



## **NARRATIVE AND FINANCIAL REPORT**

**Project Title:** Strengthening Institutional Development  
Effectiveness and Accountability Programme

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**Implementing Partner:** Ministry of Finance, Economic Planning and  
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## Acronyms

ADC	Area Development Committee
CSOs	Civil Society Organisations
DCS	Development Cooperation Strategy
DDC	District Development Committee
DPs	Development Partners
EU	European Union
F4D	Finance for Development
GoM	Government of Malawi
GRB	Gender Responsive Budgeting
IATI	International Aid Transparency Initiative
IPMIS	Integrated Performance Management Information System
JP	Joint Programme
M&E	Monitoring and Evaluation
MASEDA	Malawi Socio Economic Database
MDAs	Ministries, Departments and Agencies
MDGs	Millennium Development Goals
MFEPD	Ministry of Finance, Economic Planning and Development
MGDS	Malawi Growth and Development Strategy
MPs	Members of Parliament
OPC	Office of the President and Cabinet
PBB	Programme Based Budget
PC	Performance Contract
PED	Performance Enforcement Department
PFEM RP	Public Finance and Economic Management Reform Programme
RBM	Results Based management
SWAPs	Sector Wide Approaches
SWG	Sector Working Group
UN	United Nations
UNDAF	United Nations Development Action Framework
UNDP	United Nations Development Programme
UNICEF	United Nations Children Fund

## Executive Summary

This report provides implementation progress against the 2016 Annual Work Plan for the Development Effectiveness and Accountability Programme (DEAP).

The DEAP is a joint programme funded by the European Union (EU) and United Nations (UNDP, UNICEF and UN Women) aimed to achieve the following Outcome: *“By 2016, Public Institutions are better equipped to manage, allocate, and utilize resources for effective development and service delivery”*. DEAP supports national institutions to become more results-oriented and to improve the synergies between planning, M&E and aid management functions in supporting the realization of national goals and priorities and in line with the Busan commitments.

The programme registered commendable progress in the period under review. Some key highlights are noted below:

### **Output 1 - National Institutions utilize Results-Based Management (RBM) systems for planning, monitoring and evaluation to enhance ownership and leadership for achievement of development results**

- Institutionalization of Results Based Management (RBM) in the public service continued with the training of 190 members of District Monitoring and Evaluation Committees (DMECs) in 12 districts across the country (52 female), achieving the target of training 448 members of DMECs by December 2016.
- The scholarship support for the 19 students enrolled in the DEAP-supported Diploma Course in Statistics at Chancellor College continued. Four officers from National Statistics Office (NSO) were trained in an advanced Data Administrator Course following the on-line certification, to enable them to manage and update the Malawi Socio-Economic Database (MASEDA). Financial support was provided to NSO to enable them to conclude the Demographic Health Survey which was launched in March 2017.
- NSO was supported with Gender and Statistics capacity building workshops. The trainings were conducted to ensure the integration of a gendered perspective into all the stages of the research and statistical system. NSO was also supported with the drafting of the “Women Empowerment” chapter in the 2016 Demographic and Health Survey Main Report.
- An Integrated Performance Management Information System (IPMIS) has been designed and installed following comprehensive user consultations and review. IPMIS is intended to link data on performance of institutions coming from various sector through an integrated website. The data will be used by the Ministry of Finance EPD, Office of the President and Cabinet, Office of the Accountant General, Department of Human Resource Management and Development and others. The system is installed on a central server using the “cloud” based infrastructure and is online. The system can be accessed at <http://ipmis.malawi.gov.mw>.
- Public Expenditure Tracking Surveys (PETS) were conducted in the areas of health and education with the objective of increasing accountability and prudence in the use of public resources. The surveys were designed to track the flow of financial resources and identify any possible inefficiencies in the system. The surveys conducted in 2016 produced recommendations related to timing of resource disbursement and record keeping.
- A joint training of District Planning Directors and Monitoring and Evaluation officers was organized and co-facilitated by UNICEF and UNDP. The training was targeted to those districts functionaries who are in the process of preparing their five-year district development plans to ensure that the training could be put into practice.
- A report on MGDS II Review was completed and identified issues that should be considered in the National Development Strategy formulation process. Among other things the Review report highlighted the excessive number of priority areas in MGDS II and recommended a more focused approach. It also highlighted the need for cross-sectoral approach to overcome institutional silos. It also noted the importance of building resilience against economic shocks and emphasized the need to build broader consensus around national development strategies to ensure continuity.

