggested that this was due to the historical fact that most of the senior management at the Department of Local Government came from the Decentralisation Secretariat without relinquishing their day-to-day control over the Decentralisation Secretariat. Others have observed that the management at the Decentralisation Secretariat has not appreciated the important supervisory role of the Department of Local Government over the Decentralisation Secretariat. While the DS expects the DLG to give it much leeway in its operations that are normally approved as part of the DS's work plan, the DLG finds it necessary to closely supervise the operations of the DS as the DLG is ultimately accountable for any such operations. These conflicting positions are a major source of operational difficulties for both the DLG and the DS, which affect the implementation of the Decentralisation Programme.

It is in the best interests of the decentralisation process that the relationship between the two is clarified and improved. There is also need to reconcile the two parties to avoid disrupting the decentralisation process. Taking into account some outstanding tasks that can best be performed by an externally-supported group like the DS, and the difficult relationship between it and the DLG, the Review Team makes recommendations below for a future formula.

### 5.5.4 Transfer of Functions from DS to DLG

In 1999, DLG, through a consultant known as Lynks Associates, carried out a functional review of DS. Among other things, this proposed a draft exit strategy. This was never formulated. The consultant recommended that the Secretariat should gradually transfer its functions to DLG and that the Secretariat's operations should come to a close by December, 2004.

The Review Team, therefore, **recommends** that the DS structure should be transformed to a Technical Support Group (TSG) after December 31<sup>st</sup> 2004, and closed down by December, 2005. Most of the current staff of the DS should be discharged by 31<sup>st</sup> December, 2004. Only those in specialist outstanding areas of work should be hired or retained to work between 1<sup>st</sup> January and 31<sup>st</sup> December, 2005 in a leaner and more focused Technical Support Group (TSG). The DLG should absorb all the remaining technical functions of the DS by 31<sup>st</sup> December 2005. The remaining technical or specialist functions that should be performed by the TSG to 31<sup>st</sup> December, 2005 are:

- (a) accelerating legal reforms for decentralisation;
- (b) promoting a democratic culture, by working with civil society partners in extending the IEC Campaign;
- (c) promoting Information Technology in local authorities;
- (d) integrating gender and HIV/AIDS into the decentralisation process and structures including the incorporation of gender sensitive data and indicators

Only staff with knowledge and skills in the above areas should work in the TSG between 1<sup>st</sup> January and 31<sup>st</sup> December, 2005. The TSG should be supported by very few support staff, especially drivers, secretaries and few accounts staff.

It is **recommended** that, meanwhile, the DLG should attempt to fill existing vacancies in readiness for the full transfer to it of the activities of the DS. The DLG should also develop a detailed action plan for the closure of the DS and begin to take over some of DS's functions.

It is also **recommended** that the DLG and a Task Force of the Inter-ministerial Committee (IMTC) on decentralisation should play a leading role in coordinating and driving this important process.

We further **recommend** that, as part of any continued strengthening plan for DLG, short-term assistance is provided to DLG by well-qualified Organisational Development experts, in an analysis of current working and communication practices, and management of key records (e.g. of DA staff) and files. Without such support and the implementation of improvements, the absorptive capacity of the Department in respect of the additional posts we recommend elsewhere (for example in the legal sphere) will still be very limited, and little change in performance could be expected.

## **5.6 International Comparative Experience in Co-ordinating Decentralisation Programmes**

We have reflected on international experience in arriving at the recommendations above concerning DLG and DS. It supports our contention that the interests of decentralisation would be better served by an arrangement where DLG is put solely 'in the driving seat' of NDP. Countries like Uganda and Vietnam had similar programme Management Units (PMUs) which they later rationalised, having experienced problems similar to those highlighted above. This move has significantly benefited the two countries.

## **5.7 Co-ordination of NDP in the Assemblies**

In each assembly, a committee of elected representatives to coordinate and monitor the progress of devolution was supposed to be formed. In addition District Task Forces on devolution were to be formed. Their main task would

be to prepare integration strategies for the devolved functions, at the Assembly level.

We found that some assemblies had formed their Task Forces on devolution while others had not. Where the Task Forces had been formed, some of them were active in preparing integration strategies while others were not. Where the Task Forces were non-existent, Assembly members and officials would be expected to coordinate the devolution process. We found that this was not the case largely due to lack of orientation of Assembly members regarding their roles in the devolution process. This was compounded by the general perception among the officials that they owed their allegiance to central government authorities as opposed to Assembly members.

In view of the above findings, the Review Team **recommends** that committees of assembly members and Task Forces on devolution should be formed in all the assemblies. In addition, all the members of these committees and task forces should be trained in the salient aspects of the devolution process. DLG, MALGA and the DS should ensure that these two activities are undertaken as soon as possible. Furthermore, clear terms of reference should be provided to the Committees and Task Forces and the performance of these two entities should be monitored closely by the IMTC.



## 6. FISCAL REFORMS

Fiscal decentralisation is an essential component of any decentralisation process. In Malawi, the Government has shown its commitment to decentralisation by undertaking measures to re-structure its budget in support of the decentralisation process. The major areas of fiscal decentralisation tackled in this section of the report are central government transfers; the devolution of sector budgets; revenue collection; the allocation of funds to lower structures of Assemblies; audit and procurement.

### 6.1 Central Government Transfers

In the 2001/02 financial year, Treasury created Vote 094 to support not only the operations of the National Local Government Finance Committee (NLGFC), but also to provide a dedicated window for fiscal transfers to the Assemblies. According to the Decentralisation Policy, central government is expected to transfer 5% of net national revenue (NNR) (excluding grants) to District Assemblies. However, we noted that this requirement is not achievable in the short term as government has to service other obligations such as debts, pensions and gratuities, salaries and wages. Therefore it has not proved feasible, given the financial constraints government continues to struggle with, to apply a percentage on Net National Revenues (NNR) as an allocation for Central Government Transfers (CGTs).

Nonetheless, government made a start by allocating K214.65 million as a fiscal transfer to Assemblies in 2001/2, representing 1.57% of total Other Recurrent Expenditure (locally known as ORT): a sum of K13,675,910,795. Allocations to Assemblies were calculated on the basis of projected provision for goods and services (or ORT) and they were, for three years 2001/02 – 2003/04, as presented in Table 1 below:-

**Table 1: Central Government Transfers**

<b>Fiscal Transfers</b>	<b>2001/02</b>	<b>% of ORT</b>	<b>of 2002/03</b>	<b>% of ORT</b>	<b>of 2003/04</b>	<b>% of ORT</b>
Approved	214,652,600	1.6	242,592,400	1.6	178,485,768	1.2
Revised	167,096,760	1.7	184,850,885	1.0	175,110,117	1.5
Actual	121,793,855	1.0	164,882,702	1.1	123,003,204	
<b>Total ORT:</b>						
Approved	13,675,910,795		15,078,005,142		14,857,726,231	
Revised	9,679,985,137		17,767,693,698		11,607,404,570	
Actual	11,603,343,304		14,857,726,231			

Source: Ministry of Finance

CGTs do not form part of the Protected Pro Poor Expenditures (PPEs) and as such they are subject to reduced funding like all other non-PPE expenditures. This was illustrated in 2001/02, when out of an allocation of K214.65 million, only K121.79 million was funded, representing 1% of actual ORT funding for that year.

In the light of the above, the Review Team **recommends** the following:

- a) A step-by-step approach to implementing the 5% NNR policy should continue.
- b) When sectors start fiscal devolution, the public will expect improved delivery of front-line basic services which the poor depend on. It is **recommended** that sectoral activities already classified as PPEs at the centre and are to be devolved should be classified as PPEs to prevent any reductions in funding. Normal sectoral ORT will form part of CGTs.
- c) The government should reform and rationalise the centre, as part of the Public Sector Reform Programme, so that more funds and other resources can be made available to support the process of decentralisation. In this regard, activities of the Management Services Division in DHRMD and the Rationalisation Unit in OPC should be reinvigorated in order to ensure that the issue of streamlining the civil service, including the diplomatic service, is tackled effectively. As will be highlighted below in Section 7, opportunities for rationalization in central ministries will arise once they begin to devolve functions.

## **6.2 The Allocation of Funds to Lower Structures of the Assemblies**

The allocation of grant funds to assemblies is done through a formula. However, the allocation of funds to lower structures such as ADCs depends on a number of projects to be implemented in a particular area. In extreme cases, funding is divided equally according to the number of wards. We feel that in the absence of a formula, elements of subjectivity could dominate resource allocation, resulting into a situation where one area has more resources than others, regardless of need or the poverty status of the area.

The Review Team therefore **recommends** that funding to lower structures should in future be based on a formula. The NLGFC should take steps to develop such a formula through a consultative process. The formula could be based on poverty levels, population density and other relevant factors.

## **6.3 The Devolution of Sectoral Budgets**

As functions are devolved, Ministries should take immediate steps to devolve relevant sectoral budgets as well. Ministries that are required to devolve functions in the 2004/05 financial year should ensure that sectoral provisions by district are included in the estimates.

It has already been agreed that the process of devolving sectoral budgets should be as follows:

- Year 1: Budgets for Assemblies should be included as part of line ministries' budgets. In the budget document, Assemblies should be classified as cost centres. The Ministry of Health is a case in point. Funding will be made from Treasury direct to Assemblies with copies of funding instructions being sent to ministries and the NLGFC for their records and monitoring purposes.
- Year 2: Assemblies will prepare their own sectoral budgets under the supervision of line ministries, Treasury and the NLGFC. Under Vote 094, each Assembly will be treated as a cost centre and the disbursement of funds will be from Treasury direct to the Assemblies. Copies of funding instructions will be distributed as outlined for year 1.
- Year 3: The NLGFC will allocate sectoral ceilings to Assemblies by applying the formula while maintaining Assemblies as cost centres under Vote 094. Funding will be made direct from Treasury to Assemblies. To ensure that sectoral resources are safe and protected, they will be ring fenced. In this respect, the virement of funds between sectors will be prohibited and this position should be harnessed by appropriate regulations. At the operational level, sectoral funds shall be deposited into a single account "Sectoral Account" opened for that purpose. To minimize the problem of fungibility of funds, appropriate ledgers for each sector shall be opened and managed by each sector until the administrative machinery is properly established at the local level. In this regard, it is expected that sectoral funds will not be diverted easily to finance administrative expenses such as allowances for assembly members or activities of other sectors at the expense of intended sectors.

This review has revealed that Assemblies and sectoral ministries are not familiar with the above procedures. It is, therefore, **recommended** that Treasury, in consultation with DLG, NLGFC and relevant line ministries, should develop clear guidelines on the devolution of sectoral budgets and immediately commence the orientation of Assemblies and the sector ministries that are targeted to devolve in 2004/05.

#### **6.4 Revenue Collection and Enhancement**

Revenue Performance has witnessed a steady increase, registering actual collection of K1,127 million in 2002/03 from K992 million in 2001/02. Some District Assemblies, however, need to do more both in terms of revenue administration as well as widening the revenue base. Town Assemblies continue to struggle and their revenue performance is currently questionable. For example, in 2001/02 and 2002/03 actual local revenue collections for

Town Assemblies were K44.22 million and K47.29 million, representing only 4.5% and 4.2% increase on the year before, respectively, of total Assemblies revenue for the year. This clearly demonstrates that even with all good intentions and efforts, Town Assemblies are unlikely to generate enough revenues to finance essential services in the short and medium term (for details refer to Appendices 6-9), unless steps related to especially property taxation are taken. Revenue performance by source has been as follows in the recent past:

#### **6.4.1 Property Tax**

Currently, compliance is low mainly due to ability to pay and problems associated with the law and the rating system. Rating is based on the market value of the structure and, consequently, valuers have deliberately colluded and over valued properties so as to get more fees. The review has further observed that the number of valuers in the country is small and, therefore, the capacity to carry out valuations in Assemblies is limited.

In spite of the short-comings indicated above, property valuation has been concluded in six District Assemblies namely: Nkhata Bay, Blantyre, Thyolo, Chiradzulu, Mchinji and Dedza. However, these Assemblies cannot raise bills because they have not been declared as rating areas and the rating criteria are yet to be developed.

The Review Team **recommends** that the practice of charging fees based on the market value of properties should be reviewed and refined to encourage people to pay willingly. Fees should be charged on the basis of actual work performed or on mass valuation system in order to ensure that there will be no incentive to deliberately overvalue property. In addition, government and the private sector should train more valuers to mitigate the problems of capacity. We further **recommend** that DLG, in collaboration with the Ministry of Lands, Physical Planning and Surveys and Assemblies should develop relevant and objective criteria for the declaration of rateable areas and establish clear guidelines to be followed by Assemblies in the declaration of rateable areas.

#### **6.4.2 Ground Rents**

The Ministry of Lands, Physical Planning and Surveys collects ground rents on behalf of Central Government which is contrary to the spirit of devolution. Consequently, we endorse **recommendations** by previous studies that ground rent is a local tax and, therefore, should be collected by the Assemblies. There is an urgent need, therefore, to amend relevant provisions of the Land Act to reflect this.

#### **6.4.3 Business Licenses and Fees**

The Ministry of Commerce and Industry has devolved to Assemblies the collection of fees and business licenses from businesses run by Malawians. However, the collection of licenses and fees from businesses owned by foreigners is still the responsibility of the Ministry. The Team **recommends**

that further consultations be held between DLG, Commerce and Industry and Treasury on this issue so that all business licenses and fees can be devolved to Assemblies.

#### **6.4.4 Revenue Performance and Regulations**

The review has revealed that very little effort is being made by Assemblies to collect more revenues. It was further observed that the system of collecting and depositing revenue into bank accounts is not transparent in most Assemblies. Cases of different receipt books being used by the same Assembly has become the norm. Furthermore, Assembly members are not fully aware of the revenue and expenditure patterns in the Assemblies. Reports are not prepared and submitted to the Assemblies by Finance Departments. The Team views this development as counter productive to decentralisation and accordingly **recommends** that:

- a) DLG should enforce compliance with existing regulations. On the revenue front however, we confirm the following: Revenue once collected, should be declared and banked immediately and transparently. Notwithstanding pressure points, funds once collected should not be shared or disbursed before banking
- b) Standard receipt books should be used in all Assemblies and the receipt books should be sourced from the Government Printer or other reputable suppliers.
- c) Regular reports on expenditure and revenue collection, including projections, should be prepared by the Finance Director and submitted to the Assembly through the District Commissioner.
- d) Revenues once collected should be banked immediately and transparently.

#### **6.4.5 Ceding Revenues to Assemblies**

We noted that the NDP has not established a mechanism for ceding non tax revenues to Assemblies. Revenues which Government is expected to cede to Assemblies include toll fees, gambling and casino fees, part of the fuel levy/fee (road maintenance levy), motor vehicle registration fees, and industrial registration fees. We revisited the list of non tax revenues to assess the degree of implementability and it has noted that gambling and casino fees cannot be transferred to Assemblies in the medium term because the relevant Act is not yet in place although the draft bill was approved and passed by cabinet. In addition, Das will be required to develop relevant regulations to support operations of this venture. Therefore, only motor vehicle registration fees, fuel levy/fee, and toll fees can be ceded to local levels. Consequently, the Review Team **recommends** that, in establishing the mechanism for the ceding of revenues to Assemblies, the process should only cover the three

revenue items mentioned above and that this activity should be implemented in the next phase of the programme.

#### **6.4.6 Outstanding Fiscal Studies**

It has been noted that several fiscal studies, which according to the DS work-plan should have been carried out between 2001 to 2004, remain outstanding. We urge the DS through the DLG to reschedule and implement the outstanding studies. The following is the list of the outstanding studies:

- A Study on the Revenue Potential of Assemblies;
- A Review of Administration of User Charges; and
- A Study of Resource Sharing between Assemblies and Regional Water Boards

#### **6.5 Unauthorised Virement of Funds**

The virement of funds between activities within the same projects is an acceptable practice so long as prior approval has been granted by the donor. However, the Review Team noted that some unauthorised virements of funds took place under the NDP. In some cases, such virements were considered to be borrowing. The lack of prior approval creates misunderstandings between the implementers of projects and their donors.

We **recommend** that prior approval should be obtained from the donor through DLG before any virement of funds takes place. In all cases, such funds should be refunded to the project account at the earliest opportunity so as to avoid future misunderstandings with the lending donor.

#### **6.6 The District Development Fund (DDF)**

Plans are underway to transfer the management of the DDF from the Decentralisation Secretariat to the NLGFC. It is planned that before the end of 2004 the transfer should be effected. The distribution of funds to Assemblies is through a formula. But an aspect requiring attention is the linkage between planning and budgeting. If the NLGFC is to be effective in monitoring the utilisation of funds, including DDF resources, they should be a player in the planning process. To this effect, the budgets of Assemblies should encompass salaries and related allowances, ORT, and Development including for projects financed by donors. See Section 13 for our discussion and recommendation on management of DDF.

#### **6.7 Financial Management and Accounting**

A number of activities have been undertaken to improve financial management and accountability in District and Town Assemblies. The activities include:

### **6.7.1 The Computerization of the Financial Management Information Systems (IFMIS)**

The Review noted that six pilot districts have computerized their financial management systems and a peer review has already been carried out by consultants in readiness for a roll out. Once the report by the consultants is approved by government, roll out to the remaining Assemblies will commence immediately. The major issue now is the linkage with the system that is being developed at the Centre. The Review Team **recommends** that the Department of Accountant General should work very closely with the DLG, the DS and NLGFC so that every effort is made to have the two systems properly linked together.

### **6.7.2 Capacity to Support Financial Management in Districts**

We have noted a serious capacity problem in the accounting and financial management divisions of most Assemblies, especially at the senior level, due to frequent resignation of accounting personnel. This is a serious issue and needs to be addressed with the necessary speed.

The Review Team **recommends** that the Accountant General's Department, in liaison with the DLG, should deploy existing Treasury Cashiers, accounting staff from ministries devolving their functions and retired accounting personnel. It is further recommended that before retired officers are hired on contract for the job, they should be subjected to interview in order to assess their suitability for the post.

### **6.7.3 Asset Management and Transfer Arrangements**

The resources to be devolved from line ministries to Assemblies will, in addition to funds, include staff, equipment, vehicles, houses for staff and office buildings. It is critical now for government to make a comprehensive assessment of all assets which are either at ministerial headquarters or in the districts in order to determine those assets which will be transferred to Assemblies and those which will remain with ministries. The review team **recommends** that the DLG should take a lead in this exercise and develop guidelines on how assets should be managed during the transitional period and how they could be pooled together in readiness for full devolution. On office accommodation, the review **recommends** that, wherever feasible, Divisional Heads should be accommodated within the same building, such as the DC's office, where appropriate, for ease of consultations.

### **6.7.4 Financial Regulations and Guidelines**

Financial regulations have been drafted by the NLGFC in consultation with the DLG and other stakeholders in government and they were submitted to DLG for approval. We have observed that in drafting the regulations, the NLGFC took cognisance of the current Acts namely, the Local Government Act (under review), the Public Finance Management Act, the Public Procurement Act and

the Public Audit Act. In their present form, provisions reflect a reasonable development in the right direction and they will assist Das in their effort to strengthen financial management. The challenge will be to ensure the enforcement of, and compliance with, provisions when they become operational.

## **6.8 Ward Allowances**

Currently, Councillors in District and Town Assemblies receive Ward Allowance amounting to K1,000 per month. Considering Councillors' important responsibilities in development activities, the allowance level is widely considered to be extremely low. Already, this small allowance is having a negative impact on the performance of Councillors. The Review Team, therefore, **recommends** that the DLG should adjust ward allowance to K5,000 per month in line with what Councillors in the City Assemblies are getting. The team strongly feels that if Town and District Councillors are to perform their functions effectively, their allowance should be harmonized with that of the City Assemblies given that their workload is largely similar. In future and with this level of allowance, minimum qualification of a councillor should be Junior Certificate.

It is further **recommended** that the financing of ward allowances for District and Town Assembly Councillors should come from central government transfers. Initially, this support should be for 5 years and any extension should be subject to a thorough review. During the transitional period, Assemblies should be encouraged to diversify and collect more revenues in readiness for the takeover. It was quite evident during the review that the practice of financing ward allowances from own revenues has proved difficult and that many councillors are not receiving their ward allowances. To ensure a steady flow of funds to the Assemblies, it is **recommended** that Vote 094 should accommodate this item of expenditure.

## **6.9 The Procurement of Goods and Services**

In terms of the existing policy, each Assembly has a Management Procurement Committee (MPC) chaired by the Director of Planning (although draft Financial Regulations and Guidelines section 8.1 articulates that the DC/Chief Executive shall be the Chairman). Membership comprises the Director of Planning (Chairman), the Director of Finance and any four heads of departments as determined by the Assembly. The MPC can co-opt a sector head in cases where procurement under consideration relates to their sector so as to get more technical input. There is an upper financial limit of K400,000 on procurement without tender. Complaints were heard during the review that the limit is too low, and should be adjusted upwards. We **endorse** the request made by City Assemblies that the upper limit be revised upwards in view of rising prices of goods and services.



## 6.10 Operations of NGOs

Two issues have emerged from this review namely:

1. Some NGOs are operating in districts without passing through their assemblies, thereby contravening provisions of the Local Government Act.
2. Resources from donors and NGOs are not declared to Government. Such practices make planning difficult, as is the estimation of the total amount of resources allocated to different Districts.

In view of this, the Team **recommends** the following:

- a) All NGOs operating in the districts should co-operate with their assemblies. The DLG should prepare appropriate guidelines for use by NGOs and further, DLG should establish a monitoring mechanism to ensure that guidelines are being complied with. (See also Section 13).
- b) All donors supporting Malawi through NGOs should declare resources to Treasury so that such support is captured in the system for the information of government and other stakeholders.

## 6.11 The Audit of Assemblies by the National Audit Office

In 2000/01, the National Audit Office sought financial assistance from the DS through DLG to carry out audit functions in Assemblies. It was then noted that there was a backlog of audit activities. Some Assemblies had not been audited for a period of 5 years. According to the assessment then, there were a total of 137 outstanding audits of which 98 were overdue and 39 were current. Regrettably, due to lack of funding, the outstanding audits have not yet been carried out.

We also observed that the National Audit Office will soon be transformed into an independent and autonomous institution. As an independent body, the NAO will charge for any services it renders to central government and to the District Assemblies. Auditing is a critical tool in financial management and there is need to clear the backlog of audits and carry out all outstanding audits. The Review Team therefore **recommends** that the DS should provide funding for the NAO to clear the backlog of audit and carryout all current audits.

In view of the above situation, we **recommend** that the DLG should request the MoF to provide funding for the conduct of audits in the District and Town Assemblies. This is so because these assemblies lack the financial and institutional capacities to commission these audits. After the backlog has been cleared, the DLG should factor a provision for audits in District and Town Assemblies into its budget. This undertaking should be for 5 years to allow District Assemblies to develop capacity for revenue generation.

## **7 SECTOR DEVOLUTION**

Sector devolution is a means of consolidating democracy by ensuring that resources available are used efficiently and effectively with the involvement of the people themselves. The decentralisation policy clearly sets the framework within which the assemblies can play this role through, among other things, service delivery. In addition, the Local Government Act defines some of the services which the assemblies can provide in order to meet the needs of the people thereby contributing to the overall efforts of reducing poverty.

In order to ensure that the assemblies effectively deliver services, the NDP included activities designed to facilitate the devolution of specific functions from the line ministries to the assemblies in a phased manner. The review, therefore, assesses the extent to which this has been achieved and makes recommendations on how progress in the implementation of sector devolution plans can be enhanced.

### **7.1 The Devolution Strategy and Planned Activities**

The devolution strategy adopted in the medium term was to focus on supporting sectors in the identification of functions that could be transferred and preparation of sector devolution plans within the overall context of consolidating democracy. Essentially, this involved the provision of technical support to sectors by the Department of Local Government through the DS for functions analysis, the production of guidelines on the preparation of the devolution plans; the securing of funding for the devolved functions and the preparation of operational guidelines by sectors to assist the assemblies in the performance of the devolved functions. The NDP annual report for 2003 has recorded some modest progress in the implementation of the planned activities namely the preparation and approval of sector devolution plans for four ministries, the preparation of sector guidelines and the monitoring of the sector devolution process. In addition, OPC recently issued circulars directing sectors to start devolving their functions to the assemblies by 1<sup>st</sup> January 2004. Funds for the devolved functions will, within the sector budget for next year, be presented to Parliament as duly set aside for this purpose.

### **7.2 The Preparation of Sector Devolution Plans and Guidelines**

The process of preparing sector devolution plans started in earnest with the issuance of guidelines to line ministries on the preparation of sector devolution plans by the Department of Local Government in June 2000. Sector function analysis workshops were held in November, 2001 in order to identify functions that could be devolved. This was followed by the drawing up of sector devolution plans by line ministries, supported by the DS. Task forces were established in line ministries as part of the process so as to bring various sections within a ministry (including field staff) on board and to ensure ownership of devolution plans by ministries. Sectors were also requested to produce sector guidelines for the assemblies on the functions to be devolved.

The Inter-ministerial Technical Committee on Decentralisation scrutinized the sector devolution plans before consideration and approval by the Cabinet Committee on Decentralisation.

We have however, observed that the initial enthusiasm towards devolution appears to have been lost through changes of the officers on the task forces and the gradual realization of the implications of devolution. More time was often requested and extensions granted for the preparation of the devolution plans. This time lag has now manifested itself in the reluctance of some sectors to implement the plans, and the failure to meet most of the targets set in the plans.

During the Review's consultations, it was established that there are a number of reasons for this reluctance to devolve. The first reason is the doubt that sector devolution can succeed in a relatively young democracy. Some stakeholders are of the view that when one considers the history and level of development of the country, devolution and the implementation of the decentralisation policy is on the whole being rushed. They indicated that democracy, as a concept at various levels in this country, is still being learnt and consolidated. In this regard, some sectors prepared devolution plans more as a matter of compliance than acceptance of the need to devolve, in order to improve service delivery.

The second reason is that, if so far the sectors have not been able to effectively and efficiently provide the required services due to circumstances beyond their control, it is unlikely that the assemblies will succeed. The review also established that the process of selecting functions to be devolved was in some instances an exercise which sought to rid the centre of 'problem functions'. For example, the drilling of boreholes or the payment of teachers' salaries were seen as problematic for the centre and were quickly pushed to the districts. In others, it was more of the narrow focus of seeking to reduce operational costs or avoiding political pressures rather than the appreciation of the need for devolution. This defeated the logic of function analysis and the planning process so much so that sectors were ready to devolve these functions quickly but without financial resources. Some sectors have also withdrawn vehicles and computers from the field in order to retain control. The devolution of functions has, therefore, been affected by these tendencies and the fact that sectors continue to plan and operate with devolution at the periphery as evidenced by the attention given to sector wide approaches and sector investment programmes.

The review team **recommends** that DLG and sectors should, in planning for devolution, ensure that closer linkages exist between decentralisation and these approaches to entrench devolution and as a means of ensuring that available resources are used more effectively for service delivery.

It is also clear from available literature that Government and its co-operating partners are concerned about the slow pace of devolution. In a bid to correct this, the Office of the President and Cabinet, in December 2003, issued circulars, instructing line ministries in the first phase of devolution to transfer

their functions to assemblies from 1<sup>st</sup> January, 2004. In addition, sectors were requested to inform their members of staff including field units of the directive. The circular also complemented earlier directives requesting sectors to involve assemblies in budgeting for the functions to be devolved. New target dates were also set for the transfer of functions since those set during the planning process had not been met.

We have observed that the circular has not yielded much. So far, only one ministry has developed guidelines for managing the devolved functions and very few officers have been oriented to the devolution process even in the ministries in the first phase. This is largely due to the fact that DLG has on the whole not taken concrete steps to develop a comprehensive strategy to guide the devolution process. Sectors are also not fully aware of the implications of the devolution process – in itself – and as part of public sector reform agenda.

In the light of these findings, we **recommend** that the Terms of Reference for the proposed Principal Secretaries Committee on Decentralisation should clearly spell out responsibility for overseeing the implementation of sector devolution plans in order to facilitate and support the devolution process. In addition, DLG should be made accountable to this committee by preparing and presenting quarterly progress reports on decentralisation for decisions and concrete follow-up action. The first quarterly report should in this regard be ready by the end of August. The process should also be strengthened through regular reports by sectors to the Secretary to the President and Cabinet. The Steering Committee should, as OPC the next six months implements recommendations from its functional review, be merged with the Principal Secretaries Committee on Public Sector Reforms.

The meetings of the IMTC should also be held regularly to resolve operational issues and proper records kept and issues followed-up by DLG. The Review Team further **recommends** that DLG should reposition itself by concentrating on core functions as recommended by the functional review report, which defined these core functions. In this regard, it is further **recommended** that DLG should ensure that it has in post, competent, qualified and motivated staff that can effectively plan, guide and co-ordinate the sector devolution process. This will provide DLG with some of the critical essential capacity for the development of a comprehensive strategy for guiding the devolution process and timely orientation of all stakeholders to be involved i.e. at the central and district level. DLG would thus be better placed to monitor progress and provide information on a regular basis to stakeholders.

### **7.3 Re-orientation of Sectors to ‘New’ Roles**

To-date, functional reviews of most of the line ministries have been completed and the recommendations are being implemented. It emerged during the consultations that the functional reviews did not include decentralisation as a key parameter. This raises questions in terms of the willingness and preparedness of the sectors to embrace devolution as part of their new role or institutional set-up. It also has implications for the availability of staff to the

assemblies for the devolved functions as well as financial resources. There is also need to clarify the role of zone or regional offices whose continued existence can deprive the assemblies of the much-needed resources and also perpetuate bureaucracy. The deconcentrated offices of the line ministries are not a feature of devolution and have to be reorganized to address these concerns while at the same time ensuring that the assemblies are supported as they strive to provide services to the communities. There also is need to orient sectors on decentralisation and the difference between deconcentration and devolution, terms which are often confused.

The Review Team therefore **recommends** that the Office of the President and Cabinet should take the lead in developing guidelines for the new role of line ministries and the provision of technical support to assemblies. Systems and procedures being established in the assemblies should take into account the new role of the line ministries and the need for transparency and accountability.

The Review Team further **recommends** that the orientation workshops should focus on providing practical examples that distinguish devolution from deconcentration to enhance the understanding by stakeholders of the decentralisation policy as well as devolution and its organizational implications.

The Review Team also **recommends** that public awareness campaigns should target sector ministries to in order to foster understanding of the scope and implications of devolution. This will enable and encourage officials in line ministries to fully embrace devolution and understand the new role of the center. The new role of the center should also be reflected in the devolution guidelines.

#### **7.4 The Role and Capacity of Assemblies as Focal Points for Service Delivery and Development**

During consultations with officials in line ministries, it emerged that progress on sector devolution is slow because most of the officials in the assemblies still rooted in the old district administration mentality. As a result, the field staff from line ministries have not yet been integrated into the assembly secretariat as one unit and most of them still report to regional offices or their central level headquarters. This is also compounded by the fact that the functional review of the assemblies has not yet been finalized and officers are at different grades depending on the sector they are employed in. Officials in some of the line ministries have, therefore, concluded that the assemblies are still in their infancy and not yet ready or attuned to their new role of delivering services to meet the needs of the people.

It was noted further that while some efforts have been made to organize workshops to orient the staff of the secretariat, field staff from line ministries and assembly members, these workshops have been held independently by each sector, including the Department of Local Government. No visible effort has been made to orient the staff jointly or to have a basic package for

orientation. The impact of the workshops could be enhanced and resources better utilized by synchronizing these fragmented efforts. It is therefore **recommended** that collaboration be improved and the content of the basic orientation workshops by sectors be standardized and DLG should take a leading role. The modules should include aspects such as planning, budgeting, transparency and accountability in the use of resources for professional staff since this is fundamental to the success of the Assembly and the decentralisation process as a whole.

We noted that there are capacity deficiencies in general as well as for the devolved functions. These capacities include human resources, financial and material resources such as, vehicles, office equipment and computers. The draft report on the Assembly structure, which is now ready, should form the basis for moving forward in building the capacities of the Assemblies in terms of human resources and institutional development. This should also be linked to capacity development initiatives at the national level (see Section 9). Information on existing capacities of the assemblies and on capacity development should be provided regularly to stakeholders to present an accurate picture of the extent to which assemblies have or do not the capacity to take over and ably perform the devolved functions.

The Review Team **recommends** that the draft report on the assembly structure should be considered, finalised and circulated to the sector ministries for buy-in, rationalization and for integration to proceed in the assemblies. The grades and numbers of staff have to be rationalized before the districts become fully integrated and assume responsibility for devolved functions.

Further, the Review Team **recommends** that a comprehensive capacity building plan be developed focusing not only on human resource issues but also the availability of vehicles and equipment and the establishment of systems and procedures for service delivery and development.

## **7.5 Financial Implications of Sector Devolution**

Planning and financial management systems for transferring funds from line ministries to districts are not yet in place. Stakeholders indicated during consultations that though the need and principle of transferring financial resources has been accepted, the centre has not been willing to let go of the financial resources. There are several reasons for this but mainly it is because the transfer of functions and corresponding budget provisions will result in the centre being deprived of control over a substantial portion of funds for operational activities. This reluctance to transfer resources has been compounded by the fact that sectors have, in recent months, not been funded as per approved budget. Government, as noted in Section 6, has only partially met its obligations in terms of the centre-local government transfers.

We noted that some sectors have also included district assemblies as cost centers in their budgets and that some assemblies are involved in the preparation of the budgets for devolved functions within the sector budgets.

However, there is still a tendency by sectors to control and manage the resources activities from the centre because of fear that funding for the devolved functions will be diverted from devolved functions or development activities to administrative activities at the district level. The post of Financial Director is vacant in many assemblies so too are other senior posts in this directorate. This creates a situation in which it is difficult to manage district finances properly.

As discussed in Section 6, the Review Team **recommends** that every effort should be made by DLG and NLGFC to assist assemblies in filling these posts and ensure that financial management systems are operational. The Accountant General should as much as assist by identifying retired but active and qualified accounting personnel for possible recruitment as a short-term measure. With assurance of improved financial management, sectors may well be more willing to release resources for devolved functions thereby creating confidence in all stakeholders to implement sector devolution.

It is also **recommended** that realistic target dates for devolving functions to the district be set taking into account the financial resources the functions will command and the capacity of the districts to manage the funds.

Commitment to devolution by Government also should be backed by firmer and increased financial flows from the sectors to the assemblies, as part of pro-poor development expenditures, which should be protected and properly monitored by the Ministry of Finance. It is, therefore, **recommended** the monthly funding for sectors that are devolving should as much as possible not be reduced by Ministry of Finance in order to support devolution and to enable the sectors achieve their targets in devolving the functions as well as the financial resources.

## **7.6 Community Participation and Empowerment**

A major objective of devolution is to improve and bring service delivery closer to the people by, among other things, involving them in determining which services will be provided, how, and using which resources. The election of members of assembly as local representatives is intended to empower local communities and ensure that service delivery is provided in a responsive manner. The preparation and implementation of sector devolution plans should therefore provide for the active involvement of the people for purposes of governance in the assembly, the sector and from the district level down to the communities.

However, we noted from discussions with sectors, traditional leaders, councillors and staff in the assemblies, that the devolution plans produced so far have primarily focused on devolving functions, which are already being performed by sectors at the district level. In this regard, it has not been clearly indicated how through devolution the actual performance of these functions will lead to improved service delivery for the benefit of the communities. Devolution entails changes in the manner in which services are delivered and more importantly the role the beneficiaries play in having a voice on how this

is done at the district level and from the district level to the grassroots. This is a fundamental governance issue and requires that communities be so empowered and this reflected through their active and meaningful participation.

The review team **recommends** that sectors in conjunction with DLG should in the next six months revise the devolution plans to include the enhancement of the active involvement of the communities in the decision making process for improved service delivery. This can initially be a discussion forum at the ward level convened every three months with the councillors at the helm as the focal point in mobilizing the people for development and providing feedback. The forum will also be a mechanism for fostering participation and accountability.

It was also noted that the planning system has now been operationalised and from a planning perspective the communities are involved through DECAs, AECs and VDCs. Besides the planning function however, these units are operational for specific projects. But sectors use different institutional structures (zones, Extension Planning Area, Rural Development Planning Area and Traditional Authority jurisdictions) for planning and service delivery. This is confusing for the staff serving the communities as well as the communities and could frustrate participation. It was further noted that wards, the jurisdiction of the elected members do not at present feature prominently in the sub-District planning mechanism.

It is therefore **recommended** that DLG should as a priority ensure that wards are legally designated for planning and service delivery in the proposed amendment to the Local Government Act (see Section 4), and that the Act defines the role of Ministries' zonal structures. It is also **recommended** that below the ward, Village Development Committees should be also be so designated with clearly defined powers, functions and membership. The guiding principle and objective in this will be to promote and safeguard the active participation of the people on a regular basis in service delivery and the implementation of projects.

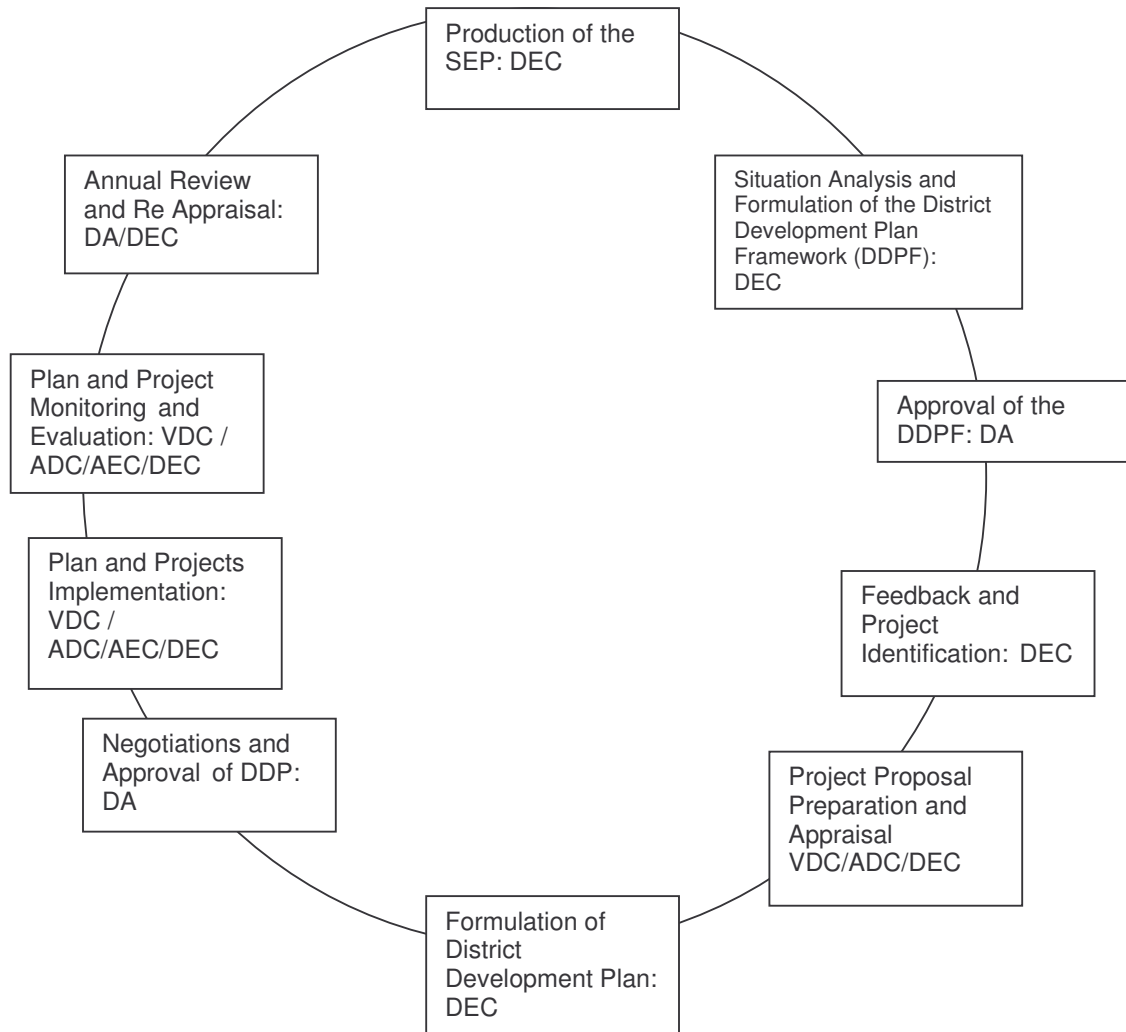
NGOs and civil society organizations are not fully engaged as partners or stakeholders at the central level yet they are regarded as key stakeholders at the local level. This has implications for sector devolution in that poor collaboration can result in duplication of effort and waste of resources. This state of affairs minimizes the role civil society can play in articulating the needs of the people as an alternative voice and also how the contribution by NGOs and CBOs in providing services thereby meeting some of the needs of the people.

The review team **recommends** that DLG should establish mechanisms for close and effective collaboration with civil society as a stakeholder in decentralisation for purposes of making good use of the synergies that exist for resource mobilization and service delivery and for enhancing the active participation of the people as the beneficiaries of devolution and for the consolidation of democracy.



## 8. LOCAL PLANNING AND DEVELOPMENT

### The District Planning System: 2004



The current District Planning System (DPS) was developed to provide a mechanism for participatory planning and empowering the people for the purpose of ensuring that services are delivered in an efficient and effective manner. The DPS was also designed to link district planning to national planning, budgeting, monitoring and evaluation. The DPS is meant to be continuously reviewed and revised to ensure its full integration with the country's decentralisation agenda and wider economic and development policies and programmes, such as the Malawi Poverty Reduction Strategy (MPRS). The review considered the effectiveness of the system in the preparation of district development plans so as to facilitate the implementation of the NDP.

The strengths of the current Planning System include:

- The precepts of the system are sound and based upon a solid theoretical basis in strategic planning principles.
- It continues to be flexible, adapting to the changing structures/ conditions at the district level.
- The current system is ready to be integrated into a system that links the district and national planning process.

### **8.1 The Preparation and Utilization of Socio-Economic Profiles and District Development Plans**

According to the Decentralisation Secretariat 2003 Year End Report, preparation of Socio-Economic Profiles (SEPS) and District Development Plans (DDPs) have been completed for all district assemblies as a minimum condition to receive District Development Funds (DDF). This is a positive move forward and the DLG and DS should be commended for their support to the districts in the completion of these SEPS and DDPS.

The review noted that, while indeed much work has been done in the collection and compilation of SEPs data and in the preparation of DDPs, the extent to which communities were involved in the process is not clear. The Team also observed that the SEPs were not used significantly in the identification of strategic directions and priorities and in the preparation of DDPs. It is evident that some SEPs are a compilation of secondary data and that all DDPs have what is called a District Planning Framework that includes decentralisation issues and overall planning objectives. However, few of them reflect a relationship with the issues that can lead to a consolidated district vision or direction such as food security or economic reforms. It is therefore not clear how priorities are set and how the DDPs are used for the actual implementation of yearly plans and budgets.

The essence of planning is to link priority activities to available resources. The Team found little or no link in some districts between their DDPs and

actual budget expenditures. Similarly, DDF-funded activities are not strongly linked to recurrent expenditures. There are many reasons for the gap between plans and actual budgets. Some districts have drawn our attention to what they called 'VIP interjections'. These Assemblies pointed out that although they had thorough community-based plans for the distribution of projects, some politicians changed the plans and determined that projects should be focused on specific areas of their interest. This type of interference demonstrates a lack of support for the planning process and makes the preparation of district plans look like academic exercises that do not contribute to planned service delivery.

This is not the objective of producing the SEPs and the DDPs. Although the SEPs are supposed to be reviewed every three years, there is no process in place to begin or support this. In some cases, there are no plans in place to review them in the near future.

In view of the above problem, the Review Team **recommends** that the DLG should ensure that the preparation of SEPs and DDPs is properly harmonized to remove these problems. The Review Team also **recommends** that DLG should ensure that only the priorities included in DDPs are funded and implemented through district budgets.

## **8.2 Relationship of Plan to Community Needs and Poverty Focus**

The DPS appears to be more focused on the output (plan) than on the process of planning in the communities and at the district level. It is not apparent that the DPS addresses issues of poverty at the household level through its process and outputs. Though the DDF has focused on projects which reduce community poverty, in the community needs assessments, household poverty remains a key issue in Village Action Plans and community based needs assessments.

In this regard, the VAP process is receiving mixed reviews. Some say it is useful in providing baseline data for planning. Others, including some community members, say that the VAP is just that, a useful exercise for the District Plans, but not the local communities. If the VAP is to be a participatory exercise useful to the communities for their own decision-making, a 'process approach' must be ensured. If it is merely an exercise to feed information into the DDP, then that should be made completely clear to the communities when they participate. In either case, the objectives of the VAP should be made clear to all. There is apparently a plan to revise the VAP system. The review of the DPS should institutionalize participatory community based planning in the setting of priorities at district level.

It is **recommended** that the VAP process should be revitalised to feed information to the communities first in making their own decisions and then into the DDP for district planning.

### **8.3 Institutional Structures for Planning and Budgeting below the Assemblies**

We noted in Section 4 that the Local Government Act makes no provisions for sub district planning structures. Due to this, the district planning system is not harmonized with such sub-district units as the EPAs, the constituencies, wards, ADCs and VDCs. This makes it difficult for key stakeholders to district development processes to coordinate their development activities at various levels. However, the focus of the district planning system remains on the 'old' administrative structures of the ADC and the VDC, which are no longer completely compatible with the role and functions of Councillors.

Given the current assembly structure, with Councillors as representatives of wards, the Review Team **recommends** the use of wards as legal planning units below the district, rather than ADCs and VDCs, as the appropriate basic planning units at the sub-district level. However, the VDCs should continue to be the planning units below the wards. (This is also noted in Section 7 above).

### **8.4 Linking District and National Planning**

The team found that there was little significant linkage between the district planning framework and the national economic and development planning framework. This document devotes Section 3 to this issue recommending that mechanisms be put into place to ensure national and district planning linkages. In this context it is **recommended** that poverty reduction and sustainability remain as the main objectives of the DPS and its funding facility. There remains need for a review the DPS financing mechanism (DDF) criteria to ensure that its poverty reduction responsibility in terms of institution building is being fully achieved. With effective systems NGOs and other donors can integrate with the DPS and institutions, which have been established to support poverty reduction by deepening the process to the household level. The system must be able to bring out and target poverty reduction interventions at all levels that can make an impact.

As well DDF should be seen as a catalyst, supporting projects that directly impact poverty reduction at the household level, i.e. seed multiplication, irrigation, etc. – all areas that are generally requested by communities.

### **8.5 Monitoring and Evaluation (M & E)**

M & E activities are supposed to be key elements of the decentralisation process. They generate important lessons about changes in life experiences, the performance of institutions and progress in the implementation of policies, programme and projects. Monitoring and evaluation is therefore an important way of assessing and improving the implementation of such important initiatives as decentralisation.

We observed that monitoring and evaluation activities in the NDP are very weak in the DLG and the DS. In the assemblies, there are no units that are specifically designated to coordinate or implement monitoring and evaluation activities. This is a serious deficiency in the institutional arrangement for decentralisation as progress of implementation will be difficult to ascertain. As such, it will be difficult to detect and correct implementation failures that may arise in the decentralisation process.

Further though the SEPS are supposed to be reviewed every three years, there is no process in place to begin or support this review. For example the Mangochi SEP was developed in 1999 and there are apparently no plans in place to review it in the future.

The Data Bank system is also a problem: though the DS yearly review/report says that the DS is 'closely monitoring the implementation of the present system and documenting lessons', there was little evidence of documentation with regard to district progress reports. The level of use, capacity and quality of data varies from district to district. Further though the data in the SEPs is gender disaggregated in some areas, the gender responsive M&E indicators do not seem to trickle into the District Development Plan or into the central monitoring and evaluation process. The 2002 and 2003 Decentralisation Secretariat Year End Reports, as an example, do not mention the issue of gender at all.

The goal remains to support full and useful adaptation of the District Planning and Financial Management Systems to the devolved political and administrative structures and systems.

In view of this lack of an effective internal M & E system, the Review Team **recommends** that DLG establish strong M & E structures in its Planning Division and the Directorate for Planning and Development in each and every assembly and that the above findings and conclusions continue to be 'monitored and evaluated' as the decentralisation planning process continues in 2004/05. This M & E system should have operational linkages to the national M & E system maintained by the Ministry of Economic Planning and Development. This will ensure that there is proper coordination in monitoring and evaluating the implementation of such important policy initiatives as the MPRS.

The importance of gender – sensitive data and indicators is discussed in Section 11.

## 9. Institutional Development and Capacity Building

This section reviews the progress that has been made in the area of institutional development and capacity building since the review of November 2001. Institutional development and capacity building in this context encompasses all interventions and activities aimed at strengthening institutions responsible for local governance and development. The planned activities under this component covered strengthening of training Institutions, DLG, MALGA, development of strategic plans for Assemblies, training of management teams of Assemblies, construction of new offices, procurement of office equipment and vehicles, and on on-the job support. To these, we have added observations on the training plans and activities coordinated by DLG AND DS, and a treatment of the roles, relationships and need for strengthening of LASCOM and NLGFC. The Section highlights the achievements made, and challenges faced and in implementation of planned activities, as well as recommendations on the way forward.