- The Performance Enforcement Department (PED) in the Office of the President and Cabinet rolled out a new Public Sector Performance Management System for the public service. 25 Ministries were trained and are now implementing performance contracts. Six (6) newly appointed Independent Evaluators, 8 PED Staff and twenty (20) members of the Core Team were trained on a new Performance Evaluation Methodology for the Public Service. Following the training, the Independent Evaluators carried out the Performance Evaluation for the 2015/16 Government Financial Year; the Report was finalised and endorsed by the President. Guidelines for Performance Contracting in the Public Sector were finalized and 1500 copies printed.

**Output 2 - National Institutions have the capacity to align policies, programmes and budgets with national development strategies for efficient achievement of development results**

- Government rolled out Programme Based Budgeting (PBB) to all MDAs and PBB was formally approved by the Parliament. The 2016/17 national budget structure adopted the PBB format and was presented in the State of Nation Address by the President. MDAs and MPs were trained on PBB structures, templates and performance indicators, including PSs and Chief Directors (Controlling Officers) were also briefed on major PBB concepts. PBB replaces output based budgeting thereby strengthening the linkage between resource allocations and strategic policy objectives.
- Efforts in promoting Gender Responsive Budgeting (GRB) has begun to yield results, as evidenced by several district councils that have begun to apply gender lens in preparation of their budgets, in planning their interventions and in implementing their work plans.
- A joint learning event for Sector Working Groups (SWGs) shared best practices in managing SWG activities and strengthening the role of SWGs in the implementation of the country's National Development Strategy.
- As part of the prioritisation and domestication of the SDGs, a number of capacity building training sessions were organized. The included regional learning event on SDGs for government officers and civil society; training of trainers was conducted to capacitate the SWG secretariat desk officers on SDGs so that they are in a position to lead on the incorporation of the SDGs in their sector strategies. Several other advocacy and awareness raising event were undertaken for specific sectors such as local government, democratic governance, gender, information and communications, parliamentarians, civil society, development partners and media organisations that has resulted in a much better awareness of the global and regional development frameworks and generated additional demand for training.
- Evidence base analysis was also initiated to undertake prioritisation of the SDGs with the two-fold objective of initiating implementation on the SDGs in an appropriately sequenced manner and to inform the prioritisation and focus of the next national development strategy. Capacity of the academia and the government to undertake evidences based analysis has also been enhanced through provision of online training.
- The Strategic Plan and a Bill for the establishment of the National Planning Commission was completed, approved by Parliament and assented to by the President. EP&D embarked on the process of formulating the successor National Development Strategy, undertaking district consultations in all districts and consulting with a broad range of other stakeholders such as the Academia, Media, Parliament, Development Partners, and civil society to identify national priorities. A reference group has been established to assure quality of the next medium term development strategy. The contract was concluded due to the delay in the establishment of the NPC and the national planning processes.
- A comprehensive review and evaluation of the MGDS II was undertaken, which highlighted a number of challenges and opportunities that now inform the next national development strategy.
- The National Human Development Report on Inclusive Growth was launched at Parliament by the Minister of Finance and Economic Development. The report includes sectoral analyses and provides in-depth recommendations that will be instrumental in developing the next National Development Strategy.

- Workshop was held to discuss the link between the existing national M&E framework and the SDG indicators. Following the workshop, NSO was supported for the preparation of the National Statistical Strategy and developing the baseline document for the SDGs for Malawi.

**Output 3 - Government has sufficient capacity to effectively negotiate, manage and account for development assistance.**