### 9.1 The Strengthening of Training Institutions

The NDP Review of 2001 concluded that training in local government and decentralisation is crucial to the successful implementation of the decentralisation process. The Review also highlighted the limited capacity of the DS to plan and deliver training activities. Several training institutions namely the Staff Development Institute (SDI), the Malawi Institute of Management (MIM) and the University of Malawi (Chancellor College) and the Polytechnic were identified as suitable institutions to provide training that is relevant to certain aspects of decentralisation. However, the Review concluded that the capacity of these institutions needed to be strengthened to enable them to undertake the task effectively.

During our consultations, we observed that a training needs and resources assessment study for the identified institutions has not yet been undertaken.<sup>9</sup> However, the capacity needs assessment study (which will also identify training needs for the Assemblies), will now be carried out with NORAD / GTZ support, to cover the Staff Development Institute (SDI), the Malawi College of Accountancy; the Malawi Institute of Management (MIM), the Natural Resources College, and Magomero Community Development Training College.

The Review Team **recommends** that the DLG and the DS should speed up the implementation of the training needs study as an essential step in the process of developing a capacity building strategy for the NDP (see below). It is further recommended that, in terms of sequencing, the training needs assessment for Assemblies should be conducted first.

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<sup>9</sup> We understand that this was to have been one component of a comprehensive needs analysis do be undertaken under UNDP auspices.

## 9.2 Training Plans and Activities

We studied training reports for the years 2002 and 2003, and a training plan for 2004. A significant number of employees both at the centre, and local level have been trained on short-term, long term and international training programmes. The Team commends DLG and DS for progress made in this area.

However, the Team observes the following limitations in the planning and implementation of training programmes:

- a) Training and capacity building are used interchangeably, implying that they mean the same thing. The latter has a wider focus.<sup>10</sup>
- b) No evaluations of the previous training programmes have been made to provide directions for future planning of training interventions.
- c) Training plans are not based on a systematic assessment of training needs. As a result, gender and HIV/Aids training have also not been made part of these plans.
- d) Most of the international training opportunities since 2001 have been provided to staff at the center, (that is employees from DLG and DS ) as opposed to Assembly employees. This has been justified on the grounds that, until recently, most positions at the District Assembly level were filled with staff under interim arrangements.
- e) District Assemblies do not have funds earmarked for training of the staff, and rely on funds from DS, DLG or donors. Some districts benefit more from donor funding for training than others, due to the effects of donor 'balkanization' referred to in Section 13.

The picture emerging from the above analysis is that some progress has been made in implementing training programmes for decentralisation, but there is no capacity building strategy for NDP, of which training interventions are an integral part. Training programmes are not based on a systematic needs assessment, nor has there been an evaluation of past training activities.

In the light of these findings, we **recommend** that:

- a) A comprehensive capacity building strategy be developed on the basis of the planned needs analysis, for both central Ministries and Departments involved in devolution, and Assemblies. This should cover not only human resource development but other capacity deficiencies

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<sup>10</sup> The latter is far broader, and involves consideration of the factors which affect the capacity of staff and councillors in DAs, AND the staff of central ministries to perform their new roles under devolved arrangements. These factors include: the appropriateness of the qualifications and experience possessed by staff in various posts; the extent to which staff have clear guidance as to their priority tasks and are accountable (locally) for their performance; the extent to which staff have conditions of employment and work which are reasonably conducive to, and provide some incentives for, good performance; the extent to which staff have control over resources adequate and relevant to the performance of their work, and which enable them to take appropriate initiatives without recourse to higher authority; availability of help (technical and financial) 'on-site' and in rationalisation of staffing roles and performance to the above ends.

and factors. It should take into account relevant international experience (especially in Africa) in capacity building in support of decentralisation. Please refer to Appendix 11 in this regard.

- b) Systematic training needs analyses should be undertaken to form the basis for designing future training programmes. Such programmes should place more emphasis on training of personnel at local levels. In addition and Gender and HIV/AIDS should be an integral part of such training programmes.
- c) As staffing levels are strengthened at Assembly levels, the assessment of training needs design and implementation of training programmes should be done by the Assemblies themselves with the centre providing support in the form of financial resources.

### **9.3 Strengthening the Department of Local Government**

We noted that most managerial posts at the DLG had been filled. However, vacancies still existed at technical levels. It has further been noted that the Department has prepared its strategic plan, and that most of the planned training programme for its staff has been carried out. We observe however, that DLG has not reached a stage where it is in a position to effectively coordinate and manage the decentralisation process. Its principal constraints relate to heavy work load (largely attributed to the organization of work), vacancies at technical levels, and DLG's involvement in employment and transfer of Assembly personnel, as highlighted in Sections 5 and 7 of this report.

The Review Team **recommends** that the DLG should speed up the process of filling vacant positions at technical levels with appropriately qualified personnel. The DLG should further ensure that the strategic plan is implemented as soon as possible. In addition, an organization Development (OD) Consultant should be engaged to analyse and advise on management effective systems mechanisms and accelerate implementation of Strategic Plan.

### **9.4 Strengthening the Malawi Local Government Association (MALGA)**

MALGA has a crucial role to play in facilitating the implementation of the decentralisation policy by being the "voice" of all local Government Assemblies in Malawi. Since its formation in 2001, steps towards improving the capacity of MALGA have included the creation of its permanent secretariat, attainment of a legal status, and development – with consultants mobilized through DS – of a Strategic Plan to guide its operations. However, we observed that MALGA has to a large extent devoted much of its attention to matters pertaining to the welfare of councillors, such as loans and allowances, as opposed to helping to improve the process of implementing NDP. MALGA's funding is largely dependent on donors and to a smaller extent Government. This dependence appears to have limited its capacity to



articulate strongly the needs and interests of Assemblies. Clearly, donor financing will not be available in the long run.

The Review Team **recommends** that MALGA should step up efforts in attaining financial independence and re-focus its attention on broader issues which will help speed up the decentralisation implementation process, such as improved revenue generation by Assemblies, lobbying for increased funding from Central Government, and advocacy for HIV/AIDS and Gender mainstreaming.

### **9.5 The Local Government Service Commission (LASCOM)**

This Commission was established under the Malawi Constitution. Its operations are guided by the LASCOM Act and the revised Local Government Act. The latter empowers LASCOM to appoint Assembly employees from the position of Director up to Chief Executive. LASCOM is responsible for the recruitment, promotion, and discipline of Assembly personnel. Its main accomplishments include the development of a strategic plan to guide its operations for the period from 2003 to 2006, and the recruitment of staff for most of the 350 management positions in District Assemblies.<sup>11</sup>

LASCOM faces a variety of challenges, which hamper its effectiveness. In the first place, it is inadequately funded (its funds come from DLG's vote). Secondly, it has inadequate office equipment and vehicles. Thirdly, almost half of its positions are vacant, and the existing personnel – including its Commissioners – are inadequately trained for their jobs. Furthermore, there is a conflict between the LASCOM Act and the Local Government Act, whereby the former empowers LASCOM to recruit staff up to EO and equivalent grades, and the latter mandates LASCOM to recruit only up to the Director level. The Team also noted that communication between LASCOM and DLG is in some instances ineffective. For example, LASCOM is not informed by DLG about deployment, redeployment or transfers by DLG of senior staff in the Assemblies.

During the Team's consultations with various stakeholders, it emerged that most of them were in favour of an arrangement whereby the Assemblies themselves would be responsible for the recruitment, promotion and disciplining of their own staff, which would be consistent with the spirit of local empowerment and devolution.

We also observed that a study is underway to review the legal and administrative instruments for the Public Service. One of the recommendations of this study concerns the creation of an umbrella Public Service Commission to harmonise the recruitment, promotion and disciplining of staff in the Public Service. Under this arrangement, there would be no justification for LASCOM to be playing the same roles as the Public Service Commission. This role should therefore be played by Assembly ADCs.

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<sup>11</sup> The main problems in recruitment and retention of senior Assembly staff have been in the finance field.

The Team therefore **recommends** that in the short-term, LASCOM should be supported to meet its current capacity challenges. However, LASCOM should exist as a transitional arrangement only, and as soon as the staffing levels in Assemblies have improved and ADCs have been strengthened, LASCOM should be phased out. This will of course entail an amendment of the relevant constitutional provision and subsidiary legislation, such as the Local Government Act, and the LASCOM Act. Furthermore, the Assembly ADCs should be supported by giving them appropriate training and guidelines for them to perform their functions effectively.

## 9.6 The National Local Government Finance Committee (NLGFC)

The Committee is established under section 149 of the Malawi Constitution, and was set up in 2001. NLGFC is responsible for managing and monitoring the financial relationship (in terms of both recurrent and development finance) between central and local government, among the Assemblies, and for supporting and monitoring the financial performance of Assemblies. It is funded currently predominantly by NORAD.

During our consultations we noted that NLGFC faces a number of challenges:

- a. While NLGFC's functions are broadly outlined in the Constitution, there is no legal instrument to clarify how the committee should carry out its functions and relate to various institutions like DLG, DS, and the Assemblies. This results in confusion, inaction and sometimes duplication of functions. The Review Team **recommends** that as an interim measure a task force be constituted under IMTC to clarify the relationships. The Team also **recommends** that thereafter steps be taken to come up with an appropriate Act of Parliament for National Local Government Finance Committee (NLGFC).
- b. We observe that NLGFC is almost wholly supported by NORAD. The current programme comes to an end in December 2004, with the prospect of support tapering-off to 2006, after which NORAD support shall cease. There is uncertainty on how its operations are going to be funded with the lessening of, and ultimately no, NORAD support. The Team **recommends** that NLGFC initiates discussion with Treasury and OPC to work out details of Government support required after December 2004. Government commitment is, we understand, to take over gradually and expand its funding.
- c. Most Assemblies and sectors look to NLGFC to provide them with guidelines on how they are to go about budgeting for the devolved functions, as such guidelines are not readily available. The Review Team **recommends** that NLGFC and Treasury should formulate guidelines and disseminate them to sectors that are devolving their functions, and Assemblies.

- d. While two NLGFC staff have had some access to training (in 2002/3), NLGFC is still short of professional staff (7 out of 12 professional posts are vacant). At this stage, funding for additional personnel for NLGFC is not available. We **recommend** therefore that NLGFC explores the possibility of using appropriately qualified international volunteers while waiting for Government to decide upon funding arrangements for additional personnel. The Head of NLGFC commented that she needs at least double the number of analysts she has at her disposal, especially in view of the increased volume of resources (GRF and DDF) projected to flow through Das.

## **9.7 The District Assemblies**

### **9.7.1 The Training of Assembly Members**

The Review Team noted that basic orientation programme for Assembly members was conducted soon after the Local Government elections which were held in November 2000. Consultations however revealed that the training provided to Assembly members was inadequate to enable them to understand fully their roles and responsibilities and how they should relate to other individuals and institutions. We understand that NORAD is supporting KS to collaborate with MALGA to design and ultimately mount such a programme after the next local government elections.

The Review Team **recommends** that a more comprehensive orientation programme for Assembly members be organized, after the 2005 Local Government Elections, and that such training should be a continuous rather than a one-off activity. In addition, appropriate handbooks should be developed which councillors may refer to from time to time, so that they are guided in executing their work.

### **9.7.2 Strategic Plans for the Assemblies**

The preparation of Strategic Plans for Assemblies was one of the key activities to be undertaken under the NDP, with the objective of ensuring that Assemblies focus on key issues affecting them, like revenue generation. We noted that the strategic plans have not been developed. The Review Team **recommends** that Assemblies should begin to develop their strategic plans.

### **9.7.3 Construction of new offices**

The 2001 Joint Review observed that there was need to construct new offices and renovate the existing office buildings to ensure that there is adequate office accommodation for Assembly employees and for effective supervision. This required an assessment of office accommodation needs for all Assemblies. The Review Team found no evidence of such an assessment

having been carried out. Most Assemblies are using old, inadequate, and scattered office buildings.

We **recommend** that DLG commissions the assessment of office accommodation needs for Assemblies within the next 1 year, and the results of the assessment be used for soliciting donor support for construction and renovation of offices.<sup>12</sup>

#### **9.7.4 Procurement of office equipment and vehicles**

The Review Team noted that this activity has been implemented successfully with a total of 78 Computers and 76 printers, 11 motor vehicles, and 30 motorcycles purchased and distributed to District and Town Assemblies. The challenge will be to ensure that the computers and motor-vehicles are put to proper use, and appropriately serviced.

#### **9.7.5 On the Job Support**

On-the-job support through provision of Advisors to District Assemblies was identified as one of the interventions for strengthening the Assemblies, in the 2001 review.

We noted that so far, only two D.E.D Volunteers have been recruited for the District Assemblies. The United Nations Volunteers (UNVs) offered through the UNDP office were found unsuitable by DS and DLG. The Review Team **recommends** that DLG, DS and development partners should strengthen their collaboration in identifying suitably qualified and experienced volunteers for deployment in District Assemblies.

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<sup>12</sup> Consideration might be given to making this a component of the forthcoming needs assessment study.

## 10. PROMOTING A DEMOCRATIC CULTURE AND GOVERNANCE

Local communities have to be encouraged to embrace democratic values and culture as part of democratising Malawian society. The National Decentralisation Programme seeks to contribute to the achievement of this objective through awareness campaigns on democracy and good governance at the national and local levels.

Initial activities in promoting a democratic culture as part of the decentralisation process centred on civic education to raise awareness and encourage the people to participate in local government elections. In this regard a tentative National Civic Education Plan (NCEP) was developed and implemented in 2001. This program was expected to be reviewed and extended to cover other issues related to governance and democracy such as sensitisation of communities on the decentralisation policy, the Local Government Act and citizen's rights and responsibilities under decentralisation, among others. Empowering citizens to make the decentralisation system work was seen by the 2001 Review Team as an essential and continuous exercise. There is a clear need to deepen public awareness of decentralisation as a key instrument for promoting a participatory democracy and for people to effectively participate in the 2005 local government elections. This calls for the urgent development of a well-coordinated civic education campaign on the importance of the forthcoming local government elections. In recognition of this an Information Education and Communication (IEC) strategy was supposed to be developed to facilitate the implementation of the NCEP.

The main focus of the IEC strategy and campaign was to disseminate the decentralisation policy to a wide range of stakeholders. The stakeholders include Civil Society Organisations (CSO), traditional authorities or chiefs; MPs and other politicians, civil servants at both district and central government levels, 'the media', and the youth, women and other special interest groups. The ultimate goal of the campaign was to inform and empower all citizens so that they participate effectively in the process of building a democratic culture and to espouse democratic values. The following are the main activities that were planned for implementation:

- a) The preparation of civic education materials;
- b) Implementation of a national civic education program on decentralisation, human rights and democracy including the translation and dissemination of the Local Government Act and the decentralisation policy into major local languages
- c) The provision of logistical support to NGOs to conduct intensive public awareness campaigns, and
- d) Orientation of stakeholder s such as media, civil society organisations, chiefs

We assess below the extent to which these planned activities have been implemented in practice.

## 10.1 The Preparation of Civic Education Materials

It was noted that some progress had been made in the preparation of civic education materials. Dissemination materials such as plays for radio and television, flyers and brochures on decentralisation, a newsletter (in English and Chichewa) and desk, wall and pocket calendars. The preparation of civic education materials was hampered by delays in the replacement of an IEC officer after the resignation of the previous incumbent. A new IEC officer is now in post and the dissemination of materials has been speeded up – but only since November 2003.

Consultations have revealed that the message on decentralisation is beginning to register at various levels as the result of the dissemination of civic education material in the form of TV drama, jingles which began this year. However, there are outstanding materials, which have to be developed, translated into major local languages and disseminated for the benefit of the majority Malawians. The IEC activities under preparation include the promotion of drama groups and role-playing, media tours and road shows and public debates, which are mainly aimed at complimenting various print media materials.

In view of the delays in the implementation of this activity, the Review Team **recommends** that,

- a) DS should tackle the backlog in the development of the civic education materials by contracting out the service to qualified and experienced CSOs, and through the development of guidelines for monitoring the distribution and dissemination of the materials through use of more innovative dissemination channels such as existing institutional meetings, I, faith group gatherings, parliamentary sessions, schools meetings and other social gatherings.
- b) DLG and DS should agree on procedures for accelerating the approval of the civic education materials by DLG through the use of time-limited commenting/approval processes as well as quality assurance
- c) The IEC committees being established at District and Local level should have appropriate and equitable representation of technical staff and community members in order for them to be engaged meaningfully in the development and distribution of civic education materials.

## 10.2 The Implementation of a Nation-wide Civic Education Campaign

We observed that a comprehensive national civic education campaign has not yet been developed despite the 2001 Review recommendations. Consequently, civic education activities are undertaken in a fragmented manner and have basically involved the distribution of copies of the

decentralisation policy and the Local Government Act to sectors, district assemblies and other institutions. We also noted that there was little evidence that many stakeholders had seen or read the policy documents or the Act. In the districts, some councillors claimed to have received the policy documents but could not fully comprehend the contexts suggesting the need for clear target based user friendly dissemination strategies based on the literacy levels of the various target groups

The preparation of the IEC strategy was completed in mid-2003 and is now the basis for the development of IEC materials and the institutionalisation of IEC delivery systems at the community level for the implementation of the civic education campaign. The IEC strategy preparation process provided an opportunity to bring gender and HIV/AIDS issues into the decentralisation process. However, we observed that the strategy has not adequately covered these cross cutting issues as they relate to the decentralisation process.

Noting the significant limited coverage and progress in the implementation of a comprehensive nation-wide civic education campaign which has hampered the creation of awareness of democratic values and benefits of local level participation in development among the population. The review team **recommends** that,

- a) DS in collaboration with DLG should ensure that the implementation of the IEC strategy addresses other developmental issues including gender and HIV/AIDS. They should jointly develop an M&E mechanism for providing timely feedback on its implementation.
- b) DLG should spearhead the development and finalization of a comprehensive NCEP involving a wide range of stakeholders including CSOs with the requisite expertise to reach out to communities with messages regarding the linkage between decentralisation and other developmental issues such as economic empowerment, food security, environmental issues, legal and economic literacy, participatory planning and budgeting, and use such interactions with communities to obtain feedback on service delivery in a more systematic and coordinated manner. To this effect we suggest that DLG creates linkages with existing programmes such as the Democracy Consolidation Program (DCP) and National Initiative for Civic Education (NICE) who have similar civic education programs.
- c) DS in collaboration with DLG should devise a system to diversify their target groups by among other things reaching out to those stakeholders who have not yet been reached such as primary and secondary schools, colleges, out of school youth, and other institutions such as the police, the army and faith communities. Further DS should liaise with these institutions in order to incorporate issues of local governance and decentralisation in their training manuals and curricula.
- d) The DS IEC Officer should ensure that the dissemination methods and content in the messages are suitable for all publics.

### 10.3 Roles of Civil Society Organisations in the NDP

Civil society organisations (CSOs) include NGOs, Community-Based Organisations (CBOs) and Religious Institutions. CSOs are key stakeholders in the implementation of development programmes and are thus relevant to any discussion of decentralisation:

- a) They provide service delivery capacity in many Districts and training of DA staff and councillors;
- b) They access donor resources and (some argue) thereby divert resources for government services and capacity building;
- c) They have valuable experience and insights which may be of value to government players in decentralisation
- d) They have helped in the past, and can help in the future, train Das and councillors;
- e) They act as researchers and advocates on behalf of specific (often vulnerable) groups towards central and local government for better services, or to proclaim a development need.<sup>13</sup> As such they complement the function of elected representatives. There are several networks – formed in the past few years – which are actively lobbying government to improve various types of services,<sup>14</sup> and monitoring performance and service delivery.
- f) They act as ‘the voice of poor people’
- g) They can act as means of communication and explanation of policies such as decentralisation to the people they are working with.
- h) They work with communities in the identification of development priorities and the formulation of project proposals. This will become even more important as MASAF III unfolds.

Notwithstanding the significant roles civil society organisations have played and are playing in relation to decentralisation and service delivery, we found no ‘contact point’ – nor any particular interest – in DS or DLG in relation to the role of civil society in NDP. No guidelines exist for NGOs in relation to their role in decentralisation, nor for sectoral ministries or Assemblies in relation to NGOs. Most of the civil society organisations we visited (over 10) had only a vague notion of the state of play with NDP, and had little or no contact with DLG or DS.

No efforts have been made – besides invitations to some of the larger public events organised by DS – to invite civil society groups to discuss their actual or potential role in the policy, and to brief them on its content and how they could be involved. Our consultations revealed that although CSOs have played a significant role in the community-based development programmes

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<sup>13</sup> The lobbying and advocacy function of NGOs is weakly developed in Malawi, and donors and international NGOs are only recently becoming interested in this function.

<sup>14</sup> ‘Civil Society for Quality in Basic Education’; Malawi Health Equity Network; and Civil Society Agriculture Network. They are answerable to an Assembly of NGOs. Typical activities include budget monitoring (eg of Pro-Poor Expenditure (PPE)). They report to the Budget and Expenditure Committee of parliament.



the DS has not supported most of them to conduct civic education campaigns, for example we observed that MEJN and NICE have been collaborating on participatory budgeting, and the process of making budgets more gender-sensitive and responsive. CARE had requested nine assemblies to submit 'bids' including ideas for making Safety Net programmes (including MASAF) more likely to produce income-earning opportunities.

Further, MEJN has undertaken a survey of public opinion on the delivery of basic services.<sup>15</sup> This cost only \$2,000 and was conducted largely by volunteers. This survey was apparently well received by central government ministries. Thus some CSOs have the capacity to support the implementation of the CEP country-wide.

Some Assemblies we visited mentioned that NGOs active in their areas were making a positive contribution to DEC deliberations and the process of revising DDPs or preparing annual priority development programmes. However, there were clearly other cases where donor-assisted NGOs were active in Districts, and had not consulted the Assembly or DEC before planning or implementing development programmes. Nor were these NGOs encouraged or required by their donors to co-operate with Assemblies.

Despite recommendations on civil society engagement in the decentralisation process made by past reviews, it therefore appears that no concrete progress has been made in establishing the linkages between DS and these organizations.

The Review Team therefore **recommends** that:

- a) DLG should reflect on who should be the link person or institution for contacts with civil society organisations.
- b) DLG should organise a Round Table discussion with those civil society organisations (including their main donors) whose work is related directly or indirectly to decentralisation and the role of Das in service delivery, local planning or civic education. This event should focus on the content and implications of NDP for civil society organizations, what they feel they can do to help, and what guidance and resources would be most useful in taking forward collaborative arrangements to support NDP.
- c) Representatives of NGOs/Civil society at central and district levels should be provided with a comprehensive orientation program on decentralisation, and agree on a code of conduct regarding their operations at district level.
- d) Thereafter DLG should spearhead the formulation of guidelines for facilitating the interaction between CSOs and local Governance staff at center and assembly level.
- e) Strategic partnerships are needed with NGOs in taking forward civic education through the use of a combination of methods such as print,

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<sup>15</sup> MEJN (Malawi Economic Justice Network) Results of the Service Delivery Satisfaction Survey April 2003

- audio, visual and interpersonal communications for dialoguing with the grassroots
- f) A coordination mechanism to enhance the networking of CSO, donors and DS in planning, and monitoring the implementation of civic education should be established and spearhead in the first instance by DS.
  - g) Donors should stress to NGOs they fund the importance of liaising with Assemblies, and of planning activities consistent with the DDP, and in conjunction with Assemblies.

#### **10.4 The Orientation of Stakeholders**

The orientation of stakeholders is one of the means of raising awareness and understanding and has largely been undertaken through seminars and workshops. The main objective of the workshops was to expose participants to the decentralisation process in such a way that they, in turn, could pass on the messages to other people in order to create public awareness. We noted that Stakeholders who have been oriented so far include Principal Secretaries, District Assembly Staff, Councillors, Chiefs at the level of Traditional Authority, Members of Parliament and Journalists. The orientation was largely in the form of workshops.

We observed that the orientation programme was not properly structured such that only few stakeholders benefited from it. It was further noted that no comprehensive training records were kept. The benefit of the orientation to the NDP is therefore not visible. The building of a democratic culture among the elected members of the assemblies to be accountable to the electorate has not been fully realized. We were informed that many councillors feel that they are not able to confidently relay the messages as envisaged. And lack of such crucial information has deprived the people of the opportunity to hold the elected members accountable to them in services delivery

The Review Team therefore **recommends** that

- a) DLG should develop more structured orientation programmes based on the results of a thorough training needs assessment in order to ensure that there is value for money in these programmes.
- b) DLG should devise a more systematic approach to orientation / sensitisation to ensure that messages going out are concrete, uniform, integrated and targeting a wide range of stakeholders. This approach should be developed in consultations with and the involvement of civil society organisations working in the field of civic education.

## 11. GENDER MAINSTREAMING

Malawi is a signatory to several international and regional instruments that focus on gender equality as enshrined in the UN Universal Declaration of Human Rights (1948) and other International and regional instruments.<sup>16</sup> At the national level, gender equality is provided for in the Malawi Constitution and elaborated in the National Gender Policy launched in 2000.

The commitments should constitute a binding principle for National Decentralisation Programme through the leadership of DLG to mainstream gender in all plans, actions, activities and practices in order to promote the full participation of women as well as men in all local government structures.

Mainstreaming of gender into the decentralisation process entails the integration of gender equality concerns in all policies, laws, procedures, objectives, programs, and practices. The aim is to promote equal participation of all population groups with a focus on women as a special disadvantaged group whose practical and strategic interests should be considered in the delivery of services. There are three main arguments for advancing issues related to representation of women in governance structures. These are efficiency, equity and poverty reduction.

Firstly, the 'efficiency' argument states that gender inequalities are costly in terms of economic growth and productivity due to lost earnings and inefficient allocation of labour. Women constitute over 50% of Malawi's population. Therefore Malawi's development can be less efficient and meaningless if half its population have not been mobilised or considered. It is imperative that women's voices and experiences are incorporated in local level decision making to ensure representation of broader range of interest is part of good governance. It is from women's own experiences as mothers, developers, wives and community workers that concerns of *other* community members such as the elderly, youth, the disabled can be incorporated in development. Thus inclusion of women can lead to the full utilization of all available human resources in the attainment of development goals.

The second argument, equity advances the notion that it is socially just to include women as well as men in development efforts in order to ensure that these derive equal benefits from development. This is on the basis that equal participation by women is a fundamental human right. Political space and decision-making structures belong to both women and men and therefore there is no justice in a situation where one group monopolizes these opportunities.

Lastly, the empowerment of women is one factor that is necessary for reducing poverty. Several studies have shown that the majority of the poor are

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<sup>16</sup> *Beijing Report platform (1995), Convention on the rights of child (1991), African Charter on Human and People's Rights on the rights of women 92003), SADC declaration on Gender and development (1997) and addendum on Prevention and Elimination of Violence against women (1998).*

women living in extreme poverty. Women and men are impacted differently by poverty. Their voices need to be heard if poverty reduction initiatives have to be effective. It is often argued that girls' education is one of the most effective approaches to poverty reduction (see World Bank World Development Report 2004).

However, despite the gender equality provisions in the constitution, the national gender policy and other instruments, men continue to dominate in decision making at all levels while women play more supporting roles, especially at community level. Existing data shows that:

- 91% of all management positions are occupied by men compared to 8.5% for women;
- female members of parliament constitute only 8.8% of the total members;
- out of 821 councillors, only 75 are women;
- there are only 13 female traditional Authorities out of over 200.

In addition, there are gender disparities in almost all sectors of the economy. The MPRS (2002) has noted several disparities between men and women as major causes of poverty and that reduction of these disparities can contribute to the poverty reduction goals of this country.

The government has put in place several initiatives as a way of addressing these gaps. The national gender policy and national gender and development programme is seen as a tool in guiding the process forward. It focuses on six critical areas of concern, one of which is Governance and Human Rights. To realize this each sector is expected to establish a gender focal point and to develop its own sectoral plan to mainstream gender issues. To ensure that gender issues are addressed at grassroots level, a similar institutional set up has been suggested.

We observed that although copies of the constitution and the national gender policy were distributed to DLG, which is responsible for coordinating the decentralisation process, and to all offices of the District Commissioners, there has been no progress in mainstreaming gender into the decentralisation process. The development of a gender strategy for the assemblies was one of the activities earmarked for implementation within the NDP. The activity is still outstanding and the lack of technical expertise in gender mainstreaming in DLG was cited as one of the causal factors.

We also noted the following as major issues, which could hinder efforts to mainstream gender in the decentralisation process:

- The Local Government Act is not gender sensitive. It still uses masculine terminologies, and it does not guarantee women representation in Assemblies.
- There is no designated officer at DLG, DS, or at Assembly level to coordinate gender mainstreaming activities initiatives. According to the National Gender policy and Program framework, all sectors should

designate gender focal points to spearhead the mainstreaming of gender in the sectoral programme. DLG as one of sectors whose responsibility includes the coordination of local governance issues has no designated gender officer in its structure. At district level the MGCS is represented by Community Development officer and Social Welfare Officers. They have distinct roles, which include community mobilisation, adult literacy and management of community-based projects (among others) and coordination of safety nets, orphan care programs. Their responsibilities are enormous often involving collaboration with other sectors and organisations. Thus despite the presence of MGCS staff, gender activities have remained uncoordinated and lip service has been paid to them. Currently, there is no established position for a gender officer at district level and this inadequacy has therefore generally led to the limited progress in gender mainstreaming activities at district and local levels and the perpetuation of gender inequalities in the Malawian Society.

- Although District SEPs have useful gender disaggregated data, the information is hardly used in the formulation of District Development Plans which are so far not gender sensitive.
- There is, in general, low participation of women in local governance both as officials as well as District Assembly members. Out of about 821 councillors only 75 are women, representing 10.0% and women are in the minority as members of staff in all the sectors at the district level. In some cases, where women are in the majority, they are in support services. For example:
  - a. women constitute 25% of the councillors in Lilongwe City Assembly
  - b. only one woman chairs a Service Committee
  - c. out of 1,826 employees at Lilongwe City Assembly only 124 are women constituting 7%
  - d. out of the 31 senior managers in this assembly only 1 was a woman
  - e. out of the 8 professional officers at LASCOM none is a woman.
- Reasons for their low presence and participation include limited educational skills to provide the necessary entry point into the sector; various socio-cultural barriers hindering women's entry and participation in public life and the absence of support mechanisms to enhance women's confidence as well as to enable them combine familial responsibilities, productive work and civic participation.
- There is limited capacity for gender analysis and mainstreaming among staff at all levels. This is evidenced by lack of disaggregated data and a general lack of consideration of gender concerns in policies, plans,

programmes and reporting systems and interventions at national, district and local levels.

- There is lack of gender mainstreaming guidelines for use in planning, budgeting and for human resources development and management in the assemblies.

We conclude that gender as a cross cutting issue, a planning tool and a means of ensuring equitable participation in development, has been inadequately addressed in the decentralisation process. In the light of these limitations, the Review Team advances the following **recommendations** for effective gender mainstreaming in the decentralisation process:

- a) DLG should ensure that all stakeholders understand the implications of gender dimensions of HIV /Aids for decentralisation and design appropriate interventions
- b) DLG should identify a senior officer within in the Planning Department at headquarters to act as gender focal point. The officer would be responsible for coordinating gender mainstreaming in the DLG itself and in Assemblies in liaison with the Ministry of Gender and Community Services and the NGO Gender Coordination Network. The designation of such a senior officer in DLG is in line with the guidelines set in the National Gender Policy framework as well as the goals of the MPRSP.
- c) DLG in collaboration with the Ministry of Gender and DHRMD should engage in discussions to find the most appropriate strategy for ensuring mainstreaming of gender in the DA structures and programmes. Having noted the crucial role of gender in the decentralisation process and in the achievement of the goals of poverty reduction at district and local levels the Review Team urges DLG, MGCS and DHRMD to consider the following options:
  - To establish the post of a gender mainstreaming coordinator within the Planning and Development Directorate at district HQ. This entails the creation of a post specifically for gender to coordinate all sectoral programmes at district level.
  - To utilise the services of existing MGCS staff (District Community Services Officer as a focal point on gender). This means that in addition to normal duties the officer will be responsible for overseeing the mainstreaming of gender. Due to the current overload on the officer there may be need to conduct a proper job analysis so as to enable the officer to shed off responsibilities that could be done by other sectoral staff.
  - DLG should take advantage of the devolved sectoral staff to rationalise available posts at assembly level and make use of staff already involved in gender related programmes to act as gender focal points. The Review Team is aware that there is such staff in the district, i.e. in the Agriculture, Forestry and Youth sectors.

- d) In line with the National Gender Policy Framework, the DEC as a technical body of the Das should as part of its TORs perform the role of a gender mainstreaming coordination committee at district level.
- e) To deal with technical issues regarding gender, there is need to build capacity for gender analysis and mainstreaming at DLG, in the districts and at community level as part the effort of address existing inequalities between men and women. Consequently job descriptions/terms of reference of all staff at district and local level committees, and task forces should reflect gender equality issues.
- f) The Local Government Act should be further reviewed for gender responsiveness and to provide for five positions for nominees to represent women in the district assemblies.
- g) DLG should spearhead the development of the gender strategy and guidelines for gender mainstreaming for the decentralisation process, in conjunction with MGCS, and the NGO Gender Coordination Network.
- h) DLG should devise a program for supporting and advising women councillors to play their role effectively as local assembly representatives. The programme should include a comprehensive training program to strengthen women's self-confidence, leadership, communication and negotiation techniques, a mentoring programme for women councillors, and a network of councillors as part of MALGA activities to facilitate the exchange of experience and concerns of women councillors.
- i) DLG should engage a gender consultant to conduct a gender analysis of the local government system focusing on assessment of services, analysis of representation, analysis of sectoral programs, and establishment of gender differentiated management information systems including analysis of procedures, practices, facilities, language to ensure their gender responsiveness.

## 12. HIV/AIDS MAINSTREAMING

The HIV/AIDS situation in Malawi has been deteriorating for the past decade. Estimates indicate that 15% of economically active people in the age group 15 – 49 are living with HIV, the virus that causes AIDS and that 70% of patients admitted to the hospitals have HIV/AIDS related conditions. About half a million Malawians have already lost their lives due to HIV/AIDS resulting in, among other things, the loss of qualified human resources vital for the decentralisation process within the framework of poverty reduction. It is therefore imperative that due attention be given to HIV/AIDS and its impact in the design of interventions to promote a democratic culture and involve people in local governance.

We noted that despite the existence of the HIV/AIDS National Strategic Framework, and the HIV/AIDS policy launched recently, no concrete steps have been taken to mainstream HIV/AIDS in the decentralisation process. At the central level, there is no focal point and at the district level, the District Aids Co-ordination Committee (DACC) chaired by the District Health Officer, is a relatively new initiative by the NAC. The DACC is not a legally constituted committee of the District Assembly and is not answerable to any office at the district level. Some of the DDPs have, in varying degrees, included interventions to address HIV/AIDS. Implementation of activities however is haphazard and mainly left at the discretion of DACC and not the District Assembly. Those who have special interest such as the District Social Welfare Officer (DSWO) (for activities of Orphan care) and the District Health Officer (for treatment of STD) are able to access funds and implement activities through the support of DACCs. On the whole, however, DACCs have remained largely inactive.

The NAC is currently reviewing the institutional framework at the district level in order to respond to needs on the ground by building the capacity of the Das to enable them to support community based activities and to monitor the implementation of HIV/AIDS interventions. In the arrangements being proposed, the funds for all stakeholders including Das will be disbursed through a specific umbrella organization operating in the district. This will be done for two years as capacity is being developed in the Das and later, the funds will be disbursed through the DDF. It is anticipated that the post of HIV/AIDS Coordinator at Assembly level will be created within the Planning and Development directorate in the Assembly. It is, however, necessary to link this to the health and other relevant sectoral devolution plans.

We noted that the HIV/AIDS policy and strategy has not yet been internalised at the district level and that the absence of specific guidelines and an effective monitoring mechanism has resulted in the available funds being used for workshops and seminars by Das at the expense of demand-driven community interventions. We also noted that HIV/AIDS is still considered a function for the central government (NAC), because NAC still maintains control over all activities and funds. Public awareness campaigns should address this issue and there is potential for improvements in the administration of the funds for



HIV/AIDS activities at the district level and MASAF offers a best practice in this endeavour.

To mainstream HIV/AIDS in decentralisation effectively, the Review Team makes the following **recommendations**:

- a) The dialogue between DLG and NAC should be strengthened to support the mainstreaming of HIV/AIDS in the decentralisation process as a priority. Both should collaborate to support capacity building initiatives in HIV/AIDS at DLG, in assemblies and other NDP institutions.
- b) DLG should designate an Officer within its Planning Department to coordinate HIV/AIDS mainstreaming in plans and programmes related to local governance and provide appropriate technical training.
- c) The post of HIV/AIDS coordinator should be created in the Planning and Development Directorate at district level.
- d) HIV/AIDs should be part of the TOR of the Planning and Development Committee of Assemblies.
- e) HIV/AIDS mainstreaming should be included as one of the competencies of district level staff and their technical capacities in this area developed to enable them internalise the values at individual and institutional levels
- f) DLG and all Das should develop an HIV/AIDS workplace programmes to be co-ordinated by the Directorate of Administration at district level in order to address the impact of the pandemic on human resource capacities through introduction of voluntary counselling and testing, ARV treatment and social support services, among others in order to maintain satisfactory levels of services and development.
- g) NAC should devolve its functions and funds by piloting in some Assemblies. Given its current stance of using umbrella organizations as an interim measure, we suggest that the NAC should hold discussions with MASAF to learn from their new experience with NLGFC on strategies and mechanisms for channelling funds to the Assemblies.
- h) The Team also endorses the recommendations of the study on planning tools for gender and HIV/AIDS mainstreaming (2003)<sup>17</sup> and urges that the DLG should implement the recommendations of that study with reference to the recommendations we made on the Local Planning component of the NDP.

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<sup>17</sup> Kulemeka (2003) *Gender and Urban Governance Initiatives*  
Annex 11 City Consultation Process. A Paper presented at the gender sensitization workshop for members of Assembly and management of the Lilongwe City Assembly.

## 13. DONOR SUPPORT FOR DECENTRALISATION

In this section we review the main donor-supported programmes directly or indirectly impinging on decentralisation; donors concerns and perspectives on it; some lessons emerging from experience with SWAps and decentralisation as they relate to the Malawi context, and then the main issues concerning donors support to the decentralisation process.

### 13.1 The Players, the Programmes, and their Perspectives

A variety of donors have played a major role in the establishment and implementation of the NDP 2001-4. They have formed their own perspectives on how the NDP has evolved, and how it is being implemented. These perspectives have affected their thinking on future commitments to NDP. We summarise these aspects here, and in the tabulation below.

The concerns of donors shared with the Review Team included:

- a) The apparent absence of a champion and the need for more leadership on the side of GoM, including lack of DLG attention to monitoring and provision of leadership to NDP implementation from the center;
- b) the anomaly whereby DLG employs and transfers all senior DA staff;
- c) limited communication from DLG on what has been decided or planned
- d) lack of evidence of GoM additional budget commitment to support of DS after 2004;
- e) continued problems with recruitment and retention of qualified finance staff (especially at Director level) in Assemblies;
- f) the backlog of audits, which means that in effect there are few effective financial checks and balances in place at Assembly level;
- g) the way donor resources are being managed by DS;
- h) apparent central bias in capacity building expenditure, and general lack of co-ordination in capacity building programmes;
- i) lack of a comprehensive overview of all donor s' and GoM's financial support to decentralisation;
- j) unauthorised 'borrowing' of donor resources to bolster programmes funded by other donors;
- k) over-dependency of MALGA and NLGFC on donor support;
- l) little apparent independent 'voice' emerging from MALGA;
- m) absence of any clear pattern of responsibility and authority over decision-making between DLG, DS, and NLGFC;
- n) the apparent break-down of relations between DLG and DS;
- o) poor financial record-keeping by DS, and reporting from Districts;
- p) lack of transparency and accountability in procurement practices in DS, and at Assembly level;
- q) large volumes of donor resources going through sector investment programmes, which appear to impede decentralisation efforts (or risk duplication of elements for example capacity-building)
- r) donor 'Balkanisation' of Districts
- s) the apparent politicisation of the role of Chiefs and their influence (in practice) on DA deliberations (even without voting powers)

**TABLE 2. SUMMARY OF PRINCIPAL DONORS TO DECENTRALISATION, THEIR COMMITMENTS, FOCI, VIEWS ON PRIORITY NEEDS, AND FUTURE COMMITMENTS**

DONOR	COMMITMENT	FOCI	PRIORITY NDP NEEDS	FUTURE COMMITMENTS
<b>UN System</b>				
- UNDP	\$6 million 2002-6	DS Salaries (- end 2004) Capacity building IMTC Support DDF for 12 Districts	More (development partner) support for LG elections Readiness to permit better-prepared Districts to proceed at own pace Strategic monitoring	Dependent on outcome of present review, and subsequent indications of GoM commitment.
- UNCDF	\$1.5 million 2002-6 (c.f. \$4.5 million planned)	DDF for 12 Districts	DDPs better-linked to budgets	Not confirmed yet
<b>NORAD/SIDA</b>	\$4.5 million 2001-4	Basket Funding (mainly via DS) NLGFC since DANIDA withdrawal MALGA DDF		\$4.5 million earmarked for 2005-7, but dependent on outcome of present review, and GoM response to it.
<b>German Government</b>				
- GTZ (MGPDD)	\$9.0 million 2003-7	Political component Financial Management Service delivery Decentralisation Management	Support for training materials development by individual donors having general country-wide currency, delivered by Malawian training institutions. More District-based training of groups of DA staff to work together.	Not confirmed yet
- DED		Volunteers (3 posts in Das) SCDP 1 volunteer DS 1 volunteer NICE 1 volunteers Integration of civil society support to DDPs 1 volunteer		Not confirmed yet
- KfW	Euro 6 million	DDF		Not confirmed yet

<b>ADB</b>	\$14.1 million 2002-7	Poverty Reduction Project 6 Districts microfinance \$1.8 million capacity building \$ 5.3 m DDF \$4.2 m	More attention to DA needs for IT support Need to ensure DA infrastructure needs to be constructed according to national standards. More NGO involvement (especially at local level) more attention to encouraging Districts to learn the best practices of others	Not confirmed yet
<b>Other Major Programmes</b>				
MASAF III	\$60 million 2004 -	Community micro-projects planned in conjunction with DDPs and Das		
USAID		Basic education, health services, governance and democracy (including civil society support)		
DFID	£70 million annually	Health (mainly thru SWAp), education, livelihoods, access to justice.	Focus on improved service delivery as anti-poverty measure Cost-effective model of decentralisation	
CIDA		Basic service delivery thru sectoral programmes. (First) local elections Civil society engagement Participatory budgeting Women's participation and leadership development		
EC	Euro 30 million 2004-	Micro-projects (outside DDF currently); will explore closer connections with DDF		

Source: Interviews by Team Members

## **13.2 Utilisation of Donor Funding for the Period January 2001 to December 2003**

The Team has attempted to establish the expenditure rates and patterns of the various donor-supported components of NDP. This has proved to be a difficult and time-consuming task. The DS failed to provide the Team with complete information on donor financial commitments to the NDP, as some cells in Table 2 show. Nevertheless, the Team managed to obtain some figures on budgetary performance on the NDP from the DS as appendix 10 shows. The financial report from the DS for the period January 2001 to December 2003 has revealed that out of the total budget of K2,649 million only K1,501 million was utilised, leaving a balance of K1,148 million. This demonstrates that the implementation of the NDP over this period of time utilised 57% of the budgeted resources and that the DS underperformed by 43%. It is unlikely that the balance will be utilised in the remaining time that is within 2004. This situation is attributable to the institutional problems that the DS has been facing over this period of time as discussed in Section 5.5. The relevant recommendations to address these underlying problems have been discussed in the same section.

In view of the evidence presented on expenditure rates on NDP 2001-4, and the probable significant savings arising, we **recommend** that un-used funds be re-committed against top-priority activities (indicated in this report) at the start of the programming and planning phase of this Review.

We also **recommend** that the DS immediately take steps to harmonise financial reporting of donor expenditure, so that it is always able to report on the aggregate picture of commitments and expenditure. This composite picture should be presented to the Joint Technical Committee on request, and be part of the annual review mechanism for NDP.

## **13.3 Other Major Government Development Programmes Impinging upon Decentralisation**

Government programmes supported by donors under various arrangements include:

### **13.3.1 Sector-Wide Approaches (SWApS)**

In Malawi, the Health sector is the only one covered by a SWAp at present, but as noted above, several major donors channel resources exclusively through sector support (DFID, CIDA, EC, USAID – although the latter does not channel funds through GoM). It is too early to say how this trend will affect decentralisation progress, but international experience indicates that there are dangers if approaches are not consistent.<sup>18</sup>

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<sup>18</sup> See ECDPM Land T and Hauck V [Building Coherence between Sector reforms and Decentralisation: do SWApS provide the Missing Link?](#) Discussion Paper 49 ECDPM Maastricht September 2003:

The ECDPM study notes that there is only limited experience of SWAps being pursued alongside decentralisation, and the impact of their inter-relationship has not been systematically studied. However, in the two countries (Benin and Burkina Faso) where both SWAps and decentralisation were at a relatively early stage (as in Malawi) the basic conclusion was that SWAps 'had not had an obvious role to play in mediating sector reform processes and decentralisation'. However, the study noted that they may have potential for bringing greater coherence between sector reform, deconcentration and limited devolution that may have importance for more effective service delivery and more local participation.

Recommendations from the study for development partners in contexts such as Malawi included that they should:

- a) *Reflect on the transferability of reform concepts borrowed from other contexts to countries where there is a different understanding and tradition of public administration and management.* While the study refers to differences between Anglophone and Francophone traditions, Malawi represents a history of thirty years of authoritarian, centralised administration.
- b) *Encourage government to assume leadership of the reform process and provide policy guidance on the implementation of decentralisation legislation and the adoption of SWAps.* The present review notes elsewhere (Section 4) the importance of professional guidance on the revision of the Local Government Act especially in terms of the definition of the roles of the key central and local government players, including the role of the 'zonal' offices of central ministries, and the realisation of synergies between central and local government at these levels.
- c) *'Formulate a comprehensive capacity development strategy..which avoids a patchwork of initiatives driven by different agendas and funders.'* (ECDPM page 40). We have noted this tendency in Malawi, as did a recent review of DFID's (sectorally-structured) country programme, which identified synergies and potential conflicts with the decentralisation programme.<sup>19</sup> There are cases where sectors (including Health) are still pursuing and planning sector-specific system development and related training, in functions which are essentially generic (i.e. those which Assemblies need to perform for all service sectors' operation) for example service delivery planning, financial management, and performance and project monitoring. As discussed in section 9, future programmes in these generic functions should be formulated with participation of main sectors, to ensure that there is

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access via [www.ecdpm.org](http://www.ecdpm.org) The country case studies were from Uganda, Tanzania, Burkina Faso, Benin and Bolivia.

<sup>19</sup> Cross S and Watson D Programme Mapping for Decentralisation for DFID Malawi February 2003

synergy between basic common approaches and additional sector-specific components. There is no evidence of this happening yet.

- d) *Support civil society and the private sector in organising themselves better and participating more professionally in sector policy formulation, implementation and monitoring.* This is beginning to happen in Malawi. NGO networks such as the Civil Society Network for Quality Basic Education and the Malawi Economic Justice Network have received some donor support in their role as advocates and monitors of service quality and delivery performance. However, we have already noted the limited contact between DLG and civil society groupings related to their role in service delivery, which should be remedied in the next NDP period.

During discussions of the relationship between the Health SWAp and decentralisation, it was noted that several discussants from that Ministry opined strongly that, having built up District Health Offices as budget centres, and having developed health finance management capabilities, they were reluctant to devolve budgets and financial management functions rapidly to respective assemblies, for fear of diversion of priority health-related funds to other uses. This is despite an encouraging history, during the formulation of the SWAp, of consultation with Assemblies on its implications, and how they could play a role in local health services delivery.

### **13.3.2 The Public Sector Reform Programme**

(\$ 3 million committed by UNDP for technical assistance co-ordination and core programme support).

A total of \$29 million is required, but is not yet committed. The indicative programme could – if funded – include capacity development of the public service to deliver the MPRS; policy-making and implementation; public accountability and ethical government; and pro-poor service delivery components.

The committee of Principal Secretaries which we advocate is already planned as part of the new management structure lead by OPC of the PSRP. However, should funding of the PSRP programme falter, we **recommend** that this committee is at least formed to handle NDP issues.

### **13.4 The Nature and Scope of Donor Support for Decentralisation**

The issues with regard to donors include the following. In each case we put forward our observations, conclusions, and where appropriate, recommendations (at the end of the section) to the GoM/Donor Committee and OPC/DLG.

### 13.4.1 Decrease in donor support to decentralisation over time.

We have been struck by the difference between the GoM/donor 'atmosphere' in 2001, and what appears to prevail now. The Final Communiqué on the Donor Round Table Conference on Decentralisation (24<sup>th</sup>-25<sup>th</sup> August 2001) noted that 17 development partners, and 73 national and international NGOs attended the conference, which was opened by the Vice President, and chaired and closed by the Minister of Finance. It noted delegates' commendations of GoM for its 'high level of political commitment' and the institutional framework at Cabinet level. This appears substantially different from the present situation in which:

- DANIDA support was halted in 2002
- UNCDF's promised support diminished by 75%
- The only donors with strong support for decentralisation appear to be NORAD/SIDA, UNDP/UNCDF, GTZ and AfDB.
- Several donors are concerned and sceptical of top-level ownership and commitment of NDP.
- one of the largest bilateral donors has adopted an agnostic stance towards decentralisation and instead has pursued a strategy of channelling resources direct to *sectors* relevant to the livelihoods of poor people.