- The Development Cooperation Atlas covering 2012/13, 2013/14 and 2014/15 fiscal years was published and disseminated to key stakeholders, including the GPEDC Steering Committee meeting hosted by Malawi. The Development Cooperation Atlas aims at enhancing coordination and division of labour among cooperating partners in the development process. Debt Sustainability Analysis (DSA) for 2015/16 fiscal year was also done and the draft report produced. The DSA report will be published and disseminated to stakeholders by June 2017. The analysis was conducted by the Debt and Aid Division to inform government borrowing decisions.
- Dissemination of the Development Cooperation Strategy continued, and development of additional instruments such as division of labour matrix was also supported.
- The Aid Management Platform was strengthened through trainings for district council officials in all regions and the AMP portfolio was reviewed with DP focal agents as part of a continuous exercise. This is aimed at improving data quality in the AMP in terms of accuracy and completion.
- There has been improvement in policy dialogue between Government and key stakeholders including Development partners and non-state actors. The High-Level Forum for Development Effectiveness and the Development Cooperation Group meetings were successfully held under the theme: 'Working together for sustainable development in Malawi'.
- Malawi successfully hosted the 9<sup>th</sup> Steering Committee of the Global Partnership for Effective Development Cooperation (GPEDC) as a co-chair of the GPEDC, Malawi effectively represented the African constituency in the Steering Committee. Malawi took active part in extensive preparations and participated in the Second-High Level Meeting (HLM2) of the GPEDC held in Nairobi, Kenya. Malawi's participation in this global initiative strengthens its commitment to improve development cooperation for effective development.

**Challenges:** One strategic challenge was the delayed commencement of the formulation process of the NDS which led to lower than expected utilisation of resources. It is expected that this support will be key in 2017 as the process is finalized until its launch and dissemination to all stakeholders. Participation in key activities has at times been low, and this has been attributed to the current practice of full-board arrangements rather than DSA. This issue is beyond the control of the Program managers as it affects all donor-funded projects. The loss of key project personnel also affected the implementation at the end of 2016 negatively.

**Lessons learned:** During the year, the programme noted the positive benefits of collaboration particularly when new concepts or approaches are introduced. For instance, UN and government officials and other relevant stakeholders jointly discussed the challenges in handling the Sustainable Development Goals (SDGs) and jointly participated in several courses.

## PART I: Narrative Reporting

### Programme Summary

DEAP is the UN response to enhance development effectiveness by improving systems, tools and mechanisms for national policy and strategic planning, management, monitoring, evaluation, reporting and accountability. The programme seeks to entrench the culture of accountability for effective use of resources and achievement of results in public institutions. Key strategic areas of support include: 1) institutionalizing Results-Based Management practices in the public sector; 2) harmonization and alignment of development planning and budgeting tools including the Medium Term Expenditure Framework (MTEF), the Public Sector Investment Programme (PSIP) and the national budget to support implementation of MGDS priorities; and 3) strengthening capacity for development assistance management. Ultimately, the programme will contribute to improvements in the management, allocation and utilization of public resources for effective development and service delivery.

The Joint Programme expects to contribute to achievement of the three outputs below:

- Output 1: National Institutions utilize Results-Based Management (RBM) systems for planning, monitoring and evaluation to enhance ownership and leadership for achievement of development results
  
- Output 2: National Institutions have the capacity to align policies, programmes and budgets with national development strategies and MDGs/SDGs for efficient achievement of development results
  
- Output 3: Government has sufficient capacity to effectively negotiate, manage and account for development assistance

The DEAP is financed through two funding modalities; parallel financing by the UN participating agencies (UNICEF, UNFPA, UNAIDS and more recently also UN WOMEN) and a cost sharing arrangement with contributions from the European Union and United Nations Development Programme (UNDP). The Implementing Partner (IP) is the Ministry of Finance, Economic Planning and Development (MFEPD). The department of Economic Planning and Development is the responsible party for Outputs 1 and 2 with some activities under Output 1 and Output 2 falling under the Performance Enforcement Department (PED) in OPC and Budget Divisions in Treasury respectively. The Debt and Aid Management Division (DAD) is responsible party for Output 3.

Other key partners: National Statistics Office (NSO), Ministry of Local Government and Rural Development, Line Ministries, Office of the President and Cabinet (OPC), Auditor General, ODPP, NAC, District Councils, Malawi Institution of Management (MIM), Chancellor College, Bunda College of Agriculture, Staff Development Institute (SDI), Malawi Polytechnic, Malawi Confederation of Chambers of Commerce and Industry (MCCCI) and selected non-state actors.