**13.4.2 Donor Approaches:** whether the modalities, conditionalities and reporting requirements of various donors have been harmonised and are consistent with GoM policies (including decentralisation, and the inter-governmental and geographical distribution of resources) and norms, in accordance with the recommendation of the 2001 Joint NDP Review exercise.

For various reasons, there are indications that NDP donors have difficulties harmonizing their conditions and approaches. Only NORAD /SIDA contributes unconditionally to basket funding. Along with GTZ, they do not actively seek to see their resources allocated to specific Districts, but GTZ support is limited to specific functions, with specific management arrangements (its resources are not managed through DS or DLG). UNCDF only contributes to DDF. UNDP cannot contribute to a Basket fund arrangement, and its support is channelled to twelve Districts, in part for historical reasons. ADB allocates its decentralisation resources only to 6 Districts, which benefit from its Poverty Reduction Project. DFID supports pro-poor service delivery outside the mechanisms of the decentralisation programme, primarily through sector – focussed programmes. Reporting arrangements differ.

In September 2003, The DS prepared and presented a Concept Note for the Bi-Annual GoM/Stakeholders meeting<sup>20</sup> on the subject of donor harmonisation. We understand that it met with a sympathetic but as yet unchanged donor response. No commitments to change or harmonise approaches were forthcoming from the donors since the meeting. ADB has

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<sup>20</sup> National Decentralisation Programme: Basket Funding a Possibility? DLG/DS September 2003



indicated to the present review, however, that if financial management and accountability by DS of its current project improved, and if a strong case was made out by GoM based upon evidence of distortions in inter-District resource allocation arising from present practices, its management may be willing to review its present non-basket funding policies, and pursue, for example, theme-based funding.

The consequences of these differences include:

- a) Distortion of allocation of DDF resources between Districts;
- b) Uneven existence, volume and nature of capacity building programmes between districts.
- c) Some non-reporting by donors to GoM of resource commitments and expenditures
- d) Some (donor-funded) NGOs not liaising with respective Assemblies or DECs before planning and during implementation of locally-based programmes

We **recommend** below a transparent management arrangement for support to DDF which would permit individual donors to support decentralisation in a reasonably harmonised fashion. We also suggest harmonisation of donors' directives to NGOs they fund in respect of reporting through Assemblies.

### **13.4.3 Donor coordination**

The last Review of NDP recommended quarterly meetings of donors supporting decentralisation, under the leadership of DLG. These meetings did not take place. However, a 'Management Meeting' has been convened, chaired by the Minister of Local Government, for GoM stakeholders and major programmes and projects in the decentralisation field (not donors), but this has not met regularly.

We understand that a GoM/Donor Technical Committee has been formed in the last six months by DLG and it has met several times. This interrupted a period of over two years when there was no effective donor-forum on decentralisation. However, we also understand that the subject of the largest part of discussion at these meetings has been the ToRs for the present review.

There is apparently no official 'lead-donor' for decentralisation in Malawi, and no donor co-ordination structure to support this particular aspect of reform. The Good Governance Sub-Committee of the Heads of Mission Meeting sometimes discusses decentralisation. The World Bank has recently called an exploratory meeting of the so-called Public Service Implementation Group<sup>21</sup>. Another donor group works on Economic Governance.

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<sup>21</sup> The group will address issues including:

- Overall policy and coherence of approach to public sector reform in Malawi on the part of the Government
- Reform of human resources policy and systems including pay policy and performance management
- Greater accountability and transparency of public services to service users and oversight institutions
- Anti-corruption.

We **recommend** that the Heads of Missions Meeting mandates the sub-committee on governance to establish a Task Force on Decentralisation. This would provide a forum for an open-ended discussion of donor support to decentralisation, with the chair to be on a rotating basis. This type of coordinating committee could help harmonize donor inputs into decentralisation. This should then report regularly to the Joint GoM/Donor Technical Committee and the Joint Government/Donor Aid Co-ordination Committee.

#### **13.4.4 DDF and a Basket Fund Management Mechanism**

In order to accommodate development partners which are prevented from contributing to Basket Funds, we **recommend** that:

- a) the forthcoming UNCDF study on the DDF, be tasked to devise a Basket Fund Management arrangement for the DDF, in which all partners could contribute (according to different modalities, geographical patterns, or development themes/ sectors if necessary) in a transparent and co-ordinated fashion.
- b) The Government should stress that the DDF is the entry point and basket for funding development activities by all donors and NGOs.
- c) Donors should declare all expenditures on District-based decentralisation-related programmes to GoM.
- d) Donors should stress the importance to NGOs they fund of liaising with Assemblies and of planning activities consistent with the DDP.

#### **13.4.5 Reviews of Progress of NDP**

The last official joint review was in late 2001. It is apparent that many problems have developed simply through lack of co-ordinated follow-up by the donors. This situation should not be repeated, and can be avoided. Progress with implementation of the numerous recommendations made in this review, and of the NDP work-programme itself, merit more frequent monitoring than the intermittent reviews to date.

We **recommend** that

- a) the next NDP should be monitored annually jointly by all stakeholders, at an annual Round Table Conference.
- b) this conference should be informed by a briefing paper from the Inter-Ministerial Committee, on progress and issues arising which has been scrutinised and approved by the Cabinet Committee on Decentralisation.
- c) the NDP M&E Unit in DLG should monitor the NDP throughout the year, and provide the basic information for the paper above, including information on expenditures (GoM and donors) on the NDP.

## 14. CONCLUSION

We advocate successful implementation of the decentralisation policy in Malawi. The alternatives are, in our view, not only unfeasible, but not in the best interests of the citizens of this newly democratic country. Our intention in the review therefore has been to draw attention to the apparent deficiencies in what has been happening so far so that they can be corrected or alleviated in future as the NDP takes root.

One general conclusion is that we feel that a fundamental re-affirmation of commitment to the decentralisation policy and the associated processes – first by Government, then by donors – will be needed to pave the way for renewed drive to NDP implementation and its detailed planning.

On the other hand, without this re-affirmation by the new President and government, backed up by practical action along the lines we recommend, we fear that there is a real threat of all stakeholders in central and local government, civil society, and donors, simply losing interest in NDP. Any such stalling of NDP would inevitably lead to a reversal to centralised government. This would nullify the gains over the past years, and seriously impede the delivery of Malawi's Poverty Reduction Strategy. We stress that this should not be allowed to happen.

We hope that central government authorities, local assemblies, civil society groups, and donors will find our suggestions practical and useful in taking forward the process of democratic decentralisation in Malawi.

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## APPENDIX 1



### TERMS OF REFERENCE FOR JOINT MISSION TO REVIEW THE IMPLEMENTATION OF THE NATIONAL DECENTRALISATION PROGRAMME IN MALAWI AND DEVELOP FOLLOW-UP IMPLEMENTATION PLAN FOR THE PERIOD 2004 – 2009

#### **BACKGROUND**

The Government of Malawi approved a National Decentralisation Policy in 1998 whose aim is to devolve Central Government functions and responsibilities to District Assemblies. The new Decentralisation Policy has since been translated into a new Local Government Act that was passed by Parliament in December 1998 and became effective in March 1999. The process of policy formulation has been facilitated by a number of studies designed to clarify substantive areas of the policy particularly related to policy options, financing arrangements, implementation and institutional arrangements.

Since the passing of the Local Government Act, the Government has prepared a Programme Implementation Plan for 2001 to 2004 and tabled it at a Round Table Conference for stakeholders and donors to seek their consensus and support. The Donor Round Table Conference held in August 2001 was highly commended and all stakeholders and donors pledged their commitment to the process.

In order that the donors and other stakeholders gain an in-depth understanding of the decentralisation policy and its implementation plan to be able to support the process accordingly, the Government of Malawi invited interested stakeholders and donors to undertake a joint review of the Decentralisation Implementation Plan that would help prepare a Programme Support Document for the Decentralisation Process. In November 2001, Joint Government of Malawi Donor Review Mission was commissioned and made a number of recommendations including an implementation plan for four years.

The government approved and adopted the implementation plan into a National Decentralisation Programme, which would act as an investment-guiding tool of the decentralisation process in Malawi.

The government wishes to undertake an *End of the Implementation Plan (2001-2004) Review* of the National Decentralisation Programme since November 2001 and develop a plan of operation for 2004 to 2009. The following sections outline the Terms of Reference for the joint review and subsequent Programme Support Document preparation mission.

## **i. OBJECTIVES OF THE MISSION**

The major objective of the mission is to review the implementation process of the National Decentralisation Programme for 2001 – 2004 in order to (and) identify gaps, emerging issues and challenges that may have arisen in the course of its implementation. On the basis of the review, the mission should suggest directions for the future implementation of the Decentralisation Policy and outline a timeframe for developing an implementation plan for the period 2004-2007 (for successful implementation of the Decentralisation Process.)

## **ii. SCOPE OF WORK**

The scope of works for the joint review team will be to examine the present implementation status of the Decentralisation Process in Malawi and to identify gaps and bottlenecks in the implementation of the National Decentralisation Programme. The Mission will specifically and in line with Government's Decentralisation Policy, Local Government Act and the Joint Review Report of November 2001:

- (1) Review the Decentralisation Implementation Process: National Decentralisation Process in view of the 2001 recommendations focussing on gaps in the Component Strategies, Funding Strategies and Plans of Operationalization
- (2) Review the adequacy and appropriateness of institutional and implementation arrangements including monitoring and evaluation, and step by step transitional activities for integrating the Decentralisation Secretariat into more permanent institutions.
- (3) Review and comment on the Local Development Planning and Financing Mechanism, particularly the scope of DDF and quality related issues

## **iii. TASKS OF THE MISSION**

- 4.1 Review the Technical Cooperation Programme 2001-2004 and other related documents including the Review Mission Report of November 2001, identify any constraints to implementation and recommend how these may be addressed;
- 4.2. Re-prioritise and sequence activities in the Technical Cooperation Programme 2001-2004 to ensure that the minimum resources and appropriate capacities required for successful and sustainable implementation of the plan are in place as soon as possible;
- 4.3. Suggest appropriate resource (human, material and financial) requirements for the above minimum case scenario and for subsequent development of effective decentralisation and Local Government structures.

Comment on the extent to which these are currently available and making a clear distinction between those that should be provided by the Government of Malawi and those for which donor support is required. To

this end seek and reaffirm the specific commitments from donors (In review, also identify the financing mechanisms to their future support ;)

- 4.4. Assess the extent to which existing Government instruments and initiatives such as the PRSP, Medium Term Expenditure Framework (MTEF), Malawi Social Action Fund III, Sector Investment Plan (SIP) and Sector Wide Approaches (SWAP) and the Public Sector Reform Programme are being implemented in relation to the Decentralisation process. Establish possible areas of strengthening linkages particularly with respect to capacity building in assemblies for improved service provision and delivery;
- 4.5. In line with 4.4 assess the current support from development partners in support of the Decentralisation Process through Sector Wide Approaches and assess the gaps therein;
- 4.6. Review financial and accounting provisions, including budgeting and links to, revenue raising, delegations and discretion, transparency and accountability, scope of DDF and related technical issues for improved service delivery;
- 4.7. Assess the adequacy and appropriateness of the proposed institutional and coordination arrangements for the implementation of the plan at national and district level and the extent to which the process has been and is responsive to Gender and HIV/ AIDS mainstreaming
- 4.8. In the light of the above propose alternative directions for the future Implementation Plan; outline a short term plan for developing a detailed implementation plan for the process from 2004 to 2007 a frame implementation plan for 2007-2009
- 4.9. Propose project implementation arrangements and practical and effective coordination mechanisms for donor support to the decentralisation process;

#### iv. EXPECTED OUTPUTS

The main output of the mission will be a detailed **Review Report** outlining problem areas for *the Medium Term Implementation 2001-2004* and a **Plan for the Production of An Operational Implementation Plan** for the National Decentralisation Programme 2004-2007 and a frame implementation plan for 2007-2009.

The review mission will present the expected output to the stakeholders during the last week of the exercise.

#### v. METHODOLOGY

The mission will review the November 2001 Report, UNDP Malawi Decentralisation Governance Programme, NORAD Decentralized Governance Programme, the ADB Poverty Reduction Project, Malawi German Programme for Democracy and Decentralisation and the Government

Technical Cooperation Programme 2001 to 2004 presented at the Donor Round Table Conference in August 2001 including supporting documentation and related studies and reports on decentralisation in Malawi. The examination will include discussion of the Implementation Plan and related issues with key stakeholders from central and local governments, community groups, development partners and the civil society.

vi. **COMPOSITION OF MISSION TEAM**

The team will comprise six members as proposed below:

- Team Leader: Specialist in local government and decentralisation with considerable experience in Africa;
- Human Resource Management Specialist;
- Local Development Economist and Planner;
- Financial Management Specialist;
- Governance/Institutional Development Specialist; and
- Social Sector and Gender Specialist, with specific experience in working with civil society on participatory democracy

The number could be lower if more than one of these skills can be found in a single individual. The donor community will choose members to represent them on the team. The Government of Malawi will provide counterparts drawn from central, local government, and the civil society on a full time basis for the duration of the mission.

Government will provide overall leadership through the Government Team Leader reporting to the Secretary for Local Government.

**NDP REVIEW TEAM**

<b>CORE AREA</b>	<b>SPECIALISTS</b>	<b>REMARKS</b>
Local Development Economist and Planner	Dr. M. Kutengule	Local Team Leader
	Joyce Stanley	International Team Member
Financial Management Specialist	R. Kampanje	Local Team Member
Governance, Local Government and Decentralisation	Arthur Chibwana	Local Team Member
	David Watson	International Team Leader. He is a also an institutional development specialist
	Collen Butcher Francis Mbuka	International Team Member
Social Sector Specialist, with specific experience in working with civil society on participatory democracy	Mrs S. Matenje	Local Team Member

CORE AREA	SPECIALISTS	REMARKS
Development Specialist	Joseph Chiteyeye	Local Team Member
Human Resources and Institutional Development	D. Chunga	Local Team Member

#### vii. DURATION

The assignment will be done in four (4) phases covering beginning 23 February 2004

- Phase I**                      **23<sup>rd</sup> February to 21<sup>st</sup> March 2004<sup>22</sup>**  
Consultants Review the Programme  
Debriefing session with interviewees  
Consultants write and submit their draft report
- Phase II**                      **22<sup>nd</sup> March to 4<sup>th</sup> April 2004**  
Interviewees and Stakeholders reflect on the report, pick out issues for correction and discussion.
- Phase III**                      **14<sup>th</sup> April to 17<sup>th</sup> April 2004**  
Stakeholders' workshop:  
Consultants' report and Issues from Phase II discussed and consolidated.
- Phase IV**                      **19<sup>th</sup> to 30<sup>th</sup> April, 2004**  
Consultants                      Planning Workshop for Stakeholders and Fewer  
Final Consultants Report is submitted.

Willie Samute  
SECRETARY FOR LOCAL GOVERNMENT

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<sup>22</sup> At least one of the international team members, preferably the Team Leader should be prepared to facilitate the production of the implementation plan



## APPENDIX 2: SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

### MEANING OF TIME-FRAME

1= Immediate, action should be taken and completed soon

2=Short-term, action should be taken and completed within 3 months

3=Medium-term, action should be taken and completed within 6 months

4=Long-term, action should be taken and completed within 12 months, where applicable

COMPONENT/ ISSUE	CONCLUSION	RECOMMENDATION	TIMEFRAME
<b><u>2. Political Aspects of the Decentralisation Process</u></b>			
2.1 Political and Administrative Leadership	<p>The decentralization process should be championed and driven by the highest political leadership to ensure progress.</p> <p>The imminent new administration poses an opportunity for decentralization to be taken as a major reform programme.</p>	<p>1. The President of the Republic of Malawi to provide political leadership and champion the decentralization process as a priority and to reduce resistance to the process.</p> <p>2. The SPC should be the administrative champion.</p> <p>3. DLG should, in the form of a brief based on the present report, present to the new President problematic decentralization issues for resolution.</p>	<p>1</p> <p>1</p> <p>1</p>

COMPONENT/ ISSUE	CONCLUSION	RECOMMENDATION	TIMEFRAME
2.2 Membership of Assemblies	The current tension between councillors, traditional authorities and members of parliament is disruptive. Their roles in national and local politics must be clarified.	<p>4. Only the councillors should attend Assembly meetings.</p> <p>5. As a transition, one or two representatives elected by and amongst the traditional leaders themselves should participate in meetings of the assembly to ensure that their interests are taken into account.</p> <p>6. The relevant laws have to be reviewed after thorough consultation, organised by DLG.</p> <p>7. DLG should facilitate wide consultations and debate on the importance and relevance of MPs and chiefs to the affairs of the assemblies. These consultations should be concluded and decisions made before the next local government elections in 2005.</p>	<p>4</p> <p>3</p> <p>4</p> <p>4</p>
2.3 Management of Chiefs by DLG	<p>The consensus of the stakeholders consulted is that the involvement of the DLG in the management of chiefs diverts it from its core business and from fully supporting the decentralization process.</p> <p>At the district level the District Commissioners should continue managing the chiefs on behalf of central government.</p>	<p>8. The DLG should not manage chiefs as part of its core business and this should be handed over to a unit so designated in OPC.</p> <p>9. The DCs should continue doing so on a day-to-day basis, be provided operational funds and report to OPC; OPC will in turn refer such matters to the President, if necessary.</p>	<p>1</p> <p>1</p>

COMPONENT/ ISSUE	CONCLUSION	RECOMMENDATION	TIMEFRAME
2.4 The relationship between Town and District Assemblies	Town Assemblies cover small geographical areas and populations; have a weak revenue base but high overhead costs and are therefore not financially and economically sustainable.	10. Town Assemblies must be integrated into District Assemblies and an appropriate directorate established within the District Assembly secretariat for planning and service provision.	1
<b><u>3. Linkages between Decentralization and Major Policy Frameworks</u></b>	<p>Conceptual linkages are strong, but operational linkages are weak, between MPRS, SIPs, SWAps, the PSRP, and the decentralization process.</p> <p>The District Development Plans do not adequately reflect national concerns in the MPRS and cross-cutting issues of gender, HIV/AIDS, environment, science and technology.</p>	<p>11. DLG with MEDP and MoF should take proactive steps to establish stronger practical links between these frameworks and decentralisation.</p> <p>12. DLG should ensure that the four pillars in the MPRS and cross-cutting issues are integrated into district plans.</p>	1
	Operational linkages are strong between MASAF III and decentralization, due to the way it was designed.		

COMPONENT/ ISSUE	CONCLUSION	RECOMMENDATION	TIMEFRAME
<b>4. Legal Reforms for Decentralisation</b>			
4.1 Review of the Local Government Act	<p>The full empowerment of the Assemblies to enable them effectively carry out their functions has been hampered by delays in the comprehensive review of the Local Government Act.</p> <p>The act is silent on the roles and responsibilities of key players on decentralization resulting in duplication of effort.</p> <p>The Act is also silent on the legal status of regional structures as well as on the legal decentralised structures below the district assemblies.</p> <p>Lack of clarity on the legal structure below the district assembly</p>	<p>13. The recommendations of a recent review of the Act should be implemented as soon as possible.</p> <p>14. Urgent need for another review of the Act. Lessons to be drawn from Local Government Acts of other countries in the region.</p> <ul style="list-style-type: none"> <li>a) the roles and responsibilities of all the major actors in decentralisation including DLG.</li> <li>b) the roles and responsibilities of the sector ministries with regard to decentralisation</li> <li>c) the relationship between DLG and other sectoral ministries</li> <li>d) the legal decentralised structures below in the district assemblies</li> <li>e) the legal status and roles of zonal/regional administrative bodies of the central government.</li> </ul>	<p>1</p> <p>2</p>
4.2 Review of Sectoral Laws	<p>Sectors do not consider the review of laws a priority and very little progress has been made since only three Acts, namely Education, Land and Business Acts are being reviewed but are yet to be completed.</p>	<p>15. OPC should issue another circular to sectors on the need for the review and the harmonisation of the legal framework for the success of decentralization and devolution.</p>	<p>1</p>

COMPONENT/ ISSUE	CONCLUSION	RECOMMENDATION	TIMEFRAME
	<p>No specific funds are budgeted for this activity by sectors; only a token in the budget for decentralization programme and the Law Commission has very serious financial as well as capacity problems.</p>	<p>16. A consultant should be engaged for the comprehensive review of the sector laws hampering decentralization and to prepare an implementation plan.</p> <p>17. Arrangements should also be urgently made for the recruitment of a fulltime lawyer to perform this function after the termination of the consultant's services.</p> <p>18. Contracting out to the private sector should where possible be used. DLG should assist sectors access funding for this purpose.</p>	<p>3</p> <p>4</p> <p>3</p>
<p>4.3 The Formulation and Review of By-Laws</p>	<p>Assemblies lack the necessary capacity to undertake the review of the by-laws and for the formulation of new by-laws.</p>	<p>19. A structured and institutionalised training programme on by-law formulation and review should be developed for members of assembly and sectors.</p> <p>20. Ministries should ensure critical issues are taken into account by Assemblies in drafting by-laws.</p> <p>21. The Department of Local Government must play a more effective role in coordinating the review process.</p>	<p>4</p> <p>4</p> <p>1</p>

<b>COMPONENT/ ISSUE</b>	<b>CONCLUSION</b>	<b>RECOMMENDATION</b>	<b>TIMEFRAME</b>
<b><u>5. Institutional Framework and Co-ordination Arrangements</u></b>			
5.1 Cabinet Committee on Decentralization	Institutional and co-ordination arrangements are generally appropriate but not properly used since key policy decisions on the implementation of decentralization are not made in a timely manner.	22. The Department of Local Government should ensure that the meetings of the Cabinet Committee and IMTC are included in its work plans and meetings held bi-annually and quarterly as stipulated.  23. Decisions taken in the Cabinet Committee and IMTC should be actively followed-up and implementation monitored.	1
5.2 Principal Secretaries' Committee on Decentralization	The recommendation of the 2001 review to establish this committee has not been implemented by DLG.	24. The Office of the President and Cabinet should establish the Steering Committee of Principal Secretaries for the decentralization process as an integral part of the public sector reform agenda.	1
5.3 Inter-Ministerial Technical Committee	No meetings of the IMTC were held in 2003; the quality of meetings suffered from inconsistency in representation and attendance.  There is no systematic record keeping of the issues discussed during IMTC meetings.	25. Ministries must designate specific senior level officers at the level of Director to attend IMTC meetings and ensure consistency in attendance.  26. DLG must within two weeks produce minutes of the IMTC meetings and circulate to ministries for timely action.	1

COMPONENT/ ISSUE	CONCLUSION	RECOMMENDATION	TIMEFRAME
5.5 Department of Local Government and the Decentralization Secretariat	<p>There is a shortage of technical level staff in DLG. In view of past difficulties in recruitment of more staff, DLG will not be in a position to take over all functions of DS by the end of this year.</p> <p>The relationship between the two offices is very tense and confrontational</p> <p>The 2001 Review, and consultants for DS's Functional Review both recommended an Exit Strategy for DS be drawn up, and DS be wound up by end December 2004. This is consistent with observations of experience in Uganda and Vietnam.</p> <p>Part of DLG's performance problem is inadequate organisation of work and poor record-keeping.</p>	<p>27. DLG should attempt to recruit additional staff to fill vacancies.</p> <p>28. DLG should prepare an action plan for the closure of DS and the take-over of key functions.</p> <p>29. The DS should be transformed in to a Technical Support Group after 31/12/04 until 31/12/05. Only staff qualified for work in specialist areas should remain in 2005.</p> <p>30. Short-term OD expert assistance should be given to DLG, to increase its absorptive capacity for additional staff and functions.</p> <p>31. A Task-Force of the IMTC should oversee the above processes.</p>	<p>3</p> <p>1</p> <p>3</p> <p>2</p> <p>3</p>
5.7 Co-ordination of the NDP in the Assemblies	<p>Task Forces on devolution have not been established in all Assemblies largely due to lack of orientation on the role of the Assembly members in the devolution process.</p>	<p>32. The committees of assembly members and Task Forces on devolution should be formed in all the assemblies and trained in the salient aspects of the devolution process. Clear terms of reference should be provided to the Committees and Task Forces.</p>	<p>2</p>

COMPONENT/ ISSUE	CONCLUSION	RECOMMENDATION	TIMEFRAME
<b>6. Fiscal Reforms</b>			
6.1 Central Government Transfer	<p>The transfer of 5% of national revenue excluding grants is not achievable in the short term.</p> <p>CGT are not part of protected Pro-Poor Expenditure and as sectors devolve, relevant ORT should also devolve and form part of the Central Government Transfers.</p>	<p>33. A step-by-step approach to implementing the 5% policy should continue.</p> <p>34. Sectoral activities already classified as PPEs at the centre should be reclassified as Protected Pro-poor Expenditures (PPEs) to serve as anchorage against future reduced funding.</p>	<p>1</p> <p>1</p>
6.2 Allocation of funds to Lower Structures of the Assembly	Allocation of funds to lower structures is not based on a formula and divided equally between the wards.	35. Funding to lower structures should in future be based on a formula. NLGFC should develop a formula through a consultative process and factors such as poverty and population must be taken into account.	4
6.3 Devolution of Sectoral Budgets	Sectors and district assemblies are not fully conversant with the current procedures for devolving budgets.	36. Treasury, DLG and NLGFC should orient and train staff on the devolvement of budgets in the assemblies and line ministries especially those in the first phase (2004/05).	1
6.4 Revenue Collection and Enhancement	Revenue collection is improving but overall the revenue base is small in most assemblies.	<p>37. Collection of revenue from property can be useful source of revenue but the practice of charging rates based on the market value is prohibitive for most rate payers and needs review.</p> <p>38. It is necessary for Government and the</p>	<p>4</p>



COMPONENT/ ISSUE	CONCLUSION	RECOMMENDATION	TIMEFRAME
	<p>Revenue collection procedures and systems are not fully complied with.</p> <p>Ground Rent is a local tax and should be collected by the Assemblies.</p> <p>Three important fiscal studies recommended in the 2001 are still outstanding.</p>	<p>private sector to train more valuers.</p> <p>39. DLG, in collaboration with the Ministry of Lands, Physical Planning and Surveys and Assemblies should develop relevant and objective criteria for the declaration of rateable areas and establish clear guidelines to be followed by Assemblies in the declaration of rateable areas.</p> <p>40. Increased public awareness campaigns are necessary to encourage compliance by all rate payers.</p> <p>41. NLGFC should enforce compliance.</p> <p>42. The Land Act should be amended accordingly.</p> <p>43. These studies should be taken forward by DS without further delay.</p>	<p>4</p> <p>4</p>
6.5 Unauthorised Virement of Funds	Unauthorised virement of funds occurred under the NDP.	44. DLG should ensure that prior approval of donors is obtained before any virement of funds is undertaken.	1
6.6 District Development Fund	The DDF has now been firmly established as the channel for funding and disbursement of funds for development.	45. The Government should make the DDF the entry point and basket for funding development activities by all donors and NGOs.	4

COMPONENT/ ISSUE	CONCLUSION	RECOMMENDATION	TIMEFRAME
	Some donors do not use the DDF and prefer to focus on districts of their choice.	46. NLGFC should be empowered to disburse all development funds to Assemblies equitably.	4
6.7 Financial Management and Accounting	There are serious capacity constraints in district assemblies for accounting and financial management	47. The Accountant General and DLG should assist assemblies fill all vacant posts in the finance directorate.  48. Every effort should be made by DLG to recruit for DAs civil service accountants and to use Treasury cashiers for financial management.  49. The Accountant Generals' Department should take the lead in establishing appropriate linkages between IFMIS at the centre and the one being implemented in DAs.	1  2  4
6.8 Ward allowances	The ward allowances for councillors of K1,000 is very low.	50. DLG in consultation with MALGA should adjust ward allowances to K5,000 in line with the rate for City councillors and funding should be provided as part of Central government transfers under Vote 094.	2
6.11 Audit of Assemblies by the National Audit Office	There is a huge audit backlog of Assemblies and some have not been audited for 5 years.  NAO is being transformed into an independent institution and will charge for audit services.	51. DLG should request MoF to provide financial support for the conduct of audits in the District and Town Assemblies.  52. District Assemblies should include costs for audits in their budgets.	2  4

COMPONENT/ ISSUE	CONCLUSION	RECOMMENDATION	TIMEFRAME
<b>7. Sector Devolution</b>			
7.2 Preparation of Sector devolution plans and Guidelines	<p>Sectors continue to plan and operate with devolution at the periphery.</p> <p>Sectors are pre-dominantly using sectoral approaches for planning, disbursement and service delivery.</p>	<p>53. DLG and sectors should, when preparing devolution plans, ensure that there is close linkage between decentralisation and these approaches to entrench devolution and to ensure a more effective use of available resources for service delivery.</p> <p>54. Terms of Reference for the proposed Principal Secretaries Committee on devolution should include responsibility for the implementation of sector devolution plans. DLG should be made accountable to this Committee for preparing quarterly progress reports.</p> <p>55. Meetings of the IMTC should be held regularly, proper records kept by DLG and issues on devolution actively followed-up.</p> <p>56. DLG should reposition itself to effectively plan and coordinate the sector devolution process by focusing on core functions, and having in post competent and well qualified officers.</p> <p>57. DLG should also develop comprehensive strategy to guide devolution.</p> <p>58. DLG should through the public awareness campaigns target sectors to foster understanding of the scope and implications</p>	<p>1</p> <p>1</p> <p>1</p> <p>2</p> <p>3</p> <p>2</p>

COMPONENT/ ISSUE	CONCLUSION	RECOMMENDATION	TIMEFRAME
		of devolution.	
7.3 Re-orientation of sectors to new roles	Functional reviews of sectors did not include decentralization and devolution as key parameters.	59. The Office of the President and Cabinet should develop guidelines for the new role of line ministries on policy, standards inspection monitoring and evaluation.	2
	No guidelines have been developed for the provision of technical support to assemblies for the devolved functions.	60. DLG and OPC should develop guidelines and institutional framework for the provision of technical support to assemblies for devolved functions.	2
	The scope and implications devolution not fully understood by sectors.	61. DLG should, through the public awareness campaigns, target sectors to foster understanding of the scope and implications of devolution, including active public participation.	1
7.4 Role of Assemblies as Focal Points for Service Delivery and Development	District assemblies have not been oriented to service delivery role.	62. Assemblies should be oriented by DLG and sectors on service delivery and the content of workshops should include planning, accounting and management.	2
	The assembly structure has not yet been finalized and there is limited capacity to take over and ably perform the devolved functions and for service delivery.	63. The draft report on the assembly structure should within three months be considered and circulated to the sectors for buy-in, rationalization and integration in the assemblies.	1
		64. A comprehensive capacity building plan	3

COMPONENT/ ISSUE	CONCLUSION	RECOMMENDATION	TIMEFRAME
	<p>There appears to be considerable scope for rationalization of staffing at Assembly – and central – levels in the process of devolution.</p>	<p>should be developed focusing not only on human resources but other capacity deficiencies.</p> <p>65. The issue of retrenchment should be put firmly on the agenda for Assemblies. DLG should consult donors to explore their possible interest in supporting such rationalization of staffing at Assembly and central levels. In the case of a positive response DLG should lead the preparation of such plans.</p>	2
7.5 Financial implications of devolution	<p>Sectors are willing to devolve functions but not resources.</p> <p>Reluctance to let go financial resources partly based on the fear that the resources for devolved functions will be diverted to other uses.</p>	<p>66. LASCOT and DLG should assist the assemblies in filling vacant posts in the finance directorate to improve capacity.</p> <p>67. NLGFC must ensure that financial management systems are operational.</p> <p>68. Realistic target dates for devolving functions should be set taking into account the financial resources the functions will command and the capacity of the districts to manage the funds.</p> <p>69. Commitment to devolution should be backed by firmer and increased financial flows from the sectors to the assemblies as part of pro-poor development expenditures protected and properly monitored by the Ministry of Finance.</p>	1

COMPONENT/ ISSUE	CONCLUSION	RECOMMENDATION	TIMEFRAME
		70. Monthly funding for sectors devolving should as much as possible not be reduced by Ministry of Finance to enable the sectors achieve their targets.	
7.6 Community participation	<p>Devolution plans do not clearly provide for improved service delivery with involvement of the communities.</p> <p>There is limited involvement of NGOs in devolution.</p>	<p>71. Devolution guidelines and plans should be revised to include service delivery with the active involvement of the communities in decision making below the district level.</p> <p>72. Wards and Village Development Committees should be legally designated in the institutional framework for decentralization.</p> <p>73. DLG should establish a mechanism for collaboration with NGOs in the devolution process.</p>	<p>3</p> <p>4</p> <p>2</p>
<b>8. Local Planning and Development</b>			
8.1 Preparation and utilization of Socio Economic Profiles and District Development Plans	<p>Links between SEPs and DDPs are weak.</p> <p>There is no clear link between the DDP and the district budgeting process in the DDP. 'VIPs' have clearly interfered in local community-based priority-setting in some cases.</p>	<p>74. DLG should harmonise the preparation of SEPs and DDPs and ensure that priorities in the DDP are funded and implemented.</p> <p>75. External interference in budget expenditures, outside of the planning process, should be discouraged by the centre.</p>	4

<b>COMPONENT/ ISSUE</b>	<b>CONCLUSION</b>	<b>RECOMMENDATION</b>	<b>TIMEFRAME</b>
8.3 Institutional structures for planning and budgeting below the district	The Local Government Act makes no provision for sub-District planning structures.	76. The VAP process should be revitalised to feed information into the DDP and the communities in making decisions.  77. The ward should be legally defined as the unit for sub-District planning.	4  4
8.4 Linking district and national planning	There is no linkage between district planning and national planning and budgeting frameworks.  Linkages between the participatory community based planning and the district planning systems are weak.	78. DLG and MEPD should find practical ways of linking district to national planning.  79. The review of the DPS should institutionalize participatory community based planning in the setting of priorities at district level.	1  4
8.5 Monitoring and Evaluation	The M&E is not fully operational DLG and DS, and at Assembly level. Valuable lessons in the decentralization process are not being documented.  There are few gender-sensitive indicators in use.	80. DLG and EPD should ensure that monitoring and evaluation systems are in place and used for feedback, continuous review and consolidation of lessons learned on the DPS and decentralization.  81. Gender sensitive indicators be developed and used for the monitoring and evaluation at all levels and in sectors.	1  1
<b><u>9. Institution and Capacity Building for Decentralization</u></b>			
9.2 Training Plans	There is no capacity building strategy.	82. Broaden the scope, and speed the	

COMPONENT/ ISSUE	CONCLUSION	RECOMMENDATION	TIMEFRAME
and Activities	Capacity building appears to be equated with 'training'. A long-planned Needs Analysis study is imminent and poses an important opportunity.	implementation of, the proposed Training Needs Analysis towards a capacity building needs analysis for central and Assembly levels, ensuring that gender and HIV/AIDS issues are fully encompassed.	1
	Donor 'balkanisation' of support to certain Districts have led to uneven access to training.	83. A comprehensive capacity building <i>strategy and</i> plan should be developed on the basis of this study, focusing not only on human resources but other capacity deficiencies and factors. This should build on some lessons of international experience and introduce innovations. It should contain provision for more comprehensive orientation of Assembly members, support to preparation of strategic plans in Assemblies, and assessment and provision of additional office space for Assemblies.	2
	There is little evidence of innovation in current approaches. There is considerable scope for learning from successful approaches elsewhere.	84. Accelerate this evaluation, to inform the above strategy formulation.	2
	An evaluation is planned.	85. Accelerate the process of recruitment of volunteers, and permit Assemblies to be the primary arbiters of candidates' suitability.	2
9.3 DLG Strengthening	DLG faces numerous capacity constraints.	86. It should try to speed up recruitment, implement its strategic plan, and engage an OD consultant.	2
9.4 MALGA Strengthening	Although it has a crucial role to play as 'voice' for Assemblies, it has mis-directed lobbying efforts on a few issues, and appears donor-	87. MALGA should increase its efforts in attaining financial independence, and re-focus lobbying on major issues.	3



COMPONENT/ ISSUE	CONCLUSION	RECOMMENDATION	TIMEFRAME
	dependent.		
9.5 LASCOM	<p>LASCOM faces a variety of challenges, which hamper its effectiveness.</p> <p>Most stakeholders are in favour of Assemblies ultimately being responsible for hiring and firing their own staff.</p> <p>The possible introduction of a Public Service Commission would obviate the need for LASCOM.</p>	<p>88. In the short-term, LASCOM should be supported to meet its current capacity challenges.</p> <p>89. LASCOM should exist only as a transitional arrangement., and should be phased out when ADCs in Assemblies have been strengthened.</p>	<p>2</p> <p>4</p>
9.6 NLGFC	<p>NLGFC's functional relationship to DLG, DS and the Assemblies is unclear.</p> <p>It is currently dependent on NORAD funding.</p> <p>Assemblies and sectors need help in budgeting for devolved functions.</p> <p>NLGFC is short of analyst professionals.</p>	<p>90. A task force under IMTC should clarify these relationships.</p> <p>91. Ultimately an appropriate NLGFC Act will be needed.</p> <p>92. NLGFC should initiate dialogue with Treasury and OPC to define GoM support after 2004.</p> <p>93. NLGFC and Treasury should produce and disseminate these guidelines.</p> <p>It should explore the possibility of using qualified volunteers.</p>	<p>3</p> <p>4</p> <p>3</p> <p>1</p> <p>2</p>
<b><u>Promoting a Democratic Culture and Governance</u></b>			
10.1 The preparation	Progress in the preparation of civic education	94. DLG should examine and use options for	1

COMPONENT/ ISSUE	CONCLUSION	RECOMMENDATION	TIMEFRAME
of Civic Education Materials	<p>materials and the implementation of planned activities has on the whole been unsatisfactory partly because of the delay in the recruitment of the IEC officer. An IEC officer is now in place</p> <p>The establishment of IEC committees at district and local levels started in January this year and some have been oriented and some materials have since been developed.</p>	<p>contracting out in order to clear the backlog in the development of civic education materials and use of innovative dissemination channels.</p> <p>95. The IEC committees being established should be meaningfully used in the development and distribution of civic education materials and should have appropriate and equitable representation of technical staff and community member.</p> <p>96. DLG should develop procedures for accelerating approval of civic education material.</p>	<p>1</p> <p>1</p>
10.2 Implementation of Civic Education Campaign	<p>Civic education activities are undertaken in a fragmented manner and the distribution of civic education materials is not based on a concrete dissemination strategy.</p> <p>Public awareness campaigns do not use a combination of strategies, simplified enough to suit the needs of various audiences.</p> <p>Messages on decentralization are not linked to development initiatives and stakeholders are not aware of their roles in the civic education campaigns.</p>	<p>97. DS should champion the review and finalisation of IEC strategy to address HIV/AIDS and gender issues and develop an M&amp;E mechanism for providing timely feedback on its implementation.</p> <p>98. The IEC officer should ensure that dissemination methods and content in the messages are suitable for all publics.</p> <p>99. DLG should refocus the National Civic Education Campaign to ensure that messages on decentralization include other developmental issues and create linkages with existing civil education programmes such</p>	<p>2</p> <p>2</p> <p>3</p>

COMPONENT/ ISSUE	CONCLUSION	RECOMMENDATION	TIMEFRAME
		<p>as DCP, NICE.</p> <p>100. The public awareness campaigns should also target schools, colleges, out of school youth, Army, Police and faith communities.</p> <p>101. Training manuals and curriculum of these institutions should incorporate issue of local governance and decentralization.</p>	<p>3</p> <p>4</p>

COMPONENT/ ISSUE	CONCLUSION	RECOMMENDATION	TIMEFRAME
10.3 Roles of Civil Society in the NDP	No institutional framework exists to guide the interaction between civil society organizations themselves and between civil society and central or local government and donors.	102. DLG should champion the development of guidelines for facilitating interaction of CSOs and local governance staff at centre and district levels, in consultation with CSOs and NGOs.	2
	Limited progress in civil society engagement, Most CSOs has not been fully involved in the planning, implementation and monitoring of the civic education campaign.	103. District Assemblies should recognise the role of civil society and agree on a code on conduct regarding their operations in the district. Where necessary by-laws should be formulated.	2
		104. Donors should allocate adequate funds to this component and mechanism should be developed by DS /TSGin collaboration with DLG for channelling these funds to the CSOs.	1
		105. A coordination mechanism to enhance the networking of CSO, donors and DS/TSG in planning, and monitoring the implementation of civic education should be established and spearheaded by DS/TSG.	2
	There are cases where NGOs were active in Districts, and did not collaborate with Assemblies.	106. Donors should stress to the NGOs they fund the importance of liasing with Assemblies, and of planning activities consistent with DDPs.	2
10.4 Orientation of Stakeholders	Most sub-District level staff from all sectors and the communities have not participated in or benefited from the orientation efforts.	107. DLG should develop more structured training programmes based on the results of a thorough training needs assessment in order to ensure that there is value foe money in	4

COMPONENT/ ISSUE	CONCLUSION	RECOMMENDATION	TIMEFRAME
	There is poor co-ordination in the organisation of orientation workshops, and scarcity of data on the beneficiaries of these workshops.	<p>these programmes.</p> <p>108. DLG should devise a more systematic approach to orientation/sensitization to ensure that messages going out are concrete, uniform, integrated and targeting a wide range of stakeholders.</p>	2
<b><u>11. Gender Mainstreaming</u></b>	<p>Gender has not been mainstreamed into the decentralization process as a planning tool and a means of ensuring equitable participation in development.</p> <p>There is lack of capacity and expertise in DLG and the DS for gender mainstreaming.</p>	<p>109. DLG should appoint a senior officer to act as an effective gender focal point at headquarters and consider options for creating/identifying an effective focal point at district level within the Planning and Development Directorate of the district assemblies to spearhead the planning and implementation of gender responsive programs in accordance with the provisions of the national gender policy framework and MPRSP.</p> <p>110. Job descriptions of all staff at district and local level staff, committees, taskforces should reflect gender equality issues</p> <p>111. The DEC as a technical committee of the DAs should as part of its TORs perform the role of coordinating gender mainstreaming at district level</p>	<p>1</p> <p>1</p> <p>2</p>

COMPONENT/ ISSUE	CONCLUSION	RECOMMENDATION	TIMEFRAME
	<p>There is lack of capacity and expertise in DLG, DS and district for gender mainstreaming.</p> <p>No Gender strategy exists and no clear guidelines for mainstreaming gender in local governance.</p> <p>There is limited participation of women as councillors and members of staff at District level thereby limiting the extent to which women's and children's issues are tackled in assemblies.</p>	<p>112. The Planning and Development Service Committee should be responsible for gender issues as part of its terms of reference.</p> <p>113. There is need to build capacity for gender analysis and mainstreaming at DLG, in the districts and at community as part the effort of address existing inequalities between men and women.</p> <p>114. DLG should engage a gender consultant to conduct a gender analysis of the local government system focusing on assessment of services, analysis of representation, analysis of sectoral programs, and establishment of gender differentiated management information systems</p> <p>115. DLG should spearhead the development of a gender strategy and guidelines for mainstreaming for the district assemblies.</p> <p>116. The Local Government Act should be reviewed for gender responsiveness and to provide for five positions for nominees to represent women in the district assemblies. DLG to devise a program to support and assist women councillors play their role effectively in the local assemblies.</p>	<p>3</p> <p>3</p> <p>3</p> <p>1</p> <p>2</p>
<b>12. HIV/AIDS</b>	No concrete steps have been taken to	117. DLG should ensure that all stakeholders	2

COMPONENT/ ISSUE	CONCLUSION	RECOMMENDATION	TIMEFRAME
<b>Mainstreaming</b>	<p>mainstream HIV/AIDS in the decentralization process and DACCs are inactive.</p> <p>Implementation of activities is haphazard and mainly left at the discretion of DACC which is not a legally constituted committee.</p> <p>HIV/AIDS is still considered a function for the central government since NAC still maintains control over all activities and funds.</p> <p>The impact of HIV/AIDS on the Human Resource in the assembly has been recognised but there is no work place</p>	<p>understand the implications of gender dimensions of HIV/AIDS for decentralization and design appropriate interventions</p> <p>118. The dialogue between DLG and NAC should be strengthened to support the mainstreaming of HIV/AIDS in the decentralization process as a priority.</p> <p>119. The post of HIV/AIDS coordinator should be created in the Planning and Development Directorate at district level.</p> <p>120. HIV/AIDS should be part of the TOR of the Development Service Committee.</p> <p>121. Both DLG and NAC should collaborate to support capacity building initiatives in HIV/AIDS at DLG, assemblies and in NDP institutions.</p> <p>122. HIV/AIDS mainstreaming should be included as one of the competencies of district level staff and their technical capacities in this area developed to enable them internalise the values at individual and institutional levels.</p> <p>123. DLG and all DAs should develop an HIV/AIDS workplace programme to be co-ordinated by the Directorate of Administration.</p> <p>124. NAC should hold discussions with MASAF to learn from their new experience</p>	<p>1</p> <p>1</p> <p>1</p> <p>3</p> <p>3</p> <p>1</p> <p>1</p>

COMPONENT/ ISSUE	CONCLUSION	RECOMMENDATION	TIMEFRAME
	program yet to address the issues.	with LGFC.	
<b><u>13. Donor Support for Decentralisation</u></b>			
Donor Support and Concerns	<p>A variety of donors provide a range of types of support: direct and indirect, to decentralisation. They have many, substantial concerns, which will, if un-addressed, affect future willingness to commit more resources.</p> <p>There are considerable unspent donor funds for NDP, detected only after major effort during this review, indicating problems with reporting global expenditure levels.</p> <p>Donors appear to have difficulties harmonising their approaches to support for decentralisation. This has led to distortion of training and DDF allocations between Districts, and some non-reporting of donor funding to GoM, and by NGOs on their activities, to Assemblies.</p> <p>Donors to decentralisation have not been co-</p>	<p>125. MoF and DLG should address and seek to resolve the concerns of donors.</p> <p>126. Unused funds should be re-committed to top-priority activities (suggested in the Executive Summary).</p> <p>127. DS should take immediate steps to regularise financial reporting of donor expenditure. This composite picture should be part of the proposed annual review process for NDP.</p> <p>128. The forthcoming study on DDF should devise a Basket Fund Management arrangement.</p> <p>129. GoM should stress that DDF is the entry point for all donor and NGO development funding, and donors should declare all expenditures on District activities to GoM, and stress to NGOs they fund the importance of liaising with Assemblies.</p>	<p>3</p> <p>3</p> <p>1</p> <p>3</p> <p>1</p>



COMPONENT/ ISSUE	CONCLUSION	RECOMMENDATION	TIMEFRAME
	<p>ordinated so far.</p> <p>Many of the problems with NDP implementation 2001-4 have not been picked up since 2001, because there is no regular mechanism for review of NDP progress.</p>	<p>130. Heads of Mission Meeting should mandate the sub-Committee on Governance to establish a Task Force on Decentralisation.</p> <p>131. The next NDP should be monitored annually jointly via a Round Table Conference, to which DLG should, via IMTC and the Cabinet Committee, report progress and expenditures.</p>	<p>1</p> <p>4</p>

## APPENDIX 3

### SUMMARY OF PROGRESS RELATED TO RECOMMENDATIONS OF THE 2001 REVIEW

#### The Legal Framework

<b>Recommended in 2001 Review</b>	<b>Progress Observed during Review</b>
Determination of the term of office for elected members of District Assemblies	An appropriate Act has been passed by parliament
A provision to enable local Government elections to be held at the same time as the Presidential and Parliament elections	Bill rejected by Parliament
A provision to deal with members of Assemblies who may be convicted by count of Law	Act passed
Institutional gaps in order to deal with land and property valuation	A study was carried out, a report has been produced. The recommendations of the study, however, appear to be unsuitable for Malawi. There is no progress being made on this matter at the moment
Amendment of the 17 acts identified by a consultant in 1999 as well as the amendment of other sectoral laws which appear to be in conflict with the Local Government Act.	The 17 acts have not yet been amended Four sectors, namely Education, Gender, Lands and Commerce and Industry have began work on the review of theirs Laws. Education and Lands have, however run out of funds There are many other sectoral laws that are yet to be reviewed
Review of by-laws	The best approach is to carryout a comprehensive review for each sector beginning with those that are ready to devolve functions. District Assemblies have drafted some new by-laws and have also reviewed some existing by-laws particularly simple by-laws dealing with taxes. Very little work has been carried on the more complex by-laws that take into account such issues as the environment, health, HIV/Aids etc. As a result, most of the draft by-laws have not been approved by DLG. There is very little communication on this matter between DLG and the Assemblies. In other words, very little progress has been made.
Review of the Local Government Act	Two reviews carried out There is further need for reviewing the act in order to define roles and responsibilities of DLG, DS, Sectoral Ministries, the Assemblies and other major players. There is further need to define legal structures below the District Assembly

## Institutional Framework And Coordination Arrangements

Recommendations in 2001 Review	Progress observed during the current Review
Establish a Steering Committee on decentralisation to be composed of Principal Secretaries of Ministries affected by devolution	Committee has not been established
Establish a joint Government of Malawi / Donor Coordination Sub Committee on decentralisation	Joint GoM / Donor Technical Sub-committee formed in the last quarter of 2003
Establish Sector task forces to coordinate the devolution process at sector level	Sector task-forces established in Ministries affected by devolution
Form a committee of elected members at Assembly level to coordinate and monitor progress of devolution	Some District Task Forces on devolution formed but largely ineffective so far.