While implementation of the programme started in January, 2014, the EU Contribution Agreement covers the period 1<sup>st</sup> January, 2014 to 30<sup>th</sup> November, 2016. Initially, the programme was planned to conclude by 31<sup>st</sup> December 2016, however, due to the need for continued support to the national planning process beyond 2016, the programme was extended to 30<sup>th</sup> November 2017. The total budget for the programme involvement is Euro 4,624,681. The total EU financial contribution is Euro 2,500,000. So far the EU has made two financial payments of Euro 729,168.36 (at €1=\$1.36) and Euro 1,037,139.50 (at €1=\$ 1.12) amounting to Euro 1,766,307.86. These funds were received by UNDP in July of 2014 and 2015. It is important to note that at the time the budget was developed the exchange rate was Euro 1= US\$1.3826.

## Strategic Approach

The Joint Programme Output (JP) 1 is intended to promote and institutionalize RBM systems in all ministries and at district level as a means of enhancing ownership and leadership for achievement of development results. It supports strengthening of the National Statistical and M&E System and the practical application of Results-Based Management, Performance-based Budgeting, Human Rights Based Approach, and implementation of MGDS, Integrated Performance Management Information System, Community Based Monitoring (interface with CSOs), Public Tracking Surveys, Public Sector Investment Programme, District Data Bank and links to budgeting, the establishment of sustainable in-country capacity for delivery of capacity building on RBM, and the development of capacities and instruments for the Organizational Performance Assessment process (OPA) in public sector institutions.

The support under JP Output 2 is geared towards improved alignment of policies, programmes and budgets with national development strategy and Agenda 2030, including the Sustainable Development Goals(SDGs). Government guidelines and procedures have been updated to ensure an integrated and results oriented national planning and M&E system that uses the PBB/MTEF as a tool to help Government shape its budget in line with its development agenda. This is supported by introducing the Programme Based Budgeting (PBB), strengthening the functionality of the SWGs (including planning and management guidelines) as a key dialogue and delivery mechanism for the national development strategy.

Joint Programme Output 3 is intended to strengthen the capacity of Government to effectively negotiate, manage and account for development assistance. It focuses on provision of capacity building support for strengthening functions of the Debt and Aid Management Division to manage the Aid Management Platform and produce regular reports, lead the development and implementation of the Development Cooperation Strategy, and effectively prepare and support dialogue structures such as High Level Fora meetings and Common Approach to Budget Support (CABS) meetings. This output also supports learning and information exchange with a broader group of stakeholders from government, CSOs, academia, media, Members of Parliament and the private sector.

## Specific Objectives and Activities

The specific objectives also referred to as outputs and related activities as presented in Annex III of the Contribution Agreement are as follows:

**Objective/ Output 1:** National Institutions utilize Results-Based Management (RBM) systems for planning, monitoring and evaluation to enhance ownership and leadership for achievement of development results.

**Key activities:**

1.1 RBM capacity and practice: (i) Comprehensive training manual including RBM, HRBA, MGDS/MGD-based planning and budgeting and guidelines for mainstreaming gender; (ii) Capacity development of learning and training institutions and MoU for delivering training in RBM; (iii) Senior management training (PSs, planning directors, DCs); (iv) Intensive training on policy and impact evaluations (v) Piloting of RBM application in selected districts and line ministries.

1.2 Implementation of the National Statistical System Strategic Plan and MDGs End line survey supported.

1.3 Government M&E system strengthened: (i) Review of M&E architecture; (ii) Setting up integrated management information in MoEPD for monitoring development results; (iii) upgrading district databanks system.

1.4 MGDS II annual; mid-term and end of term review processes supported: (i) Undertake public expenditure tracking surveys (PETS) in key sectors; (ii) produce and disseminate annual MGDS II review reports; (iii) produce and disseminate MDGs reports.

1.5 The Project and Programme Implementation, Monitoring and Evaluation Department (PPIMED) in OPC strengthened in the provision of effective monitoring and oversight functions.

**Objective/Output 2:** National Institutions have the capacity to align policies, programmes and budgets with national development strategies and MDGs for efficient achievement of development results.

**Key activities:**

2.1 Programme based budgeting pilot initiative supported, annual national budget analysis conducted and programming guidelines and technical manuals for ministries and districts upgraded to meet alignment requirements.

2.2 Strengthened SWG process: (i) Review SWGs functionality; (ii) Support sectors to initiate SWGs; (iii) Organise joint learning events for members of SWGs; (iv) Study tour on SWGs; (v) Set up a SWG secretariat in MoEPD.

2.3 National development strategy review and evaluations supported: 2 x NHDRs, policy and social impact assessments in selected areas, at least 3 x MGDS II based thematic evaluations by 2016 and dissemination of key reports.