## Fiscal Reforms

<i>Recommended during 2001 Review</i>	<i>Progress to-date</i>
Allocate funds to Assemblies according to approved IGFTS.	The system is operational.
Implement recommendations of property rates and business lincencing study.	Ministerial approval being awaited. (10 Assemblies only).
Review administration of user charges.	Terms of Reference developed.
Collect data on revenue sources in Assemblies.	Not done.
Develop system for ceded revenue collection and distribution.	Terms of Reference developed
Install computerized IFMIS to DAs.	IFMIS has been piloted in 6 districts.
Review implementation of IFMIS.	Peer review done, ready for roll out.
Train accounting staff in IFMIS.	6 accounting staff trained.
Training of accounting staff in accounting.	Staff trained up to technician level.
Train procurement committees.	Training manual for IFMIS prepared but training not conducted.
Develop financial instruction and budget manuals.	Not developed.
Review DDF.	Not done: planned under UNCDF auspices soon.
Prepare training manual for IFMIS.	Done.

## Sector Devolution

Recommended in 2001 Review	Progress Observed During the 2004 Review
Clarification of devolution strategy policy guidelines on devolution, preparation and approval of sector devolution plans.	Second policy directive as part of the effort to clarify issued in December 2003 directing ministries to devolve by 1 January, 2004 issued by OPC guidelines but no comprehensive strategy yet and implementation still slow.
Sector work-plans for devolution prepared and adopted.	Ten sectors have prepared devolution plans and four have been approved; follow-up policy circular Four ministries of Gender, Commerce, Water and Agriculture have prepared draft devolution guidelines. Only those from Commerce have been circulated are yet to reach all assemblies.
Essential district capacities established for assuming devolved sector functions.	<p>No progress on integration in the assemblies and the draft report on Assembly structure and related human resource management issues has just been completed.</p> <p>Following the OPC circular sectors have taken initial steps orient field staff and the handing-over some functions.</p> <p>Some assemblies have ad hoc devolution taskforces, staff from line ministries still reporting to sectors and some sectors are taking back to regional offices vehicles and computers.</p>
Essential ministry capacities established for assuming policy and monitoring functions.	No progress.
Devolved sector financing in place	The DDF has generally been accepted as the entry for channeling development resources but some donors do not use it; some sectors are preparing budgets for the devolved functions with some assemblies but the procedures are not very clear. Slow progress on establishing financial management systems and capacities.

## Local Planning And Development

### General Comment:

Though the DS 2003 report indicates completion of many of the activities it should be noted that many of these activities were in fact implemented prior to 2003. Also, as the District Planning function has been under the Department of Local Government since the end of 2001, there is no indication in the report which activities were implemented by DLG or in conjunction with DLG. It appears that the DS was implementing activities that were actually under the jurisdiction of the DLG.

Furthermore, a number of the activities were actually completed prior to 2003 and attributed to the 2003 implementation plan. The 2003 report appears to be more of a compendium of implementation from (in some cases) 1999-2003 i.e. completion of all SEPs and District Development Plans. Finally, although the 'completion of reports or documentation of lessons learned' were noted as an output under many of the activities, there were few reports made available to verify most of these statements. This could be a function of the poor documentation system in the DS as it was difficult to obtain many of the reports which were requested by the team. Beyond reports, there is no indication that action was taken as a result of the reports. There were no consistent field visit/monitoring reports or reports of lessons learned from any field visits that were taken.

<b>Recommended in 2001 Review</b> A revised unified and participatory district development planning and financing mechanisms system developed	<b>Progress Observed during Current Review</b> The system was developed in 1995, revised in 1996 and again in 2000. There is no indication of any revisions since the 2001 revision. Study linking the planning and budgeting system nationally not available and no evidence of action beyond completion of the studies or plans for action as a result of studies completed.
DDPS implemented in all districts	All SEPS and DDPs were completed and available, but many were completed before 2003 and most were completed under the guidance of DLG or the staff of DLG when they were in the DS. M&E reports not available to verify lessons or recommended actions on the way forward Data Bank system was established prior to 2003. DA training reports not available.
District Assemblies capacity for service delivery enhanced	MK 720,215, 825 was budgeted for the DDF. Financial reports indicate MK 451,348,965 was disbursed or 62% of the amount budgeted. These figures need to be reconciled by the DS and connected to actual DDF physical reports. Donor programmes should look closely at this during their evaluations. M&E: The reported trips to the assemblies appear to have no documentation to verify.
Urban Development Planning System developed and implemented	This component appears to be moving forward according to plan: system developed and being implemented in 8 Town Assemblies. SEPs under preparation for most; land-use maps ready in 4 towns; grass-root participation pilot conducted.
Monitoring and Evaluation of DDPS	Conflicting reports on how many meetings held; only indication of minutes were the production of the TORs for the Review Mission. The other activities appear to be taken from previous DS reports and could not be verified for 2003 because reports of the field visits and internal review of the programme were not available.
<b>Concerns of the 2001 Review included:</b> Need to train trainers in SDI and University of Malawi	None reported in 2003 DS Report
Amalgamation of micro-project funds through the DDF	EC micro-projects programme anticipates moves in that direction in medium term; MASAF III already agreed will be co-ordinated with DAs.
Need to link planning to available budgets	No evidence of this happening yet.
Synchronisation with national planning cycle	Only a conceptual link exists: not operational.

## Institution And Capacity Building

Recommended in 2001 Review	Progress Observed During Current Review
<p>A. A multi-pronged capacity building and institutional development strategy, which comprised ten work-plan items covering:</p> <p>Strengthening training institutions such as MIM, Chancellor College, and SDI. Training in DLG Strengthening MALGA</p>	<p>No training, or capacity building, strategy exists. A training plan for 2004 exists which is called a capacity building plan. It is largely un-fundable (cost \$3 million; available \$136,000) Not yet started</p>
<p>Training for DA members especially those serving on Committees</p>	<p>Mainly overseas training so far. NORAD assistance provided thru KS. Strategic Plan produced through DS. Other than micro-enterprise training for 699 members, none in 2003; some from GTZ MGPPD programme (not reported by DS)</p>
<p>Training for DEC members</p>	<p>138 in 16 locations: mainly District Training Teams</p>
<p>Training for DA managerial staff in management skills, and strategic planning needs assessments for DAs DA Offices' construction needs assessment, and one which covers.. vehicles and equipment for DAs 'On-job support' to DA staff via senior facilitators / advisers</p>	<p>111 reported trained in various courses at District level in 2003</p> <p>Not yet undertaken. Training Needs Assessment still outstanding. 11 vehicles purchased; Over 80 computer sets purchased and distributed Two DED volunteers in post in DAs. None of the offered UNVs have been accepted by DLG and DS Progress unclear: not stated in 2003 Report.</p>
<p>B. Capacity Building of training institutions</p>	<p>Not recruited</p>
<p>C. Long term Technical Assistance for Capacity Building</p>	<p>Some curriculum development with the above institutions (no details to hand)</p>
<p>D. Curriculum development, plus short-term TA in training institutions</p>	<p>Not undertaken yet</p>
<p>E. Strategic planning assessments, and training needs analysis for DAs</p>	<p>Plan prepared but still to be implemented LASCOM Plan produced but cannot be implemented due to staff and funding shortages.</p>
<p>F. A Strategic Plan for DLG: and implementation of the 2000 Functional Review of what was then DDLGA</p>	<p>5 long-vacant DS managerial posts filled 2003 No exit strategy yet available MALGA see above ..only micro-finance training for ADCs</p>
<p>G. Gradual phase-out of DS</p>	<p>Still not happened, apart from some staff training.</p>
<p>H. Strengthening of MALGA, VDCs, ADCs,</p>	<p>Still no evidence of this/ these?</p>
<p>Concerns expressed by the Review team (p45/6) included that:</p> <ul style="list-style-type: none"> <li>- there had been no orientation or strengthening of LASCOM</li> <li>- it was unclear if HRM manuals had ever been disseminated to DAs</li> <li>- there had been no transfers of staff from sectors to DAs.</li> <li>- little training work other than basic orientation had been done in DAs (more work they said was needed with Service Committees).</li> <li>- more detailed Devolution implementation Guidelines were needed for all devolving sectors and functions (covering financial, HR and planning issues)</li> <li>- training implementation was a 'major bottleneck' (p46) in that it appeared that DS was the only provider of training</li> <li>- there were many unfilled posts in DLG.</li> </ul>	<p>Still the case</p> <p>Largely similar situation</p>
	<p>One sector set available in DAs (MCI) as at time of review mission. Sectors have completed general guidelines on functions with DS assistance</p> <p>SDI, MCA, MEDI used in 2003 for some training Most senior posts now filled (as in DS): shortage of technical staff persists in DLG.</p>

## Promoting A Democratic Culture And Governance

<b>Recommended in 2001 Review</b>	<b>Progress observed during 2004 review</b>
<p>Local government elections: DGL and MEC to meet to discuss the clarification of the holding of next local government elections since this will have implications for the design and implementation of civic education activities and the clarification on how people will vote.</p>	<p>Clarification has been made that Local government elections will be held in 2005 separately from Presidential elections</p> <p>No evidence of civic education materials developed ahead of the up coming elections.</p>
<p><b>Civic education program:</b> Empowering citizens to make the system work should be an on –going exercise which should be facilitated by the design and implementation of a long term national – wide civic education program involving key stakeholders such as DS, MEC, NICE/PAC, MALGA faith based groups e.g Blantyre Synod, CCJP, and Livingstonia Synod</p> <p>A coordination mechanism to be established involving DS and other partners to ensure standards, equal coverage and to monitor progress in implementation</p>	<p>Tentative civic education programme developed in 2001 not yet concretized and revised into a long term nation – wide civic education program.</p> <p>IEC plan and strategy was developed in 2003 but still requires improvement in incorporation of cross-cutting issues e.g gender and HIV/AIDS.</p> <p>Key stakeholders mentioned have not yet been fully and systematically involved in the development and implementation of the program.</p> <p>Coordination mechanism involving DS and partners for ensuring standards and monitoring progress not yet in place, although DS did involve some CSOs/NGOs in development of civic education materials.</p>
<p><b>Sensitization of Stakeholders</b> All orientation meetings should be held targeting civil society organizations MPs, Politicians, TAs etc.</p> <p>Copies of implementation plan and sector devolution and other documentation in decentralisation to be disseminated to key stakeholders as soon as possible</p>	<p>Documentation e.g decentralisation policy, LGA distributed to sectoral staff, journalist, MPs during orientation sessions</p> <p>Information of NDP and sector devolution plan not yet widely known</p> <p>Orientation of some ministries staff, MPs, Councilors done.</p> <p>No orientation of civil Society organizations, limited training of chiefs.</p>
<p><b>Materials development and dissemination</b> The updating of Local Government Act translation in to major local languages, make these more accessible through use of wide range of media to reinforce print media.</p> <p>Materials to be widely disseminated through review of current dissemination strategies, use of existing networks such as ministries, NGOs</p> <p>Materials to be disseminated to schools colleges, Army, Police, youth clubs etc</p>	<p>Eleven episodes out of twenty have been developed and are currently aired on TVM, Radio programs and other media houses not yet started.</p> <p>3,000 copies of newsletters in English produced and distributed, still not adequate to reach majority of population.</p> <p>4,000 2004 desk calendars and 3000 pocket calendars produced and disseminated.</p> <p>Dissemination strategy not yet developed to facilitate use of existing networks, forum, outlets such as parliamentary sessions, ministries own training sessions CSOs programs (PAC/NICE). Circulation of materials still limited.</p> <p>Dissemination of materials to schools, colleges, the army, police, urban and rural youth, rural communities, non-devolving ministries, not yet done.</p>



## Gender Mainstreaming

Recommended in the 2001 Review	Progress Observed During the Present Review
<p data-bbox="277 300 553 331"><b>Women's empowerment</b></p> <p data-bbox="277 352 841 436">Role of women in decentralisation and importance of women taking up leadership positions to be emphasised in next program</p>	<p data-bbox="841 300 1170 331">No gender strategy yet in place</p> <p data-bbox="841 352 1461 667">Limited attention to gender and women issues in DAs and at DGL, women constitute 10% of Councilors in assemblies and no deliberate initiatives have been developed yet by DS/DLG to facilitate women's participation in the up-coming local Government elections and enhance their current participation in the other NDP institutions. Some isolated initiative started in 2003 under Lilongwe District Assembly on gender and Urban governance through which assembly members and staff were trained in gender and governance. A draft action plan and gender policy was developed but still needs to be finalized to act as best practice.</p>

## **APPENDIX 4 LIST OF PEOPLE MET DURING THE REVIEW**

### **Government of Malawi**

#### **Office of President and Cabinet**

Mr Bright Msaka Deputy Secretary to President and Cabinet

#### **Department of Local Government**

Hon Salim Bagus, MP Minister of Local Government  
Hon James Luwe, MP Deputy Minister of Local Government  
Mr Willie Samute Principal Secretary, Department of Local Government  
Mr Sebastian Sentala Director of Local Government Services, DLG  
Mr Jack Kujaliwa Director, Finance and Administration, DLG  
Mr Francis Mwamadi Controller of Accounting Services, DLG  
Mrs Jane Milanzi-Kalemera Controller of Human Resource Management Development, DLG  
Mr Luckie Sikwese Deputy Director, Planning and Development, DLG  
Mr Stuart Ligomeka Deputy Director, Local Govt Management DLG

#### **Other Ministries**

Dr Richard Pendame Principal Secretary, Ministry of Health  
Dr C.J. Matabwa Principal Secretary, Ministry of Agriculture, Irrigation and Food Security  
Mr Duncan Chiwone Under Secretary, MoAIFS  
Mr Chawinga Chief Accountant, MoAIFS  
Mrs Andrina Mchiela Principal Secretary, Ministry of Lands, Physical Planning and Surveys  
Mr Patrick Yasini Controller of Lands Services  
Mr Kalima Deputy Secretary  
Mr Felix Tukula Deputy Commissioner, Physical Planning  
Mr R.P. Mwadiwa Principal Secretary, Ministry of Gender and Community Services  
Mr T. Kang'ombe Director, Administration, MoGCS  
Dr Chinthu Chizonda Principal Secretary, Ministry of Water Development  
Mr S. Mainala Director of Water Resources, MWD  
Mr D. Kaluluma Chief HRMD Officer, MWD  
Ms Colleen Zamba Principal Secretary, Ministry of Commerce and Industry  
Mrs H.O. Ndilowe Principal Secretary, Ministry of Housing  
Mr Chirwa Chief Housing Officer  
Mr B.W. Chisamile Principal Secretary, Ministry of Public Works  
Mr Maseya Principal Human Resource Management Officer

Mr George Mkondiwa	Principal Secretary, Ministry of Natural Resources and Environmental Affairs
Mr Charles Ndhlovu	Head of Planning, Ministry of Natural Resources and Environmental Affairs
Mr P.V. Kachimera	Principal Secretary, Department of Human Resource Management and Development
Mr Mussa	Director, Democracy Consolidation Programme, OPC
Mr Paul Lungu	Adviser, Public Sector reform Programme, OPC

#### **Decentralisation Secretariat**

Dr Aubrey Mvula	Programme Manager
Mrs Wezi Mjojo	Director of Finance and Administration
Mr Feston Zambezi	Head of Planning
Mrs Chimwemwe Banda	IEC Officer
Mr Jack Nguluwe	Training Officer
Mr Elvis Njoka	ADB Database Development Officer
Mr Manuel Mang'anya	Data Specialist
Mr Alifeyo Banda	M &E Officer
Mr Peter Mtema	IT Manager
Mr Krishna Acharya	Micro-finance Officer
Mr George Kulemeka	Procurement Officer
Mr Henry Mphasa	Finance Manager
Mr Claus Kruse	Planning Adviser (DED Volunteer)

#### **National Local Government Finance Committee**

Mrs Kamia Kaluma	Executive Secretary
Mr Masai Mfune	Financial Analyst LGFC
Mr Mwamondwe	Financial Analyst LGFC
Mr Adil Chilungo	Finance and Administration Manager

#### **Local Government Service Commission**

Mr H.J. Mwabupighu	Secretary
Mr H.K. Shaba	Assistant Secretary
Mr Bernard Kamangadazi	Clerk
Mr Roland Kachule	HRM Officer

#### **Malawi Local Government Association**

Mr H. Mbetewa	General Secretary
Mr K. Chilunga	Information and Research Officer

#### **Malawi Law Commission**

Mr K. Mbang'ombe
Mr G. Msiska

#### **National Aids Commission**

Dr Biswick Mwale	Executive Director
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## **Local Authorities**

### **Lilongwe City Assembly**

Prof Donton Mkandawire	Chief Executive, Lilongwe City Assembly
Councillor Baisi	Deputy Mayoress
Councillor Mwinjiro	Member
Councillor Kachoka	Member
Councillor Makanga	Member
Councillor Chikakuda	Member
Councillor Nowa	Member
Councillor Kalitera	Member
Mr Kazembe	Director of Agriculture & Natural Resources
Mr Kajanjga	Director of Public Works
Mr Mpoola	Director of Planning and Development
Mr Bandawe	Director of Administration
Mr M'bweza	Human Resources Manager

### **Lilongwe District Assembly**

Mr John Mchuluko	District Information Officer
Ms Jessie Mzamu	District Humanitarian Affairs Officer
Mr Justice Chimangeni	District Fisheries Officer
Mrs Mbendera	District Youth Officer

### **Blantyre District Assembly**

Mr Charles Makanga	District Commissioner, Blantyre District Assembly
Eight members	Blantyre District DEC Members of Blantyre District Assembly

### **Blantyre City Assembly**

His Worship the Mayor	Councillor John Chikakwiya
Mrs Sophie Kalimba	Chief Executive, Blantyre City Assembly
Mr T.J. Muwamba	Member of Assembly representing the Civil Society
Mrs Faye Alvares	Member of Assembly representing the Minorities

### **Mangochi District Assembly**

Kiswell David Dakamau	District Commissioner, Mangochi District Assembly
All Chairs of the Mangochi District Assembly's Committees	
Five Members of the Mangochi DEC from Agriculture, Housing, Forestry, Water, and Save the Children (US)	
Traditional Authority Chimwala	
Traditional Authority Chome	

**Mangochi Town Assembly**

Councillor Hende Vice Chairman of the Assembly  
Mr Gaston Majeka Director, Administration, Mangochi Town Assembly

Six members of the Mangochi Town Assembly

Mr Mponya HRD Officer  
Mr Chingoma Internal Auditor  
Mrs Mbale Environmental Health Officer  
Mr Kalimba MIS Officer / Acting Finance Director  
Councillor Saidi Chairman of Human Resource Committee  
Councillor Bele Chairman of Public Works Committee  
Councillor Mayuni Member of Assembly representing Vendors  
Councillor Mwanyali Member of Assembly representing Religious Groups

**Rumphi District Assembly**

Mr. Frank Siegmund DED Volunteer, Rumphi District Assembly

**Mzuzu City Assembly**

Mr C.D. Nhlongo Director of Administration  
5 Councillors

**Nkhata Bay District Assembly**

Mr M.O. Chimphepo District Commissioner  
T.A. Timbiri  
T.A. Msakambewa  
Honourable Salima Member of Parliament  
DEC members  
6 Councillors

**Mzimba District Assembly**

Mr F.N. Mkandawire District Commissioner  
T.A. Kapingo Sibande  
2 Members of Parliament  
10 Members of DEC  
5 Councillors

**Dedza District Assembly**

Mr Jere District Commissioner  
T.A. Kachere Member  
T.A. Kaphuka Member  
Councillor Kalimo Chairperson of Assembly  
Councillor C.K. Phiri Member  
Councillor Kamunga Member

### **Dedza Town Assembly**

Councillor S.K. Kadzuwa	Chairperson
Councillor Malamulo	Member
Councillor Kamphamtengo	Member
Councillor Mkutu	Member
Councillor B.B. Chimbaza	Member
Councillor Chiomba	Member
Councillor E. Kampalize	Member
Mr Nyirongo	Acting Chief Executive

### **Concern Universal – Dedza**

Mr J. Mapemba	Deputy Programme Manager
Mr L. Mvula	Project Manager
Mr W. Mwandira	Project Manager
Mr C. Kapondengeya	Research Officer

### **Planning Directors of Assemblies**

All Planning Directors (discussion 16/03/04 at Natural Resources College)

### **Donors**

Ms Mette Masst	Deputy Director General NORAD
Mr Asgeir Rustad	First Secretary Norwegian Embassy (Governance Advisor)
Mr Arild Schou	Consultant, NIBR Norway
Mrs Zahra Nuru	Resident Representative, UNDP
Dr Daphne Casey	Deputy Resident Representative, UNDP
Mr Jockley Mbeye	Programme Officer, UNDP
Ms Jackie Peace	Governance Adviser, DFID
Ms Chigo Mtegha	Assistant Policy Adviser, DFID
Mr Jerome Pons	Counsellor (Aid) European Commission
Ms Olivia Liwewe	Canadian International Development Agency

### **Development Co-operation Organisations or Agencies**

Mr Francis M'buka	Agriculture Development Specialist World Bank
Ms Christine Kimes	AIDS/ World Bank
Ms Nina Scholer	World Bank (HIV/AIDs Institutional Development)
Mr Bodo Paul Immink	Programme Co-ordinator, Malawi-German Programme for Democracy and Decentralisation (MGPDD)
Mr Gerard Chigona	Deputy Programme Co-ordinator MGPDD
Dr Aues Scek	Macroeconomist, GTZ, MEPD
Mr Michael Nyirenda	Programme Officer MGPDD
Ms Laura Schmidt	Junior Expert MGPDD
Dr Christian Peters-Berries	Project Manager National Initiative for Civic Education
Ms Friederike Pommerehne	Resident Representative DED Volunteer Service
Mr Rhino Chipshiko	Senior Programme Officer National Democratic Institute (NDI)

Ms Liss Schanke	Adviser, Norwegian Association of Local and Regional Authorities
Ms May Endersen	Adviser, Norwegian Association of Local and Regional Authorities

### **Civil Society Organisations**

Mr Emmanuel Ted Nandolo	Executive Director, Council for NGOs in Malawi (CONGOMA)
Mrs Emilliana Tembo	Executive Secretary, Malawi Human Rights Commission
Mr Albert Dzinza	Malawi Centre for Advice, Research and Education on Rights (Malawi CARER)
Mr Peter Chisi	Co-ordinator, Legal and Community Education, Malawi CARER
Ms Nellie Ngingwa	Director, OXFAM Malawi
Ms Jennifer Froistad	Field Office Director, Save the Children USA
Mr Nick Osborne	Director, CARE International
Mr Mapemba	Concern Universal
Mr Mavuto Bamusi	Deputy Co-ordinator, Malawi Economic Justice Network (MEJN)
Mr Dalitso Kubalasa	Research Officer, MEJN

### **Training Organisations**

Mr Albert Kumwenda	Principal, Malawi College of Accountancy
Mr Wilfred Chinthochi	Management Development Consultant, Malawi Institute of Management
Mr Blessings Chilabade	Director, Staff Development Institute
Mr Manuel Kazembe	Chief Lecturer, English and Communication, SDI
Mr Watson Mankhanamba	Deputy Director, SDI
Mr Owen Mutega	Chief Lecturer and Head of LGD SDI
Mr Stephen Taulo	Head of Environmental Health Department, The Polytechnic
Dr E. Chikwenda	Head of Architecture and Building Science, The Polytechnic
Mr A. A. Mwenifumbo	Senior Lecturer (Management) Management Development Centre, The Polytechnic
Mr Martin Thawani	College Librarian, The Polytechnic

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**Appendix 6: Budget Performance of Assemblies  
(Summary)**

	2001/02 Actual MK	2002/03 Actual MK	2003/04 Budget MK
<b>Revenue &amp; Grants</b>			
Government Transfers - GCT	87,955,534	137,819,426	146,486,771
Government Transfers - Salary	31,568,996	69,133,424	72,816,524
Government Transfer - Other	27,331,394	32,010,877	41,303,771
<b>Sub Total</b>	<b>146,855,924</b>	<b>238,963,727</b>	<b>260,607,066</b>
Local Revenue	992,156,439	1,127,329,270	1,993,323,216
<b>Sub Total</b>	<b>992,156,439</b>	<b>1,127,329,270</b>	<b>1,993,323,216</b>
<b>Total Revenue and Grants</b>	<b>1,139,012,363</b>	<b>1,366,292,997</b>	<b>2,253,930,282</b>
<b>Expenditure</b>			
Salaries and Wages	344,358,696	396,047,583	770,077,782
Goods and Services	695,681,610	853,231,972	1,124,224,537
<b>Total</b>	<b>1,040,040,306</b>	<b>1,249,279,555</b>	<b>1,894,302,319</b>
Surplus/(Deficit)	<b>98,972,057</b>	<b>117,013,442</b>	<b>359,627,963</b>
Own Capital - Projects	85,567,152	44,277,728	357,628,105
Surplus/(Deficit)	<b>13,404,905</b>	<b>72,735,714</b>	<b>1,999,858</b>
Donor Resources	120,176,931	211,688,053	445,540,529
Project Expenditure	120,176,931	205,194,681	445,540,529
Surplus/(Deficit)	-	6,493,372	-
<b>Total Surplus/(Deficit)</b>	<b>13,404,905</b>	<b>79,229,086</b>	<b>1,999,858</b>

Source: National Local Government Finance Committee

## Appendix 7: Budget Performance of District Assemblies

	2001/02 Actual MK	2002/03 Actual MK	2003/04 Budget MK
<b>Revenue &amp; Grants</b>			
Government Transfers - GCT	63,097,639	116,866,759	123,248,069
Government Transfers - Salary	27,167,633	65,402,301	64,809,090
Government Transfer - Other	27,331,394	32,010,877	41,303,771
<b>Sub Total</b>	<b>117,596,666</b>	<b>214,279,937</b>	<b>229,360,930</b>
Local Revenue	92,835,061	111,279,596	191,295,561
<b>Sub Total</b>	<b>92,835,061</b>	<b>111,279,596</b>	<b>191,295,561</b>
<b>Total Revenue and Grants</b>	<b>210,431,727</b>	<b>325,559,533</b>	<b>420,656,491</b>
<b>Expenditure</b>			
Salaries and Wages	74,502,331	124,191,218	150,640,702
Goods and Services	129,685,393	191,934,853	232,448,916
<b>Total</b>	<b>204,187,724</b>	<b>316,126,071</b>	<b>383,089,618</b>
Surplus/(Deficit)	<b>6,244,003</b>	<b>9,433,462</b>	<b>37,566,873</b>
Own Capital - Projects	5,801,031	6,947,376	36,856,105
Surplus/(Deficit)	<b>442,972</b>	<b>2,486,086</b>	<b>710,768</b>
Donor Resources	115,917,353	200,306,695	414,626,460
Project Expenditure	115,917,353	193,813,323	414,626,460
Surplus/(Deficit)	-	6,493,372	-
<b>Total Surplus/(Deficit)</b>	<b>442,972</b>	<b>8,979,458</b>	<b>710,768</b>

Source: National Local Government Finance Committee

## Appendix 8: Budget Performance of Town Assemblies

	2001/02 Actual	2002/03 Actual	2003/04 Budget
Revenue & Grants	MK	MK	MK
Government Transfers - GCT	13,346,935	6,730,599	7,551,902
Government Transfers - Salary	4,401,363	3,731,123	8,007,434
Government Transfer - Other	-	-	-
<b>Sub Total</b>	<b>17,748,298</b>	<b>10,461,722</b>	<b>15,559,336</b>
Local Revenue	44,234,408	47,297,510	80,224,368
<b>Sub Total</b>	<b>44,234,408</b>	<b>47,297,510</b>	<b>80,224,368</b>
<b>Total Revenue and Grants</b>	<b>61,982,706</b>	<b>57,759,232</b>	<b>95,783,704</b>
<b>Expenditure</b>			
Salaries and Wages	18,295,041	18,295,041	29,186,660
Goods and Services	40,265,148	38,526,466	55,944,958
<b>Total</b>	<b>58,560,189</b>	<b>56,821,507</b>	<b>85,131,618</b>
Surplus/(Deficit)	<b>3,422,517</b>	<b>937,725</b>	<b>10,652,086</b>
Own Capital - Projects	1,594,121	271,524	10,512,000
Surplus/(Deficit)	<b>1,828,396</b>	<b>666,201</b>	<b>140,086</b>
Donor Resources	4,259,578	11,381,358	15,019,069
Project Expenditure	4,259,578	11,381,358	15,019,069
Surplus( Deficit)	-	-	-
<b>Total Surplus/(Deficit)</b>	<b>1,828,396</b>	<b>666,201</b>	<b>140,086</b>

Source: National Local Government Finance Committee

## Appendix 9: Budget Performance of City and Municipal Assemblies

	2001/02 Actual MK	2002/03 Actual MK	2003/04 Budget MK
<b>Revenue &amp; Grants</b>			
Government Transfers - GCT	11,510,960	14,222,068	15,686,800
Government Transfers - Salary	-	-	-
Government Transfer - Other	-	-	-
<b>Sub Total</b>	<b>11,510,960</b>	<b>14,222,068</b>	<b>15,686,800</b>
Local Revenue	855,086,970	968,752,164	1,721,803,287
<b>Sub Total</b>	<b>855,086,970</b>	<b>968,752,164</b>	<b>1,721,803,287</b>
<b>Total Revenue and Grants</b>	<b>866,597,930</b>	<b>982,974,232</b>	<b>1,737,490,087</b>
<b>Expenditure</b>			
Salaries and Wages	251,561,324	253,561,324	590,250,420
Goods and Services	525,731,069	622,770,653	835,830,663
<b>Total</b>	<b>777,292,393</b>	<b>876,331,977</b>	<b>1,426,081,083</b>
<b>Surplus/(Deficit)</b>	<b>89,305,537</b>	<b>106,642,255</b>	<b>311,409,004</b>
Own Capital - Projects	78,172,000	37,058,828	310,260,000
<b>Surplus/(Deficit)</b>	<b>11,133,537</b>	<b>69,583,427</b>	<b>1,149,004</b>
Donor Resources	-	-	15,895,000
Project Expenditure	-	-	15,895,000
Surplus/ (Deficit)	-	-	-
<b>Total Surplus/(Deficit)</b>	<b>11,133,537</b>	<b>69,583,427</b>	<b>1,149,004</b>

Note:

Other Government transfers are in respect of Chiefs Honoraria and Chiefs operational grants. These do not apply to urban assemblies and they are reflected on DLG note.

Source: National Local Government Finance Committee

## Appendix 10: NDP Expenditure in 2001, 2002 and 2003 by donor

Decentralisation Secretariat						
Consolidated Financial Report						
(a) Designated Institution	Malawi Government					
(b) Programme/Project number						
Programme/Project Title	Support to the Decentralised Governance Programme					
(c) For the Period:	1st January 2001 to 31st December 2001					
(d) Source of Funds:	Royal Norwegian Embassy, UNDP, ADB & Royal Danish Embassy					
(e) Currency:	Malawi Kwacha					
	DONOR	BUDGET (MK)	TOTAL BUDGET (MK)	%ge	EXPENDITURE (MK)	%ge
<b>PERSONAL EMOLUMENTS</b>						
	UNDP		13,056,000		8,391,338	
	NORAD		0		0	
***1	DANIDA		0		0	
	ADB		10,400,260		2,588,588	
<b>Subtotal</b>			<b>23,456,260</b>	<b>5.52</b>	<b>10,979,926</b>	<b>4.03</b>
<b>OTHER RECURRENT EXPENSES</b>						
Operations -DS	UNDP		3,840,000		3,699,987	
	NORAD		297,798		295,400	
	DANIDA		0		0	
	ADB		6,962,740		3,497,714	
***4	GOM Contribution		0		0	
<b>Subtotal</b>			<b>11,100,538</b>	<b>2.61</b>	<b>7,493,101</b>	<b>2.75</b>
<b>DEVELOPMENT EXPENSES -Implementation of NDP</b>					0	
Legal Reforms	NORAD		0		0	
Institutional Development	NORAD***2		1,376,425		1,340,425	
	UNDP		68,512,358		26,351,791	
	ADB		134,468,850		59,630,575	
	DANIDA		0		0	
	GTZ		0		0	
Fiscal Reforms, Financial Management & Accounting	NORAD		0		0	
	UNDP		14,849,664		5,545,147	
	ADB		0		0	
Local Development Planning	NORAD		0		0	
	UNDP		12,864,000		7,452,621	
	ADB		0		0	
	GTZ		0		0	
Sector Devolution	NORAD		952,172		948,562	
	UNDP		0		0	
	ADB		0		0	
	GTZ		0		0	
Democratic Culture	NORAD		400,115		398,085	
	UNDP		0		0	
	ADB		0		0	



	GTZ		0		0	
<b>Subtotal</b>			<b>233,423,584</b>	<b>54.98</b>	<b>101,667,205</b>	<b>37.36</b>
DDF & local development Expenses ***3	UNDP		116,338,500		116,338,500	
	NORAD		0		0	
	DANIDA		0		0	
	ADB		40,250,800		35,662,321	
<b>Subtotal</b>			<b>156,589,300</b>	<b>36.88</b>	<b>152,000,821</b>	<b>55.85</b>
<b>Total Expenses</b>			<b>424,569,682</b>	<b>100</b>	<b>272,141,054</b>	<b>100</b>
<b>Decentralisation Secretariat</b>						
<b>Consolidated Financial Report</b>						
(a) Designated Institution	<b>Malawi Government</b>					
(b) Programme/Project number						
Programme/Project Title	<b>Support to the Decentralised Governance Programme</b>					
(c) For the Period:	<b>1st January 2002 to 31st December 2002</b>					
(d) Source of Funds:	<b>Royal Norwergian Embassy, UNDP, ADB &amp; Royal Danish Embassy</b>					
(e) Currency:	<b>Malawi Kwacha</b>					
	<b>DONOR</b>	<b>BUDGET (MK)</b>	<b>TOTAL BUDGET (MK)</b>	<b>%ge</b>	<b>EXPENDITURE (MK)</b>	<b>%ge</b>
<b>PERSONAL EMOLUMENTS</b>	UNDP		20,519,361		18,970,221	
	NORAD		0		0	
***1	DANIDA		4,020,144		4,020,144	
	ADB		29,720,895		11,798,650	
<b>Subtotal</b>			<b>54,260,400</b>	<b>5.89</b>	<b>34,789,015</b>	<b>8.06</b>
<b>OTHER RECURRENT EXPENSES</b>						
Operations -DS	UNDP		11,818,533		9,340,100	
	NORAD		0		0	
	DANIDA		0		0	
	ADB		43,991,746		3,324,355	
***4	GOM Contribution		50,665,248		47,959,182	
<b>Subtotal</b>			<b>106,475,527</b>	<b>11.55</b>	<b>60,623,637</b>	<b>14.05</b>
<b>DEVELOPMENT EXPENSES -Implementation of NDP</b>						
Legal Reforms	NORAD		1,678,600		0	
Institutional Development	NORAD***2		83,034,558		57,919,445	
	UNDP		39,750,790		44,849,094	
	ADB		96,538,642		32,656,621	
	DANIDA		16,138,893		5,585,280	
	GTZ		0		0	
Fiscal Reforms, Financial Management & Accounting	NORAD		23,338,700		6,539,061	
	UNDP		19,584,000		19,555,447	
	ADB		0		0	
Local Development Planning	NORAD		21,741,400		10,056,917	
	UNDP		614,016		376,470	
	ADB		30,289,039		7,076,010	

	GTZ		0		0	
Sector Devolution	NORAD		30,782,760		16,780,711	
	UNDP		0		0	
	ADB		0		0	
	GTZ		0		0	
Democratic Culture	NORAD		6,283,200		3,185,927	
	UNDP		0		0	
	ADB		0		0	
	GTZ		0		0	
<b>Subtotal</b>			<b>369,774,598</b>	<b>40.11</b>	<b>204,580,984</b>	<b>47.41</b>
DDF & local development Expenses ***3	UNDP		0		0	
	NORAD		82,700,742		56,250,144	
	DANIDA		16,894,080		10,495,545	
	ADB		291,879,059		64,742,178	
<b>Subtotal</b>			<b>391,473,881</b>	<b>42.46</b>	<b>131,487,867</b>	<b>30.47</b>
<b>Total Expenses</b>			<b>921,984,406</b>	<b>100</b>	<b>431,481,503</b>	<b>100</b>
<b>NOTES</b>						
***1 This relates to the DANIDA Support to Environmental Programme that was completed in 2002. The programme only supported Capital Development Funds for projects and Personal Emoluments for two officers						
***2 This includes NORAD Support to NLGFC & MALGA as follows:						
	2002	BUDGET	EXPENDITURE	EXPENDITURE		
	NLGFC	34,724,258		34,724,258		
	MALGA	8,851,800		5,654,287		
	2003	BUDGET	EXPENDITURE	EXPENDITURE		
	NLGFC	32,811,769		37,754,435		
	MALGA	9,890,593		11,449,366		
***3						
DDF & Local development also includes purchase of equipment, Motor Vehicles and Motor Cycles for Assemblies.						
However, for UNDP these costs are made directly by the Country Office to Suppliers in the case of Motor Vehicles. In 2003 15 Toyota LandCruisers were purchased at a total Cost of approxiamtely MK 41231250.00						
***4 GOM Contribution includes the General Resource Fund that Government transfers to Assemblies for their operations.						

<b>Decentralisation Secretariat</b>						
<b>Consolidated Financial Report</b>						
(a) Designated Institution	<b>Malawi Government</b>					
(b) Programme/Project number						
Programme/Project Title	<b>Support to the Decentralised Governance Programme</b>					
(c) For the Period:	<b>1st January 2003 to 31st December 2003</b>					
(d) Source of Funds:	<b>Royal Norwegian Embassy, UNDP, ADB &amp; Royal Danish Embassy&amp; GTZ</b>					
(e) Currency:	<b>Malawi Kwacha</b>					
	<b>DONOR</b>	<b>BUDGET (MK)</b>	<b>TOTAL BUDGET (MK)</b>	<b>%ge</b>	<b>EXPENDITURE (MK)</b>	<b>%ge</b>
<b>PERSONAL EMOLUMENTS</b>	UNDP		38,362,284		23,096,497	
	NORAD		0		0	
***1	DANIDA		0		0	

Subtotal	ADB		28,511,159		11,001,787	
			66,873,443	5.13	34,098,284	4.28
<b>OTHER RECURRENT EXPENSES</b>						
Operations -DS	UNDP		10,000,000		8,574,256	
	NORAD		0		855,111	
	DANIDA		0		0	
	ADB		45,196,254		6,753,829	
***4	GOM Contribution		40,123,568		30,047,270	
Subtotal			95,319,822	7.31	46,230,466	5.80
<b>DEVELOPMENT EXPENSES - Implementation of NDP</b>						
Legal Reforms	NORAD		5,240,000		8,253,827	
Institutional Development	NORAD***2		60,509,243		84,090,276	
	UNDP		40,802,000		31,578,119	
	ADB		182,478,428		81,748,398	
	DANIDA		0		0	
	GTZ		13,106,646		7,172,148	
Fiscal Reforms, Financial Management & Accounting	NORAD		4,832,760		6,905,272	
	UNDP		25,502,000		10,675,175	
	ADB		2,398,000		352,018	
Local Development Planning	NORAD		9,190,079		6,341,644	
	UNDP		0		0	
	ADB		50,688,961		11,610,165	
	GTZ		6,350,800		2,529,964	
Sector Devolution	NORAD		4,371,000		1,750,012	
	UNDP		0		0	
	ADB		0		0	
	GTZ		2,797,300		2,786,885	
Democratic Culture	NORAD		3,945,429		5,006,937	
	UNDP		0		0	
	ADB		0		0	
	GTZ		8,761,940		4,275,769	
Subtotal			420,974,586	32.30	265,076,609	33.27
DDF & local development Expenses ***3	UNDP		95,943,825		87,257,114	
	NORAD		164,405,000		161,818,585	
	DANIDA		0		0	
	ADB		459,867,000		202,273,266	
Subtotal			720,215,825	55.26	451,348,965	56.65
<b>Total Expenses</b>			<b>1,303,383,676</b>	<b>100</b>	<b>796,754,324</b>	<b>100</b>
<b>NOTES</b>						
***1 This relates to the DANIDA Support to Environmental Programme that was completed in 2002. The programme only supported Capital Development Funds for projects and Personal Emoluments for two officers						
***2 This includes NORAD Support to NLGFC & MALGA as follows:						

2002	BUDGET	EXPENDITURE	EXPENDITURE			
NLGFC	34,724,258		34,724,258			
MALGA	8,851,800		5,654,287			
2003	BUDGET	EXPENDITURE	EXPENDITURE			
NLGFC	32,811,769		37,754,435			
MALGA	9,890,593		11,449,366			
***3						
DDF & Local development also includes purchase of equipment, Motor Vehicles and Motor Cycles for Assemblies.						
However, for UNDP these costs are made directly by the Country Office to Suppliers in the case of Motor Vehicles. In 2003 15						
Toyota LandCruisers were purchased at a total Cost of approxiamtely MK 41231250.00						
***4 GOM Contribution includes the General Resource Fund that Government transfers to Assemblies for their operations.						

## APPENDIX 11

### **A COMPARATIVE ANALYSIS OF APPROACHES TO CAPACITY BUILDING IN LOCAL GOVERNMENT IN AFRICA**

Source: Sholto Cross and David Watson Programme Mapping for Decentralisation for DFID Malawi February 2003

The following case studies of local government capacity building in Africa were the source of the 'lessons learned' column in the following tabulation.

- District Support Project (DSP) 1989-94/ Rural District Councils Capacity Building Programme (RDCCBP) 1996-2001 Zimbabwe
- District Development Project (DDP) 1998-2001 and Local Government Development Programme (LGDP) 2000 - 2003 Uganda
- Urban Authorities Pilot Programme (UAPP) 2000-2004 Tanzania
- Local Authority Transfer Fund (LATF) Kenya
- Brong Ahafo District Support Project (BADSP) 2001-2004 Ghana

ASPECTS OF CAPACITY BUILDING	LESSONS OF RECENT AFRICAN LOCAL GOVERNMENT CAPACITY BUILDING EXPERIENCE	APPARENT PLANS IN NDP
<p><b>Entry Point for Capacity Building programme</b></p> <p><b>Assumed 'Change Model'</b></p> <p><b>Diversity of Competences, capacities and Will for Change in target Local Governments</b></p>	<p>The most effective approaches <i>start from where the local government is</i> and do not impose any standard systemic formula for planning or management. Recognize that change will be incremental, unpredictable, risky (i.e. mistakes may well be made, resources misused or obstacles encountered), and slow.</p> <p>Capacity building <i>emerges from a change process</i> within local governments. The changes reach all aspects of the local government's operation, eventually: but only after those involved have decided on the most appropriate issues to take up and in what order.</p> <p>Change involves <i>conflict</i>: this should be recognized and worked-through, not ignored or avoided. One of the commonest forms of friction is between councillors and officers</p> <p>Councils must first meet basic <i>qualification criteria</i> - willingness to change and to comply with requirements to prepare local plans in a consultative fashion; systems in place for financial accountability.</p>	<p>There are no plans to tailor programmes to the circumstances of individual authorities, other than through the planned Needs Analysis process.</p> <p>The formula as stated in the plan documents implies a series of off-site training courses, based on a standard syllabus, taught by (trained) trainers, for specific individual cadres.</p> <p>Follow-up arrangements (i.e. support to trainees in their workplace) are not explicit in the documentation reviewed. Short-term expatriate and national consultants will provide input into systems development. It is proposed that UN volunteers will be made available to guide clusters of Assemblies, but all proposed candidates so far have been rejected by DS and DLG.</p> <p>As far as can be seen from available documentation, there are no plans to demand fulfilment of criteria before an Assembly qualifies for capacity building. The Needs Analysis may develop categories or classifications of authorities, dependent on capacity variables.</p>
<p><b>Allocation of Capacity Building Resources</b></p>	<p>Not all Councils qualify. Some therefore benefit from capacity building before others. Not all can (or should) be 'treated' at once. The decentralisation process is therefore essentially 'asymmetric'.</p>	<p>There has been no discussion of whether, or how, capacity building should be phased (other than staggering courses' implementation over time). There are however proposals to 'pair' the Assemblies which benefited from the earliest pilot capacity building in the 90s with neighbouring 'novice' Assemblies.</p>

ASPECTS OF CAPACITY BUILDING	LESSONS OF RECENT AFRICAN LOCAL GOVERNMENT CAPACITY BUILDING EXPERIENCE	APPARENT PLANS IN NDP
<p><b>Complementary inputs to capacity building: Incentives, practice and practical inter-cadre engagement leading to organizational development.</b></p> <p><b>Incentives (again)</b></p>	<p>Capacity building must be accompanied by <i>additional financial resources which councils can use at their own discretion</i>:</p> <ul style="list-style-type: none"> <li>- to provide an <i>incentive</i> to change and develop</li> <li>- to facilitate <i>practical activity in the workplace</i> ('learning by doing') - the only firm basis for the development and acquisition of new skills</li> <li>- to permit a practical focus for <i>experimentation, innovation, learning and demonstration of inter-relationships</i> between different parts of the local government's operation (planning, project and financial management, relationships with councillors and committees, and the way staff and councillors relate to the public).</li> </ul> <p>There must be <i>incentives</i> for compliance with prescribed legal, regulatory, or sector-service standards, and <i>disincentives or penalties</i> for non-compliance.</p>	<p>The District Development Fund has been the primary source of unconditional grant resources accessible to Assemblies. Its allocation is not based upon levels of initiative or capacity in Assemblies. Volumes of DDF have hitherto been very limited except in donor-funded area development programmes. Even then, competition for resources between Assemblies has not been attempted. The only case appears to have been I response to tenders for distribution of agricultural inputs in the Targeted Input programme. One Assembly successfully bid. Inter-District results of efficiency are published only under that scheme. MASAF III offers the best prospects for substantial increases of DDF – albeit for community projects. As far as we understand, this will be purely demand-led, consistent with the DDP, and managed by DAs. Thus this presents something of an incentive to support communities to claim available resources. Apart from this, it is difficult to see where there are incentives in the current arrangements, or effective sanctions for non-compliance with standards or financial management regulations and norms.</p>
<p><b>Basis for access to training</b></p>	<p>Training should be <i>'demand-led'</i> i.e. it should be sought by practitioners who realise they lack skills or knowledge, and that they need guidance in order to solve a specific problem.</p>	<p>Assemblies access the repertoire of courses available subject to invitation from the DS. There is scope within the present arrangements for applications by Assemblies to be made, and for places to be awarded on merit.</p>
<p><b>On-or off-site facilitators or trainers</b></p>	<p><i>External 'facilitators of change'</i> can help build local government capacities by helping staff and councillors analyse problems, identify their causes, consider optional solutions, and develop practical approaches.</p>	<p>The present formula is based on off-site training provision. Recruitment of short term international and national consultants was recommended in the 2001 Review, to help DAs and to produce manuals to guide practice. UN Volunteers (specialists in LG finance, OD, and District planning and participatory development) were to have been made available to the DS and clusters of target Assemblies, to provide some on-site guidance on a rotational basis. This has not happened yet, except in a few cases where DED German volunteers have been posted to DAs. (See above)</p>
<p><b>Time Horizon</b></p>	<p>The <i>time horizon</i> for organizational change is difficult to predict, but it is likely to be up to five years before there are clear indications that sustained changes in procedure, staff behaviour, operation of accountability and communication</p>	<p>The UNDP MDGP document acknowledges that the decentralisation process is bound to be a long one. Phase 1 is five years long (2002-6 inclusive). Phase 2 will be designed during Phase 1.</p>

ASPECTS OF CAPACITY BUILDING	LESSONS OF RECENT AFRICAN LOCAL GOVERNMENT CAPACITY BUILDING EXPERIENCE	APPARENT PLANS IN NDP
	mechanisms have become 'routine'.	
<b>Public access to information</b>	Most approaches have stressed the importance of better <i>publicity and provision of information</i> about funding being provided to local governments, and services which they should be providing to their communities. This forms a better basis for dialogue between users, councillors and officials.	<p>DS consultants designed a very belated public awareness strategy in 2003. Their recommendations reflect recent experience and lessons learned in Malawi in similar ventures. The newly-recruited DS IEC officer is aware of the DFIDM 'Ndizathusomwe' radio learning club project with the Malawi Broadcasting Corporation, and is pursuing the use of radio drama and drama groups for informal communication of decentralisation messages. The new decentralisation drama series started on TV and radio last week.</p> <p>Groups and networks in civil society such as MEJN, and the CSQBE network have advocated for and researched possibilities for provision of basic information on budgets available for development programmes at local level. This has included experimental training in helping citizens analyse and understand budgets. These approaches will be invaluable for councillor training after the next local government election.</p>