2.4 Successor strategy to the MGDS II formulation process including post-2015 development agenda supported.

**Objective/Output 3:** Government has sufficient capacity to effectively negotiate, manage and account for development assistance.

**Key activities:**

3.1 Strengthened aid and debt management functions: (i) Update description of functions in DAD and staff job descriptions; (ii) Produce and disseminate debt and aid reports; (iii) Upgrade and extend access to the Aid Management Platform (AMP) and CS-DRMS systems and link them to the budget system.

3.2 Development Cooperation Strategy (DCS) for 2012-2016 formulated and support effective preparation and follow up to national dialogue structures (HLF, CABS, etc.) and DCS mid-term review.

3.3 Government Debt and Aid Management policies and Medium Term Debt Management Strategy reviewed, updated and disseminated.

3.4 Learning and information exchange on development effectiveness agenda supported for government, civil society, academia, media, members of parliament and private sector including South-South Cooperation and Triangular Cooperation and participation in Global Partnership and other international meetings.

## PART I: Narrative Reporting/Implementation Progress

### Output 1

***“National Institutions utilize Results-Based Management (RBM) systems for planning, monitoring and evaluation to enhance ownership and leadership for achievement of development results”***

#### *Activity 1.1: Strengthen RBM capacity and practice*

In terms of strengthening RBM capacity and practice, the programme registered commendable progress in the period under review. For instance, institutionalization of Results Based Management (RBM) in the public service continued with the training of 190 members of District Monitoring and Evaluation Committees (DMECs) in 12 districts across the country (52 female), achieving the target of training 448 members of DMECs by December 2016. Furthermore, negotiations with institutions of higher learning such as Malawi Institute of Management, Staff Development Institute, Chancellor College and Poly Technic were held to include RBM as part of the respective curricula. RBM training was provided for 24 new Monitoring and Evaluation Officers at the district level.

#### *Activity 1.2: Support to Statistical Systems*

Following DEAP support to the development of Statistics Modules for the introduction of a Diploma Course at Chancellor College, the department of Mathematics, received affirmation by the University Senate to commence the course and DEAP sponsored the enrollment of 19 students (8 from NSO and 11 from other Ministries). The senate advised the Mathematics Department to run the statistics diploma programme for 3 years rather than the initially agreed 2 years. The first students represent the initial cohort and the course is expected to continue.

A Road Map for the SDGs and a work plan to localise the SDGs was completed and discussed at the High-Level Forum. SDG indicators were reviewed to identify data needs. Reportable SDG Targets are being identified and EPD is now discussing with Ministries for follow up activities in 2017.

Furthermore, four (4) officers from NSO were trained in a Data Administrator Course to enable them to manage the Malawi Socio-Economic Database (MASEDA). MASEDA has been reviewed and an international consultant provided needs-based advanced training to the four staff members who have completed the data administrator’s training. The MASEDA database template was updated for the SDGs. Financial support was provided to NSO to enable them to conclude the Demographic Health Survey 2015-2016. Furthermore, a training was organized on Gender Based Reporting (GBR). NSO was further supported with Gender and Statistics capacity building workshops. The capacity building workshops were conducted to ensure the integration of a gendered perspective into all the stages of the research and statistical system. NSO was also supported with the drafting of the “Women Empowerment” chapter in the 2016 Demographic and Health Survey Main Report.

### *Activity 1.3: Support M&E Systems at all levels*

Regarding the Integrated Performance Management Information System (IPMIS), the design and installation of the IPMIS System has been finalized; and collection forms have been developed except for the customization of data, standard reports and organization units. This process has required comprehensive user consultations and review. The system is installed on a central server using the “cloud” based infrastructure and is online. It can be accessed at <http://ipmis.malawi.gov.mw>.

A Monitoring and Evaluation Policy formulation was initiated within the year. Terms of reference were drafted and an internal committee to coordinate the production of the policy was formed. The advert and recruitment of Consultants to develop the M&E Policy will be done in 2017.

The Draft Public Expenditure Tracking Surveys (PETS) report for the Health and Education Sectors has been reviewed and the gaps identified following consultation with key stakeholders on the flow of funds and other materials have been addressed by the Department of Economic Planning and Development. EP&D designed additional questionnaires to collect the missing data from 180 primary schools and 41 health facilities to ensure that the PETS report is comprehensive enough and comparable to other PETS report formats. The report will be finalized following the resolution of an outstanding data gap from the Central Medical Stores Department. PETS is undertaken in order to bring about accountability and prudence in use of public resources. PETS exercise on the Cash Transfer programme was not done due to failure to complete the other PETS which were already started.

### *Activity 1.4: SDGs, MGDS II Reviews and Evaluations*

The M&E Association was supported to develop a constitution and new strategic plan.

Work was also initiated in reviewing the national indicator framework to align and further strengthen it to report on the SDGs targets. NSO has been working on this activity as also setting baselines. The work is comprehensive in scope and is ongoing.

A comprehensive review of the MGDS II was undertaken. The review was extremely helpful in highlighting the good practices and challenges both in the design and implementation of the MGDS II. The important lessons learnt have been documented and are informing the development of the next national development strategy. As an example, selected lessons learnt from the gender perspective are provided in Box 1.

**Box 1: Lessons learnt from the MGDS II review from a gender perspective**

The inclusion of a gender expert in the review of the Malawi Growth and Development Strategy II (MGDSII) helped strengthen the analysis of planning processes from a gender perspective. The review process was key in identifying gender gaps critical for ensuring that development processes in the country benefit both men and women. In its analysis of the linkages between the Key Priority Areas (KPAs) and pursuit for Gender Equality, the review noted that even though the MGDSII had intended to achieve Gender Equality using a twin track approach (as a standalone theme and as a Mainstreaming Strategy), the fact that Gender was not a KPA evaporated accountability and responsibility for the planning and implementation of Gender Mainstreaming. Resultantly, none of the KPAs took the responsibility for mainstreaming Gender.

The review also noted the fact that the MGDSII Monitoring and Evaluation framework incorporated key gender indicators, i.e. the proportion of women in decision-making positions in Civil Service, the participation of women in the national parliament, the Gender Development Index and the percentage of reported cases of Gender Based Violence was progressive. However, it was noted that the challenge was that these indicators were not coherent with sectoral programming and more so, not strategic enough to hold each sector accountable for delivering results towards gender equality.

During the MDGSII review stakeholder validation meeting held in March 2016, recommendations for the advancement of Gender Equality in the new development strategy were made. Amongst other recommendations, the importance for Malawi to adopt the 10 impact zones<sup>1</sup> for the advancement of women empowerment that have been documented to add US\$12 trillion global growth if adopted was stressed. These include; blocked economic potential, time spent in unpaid care work, fewer legal rights, political underrepresentation, violence against women, low labor force participation in lower jobs, low maternal and reproductive health, unequal education levels, financial and digital exclusion and girl child vulnerability.

*Activity 1.5: Support to the Performance Contracting System*

The Performance Enforcement Department in the Office of the President and Cabinet rolled out a new Public Sector Performance Management System for the public service in Malawi. To this effect, twenty-five (25) Ministries, have capacity on performance management built (25 MDAs so far implementing performance contracts). Six (6) newly appointed Independent Evaluators, 8 Performance Enforcement Department (PED) Staff and twenty (20) members of the Core Team were trained on a new Performance Evaluation Methodology for the Public Service in Malawi. Following the training, the Independent Evaluators could carry out the Performance Evaluation for the 2015/16 Government Financial Year. The Report was finalised and endorsed by the President for wider dissemination to all stakeholders. In addition, PED finalised and printed 1500 copies of the Guidelines for Performance Contracting in the Public Sector. Moreover, two (2) Officers from PED were trained in Strategic Public Sector Performance Management. The year-end assessment was completed and report was disseminated to relevant stakeholders.

## Output 2:

***“National Institutions have the capacity to align policies, programmes and budgets with national development strategies and MDGs for efficient achievement of development results.”***

- The Strategic Plan and a Bill for the establishment of the National Development Planning Commission<sup>1</sup> was completed, approved by Parliament and assented to by the President. EPD embarked on the process of formulating the successor National Development Strategy, undertaking district consultations in all districts and consulting with other stakeholders such as the Academia, Media, Parliament, and Development Partners. A reference group has been established to assure quality of the product.
- The National Human Development Report was launched at Parliament by the Minister of Finance and Economic Development. The report includes sectoral analyses and provides in-depth recommendations that will be instrumental in developing the next National Development Strategy.

### *Activity 2.1: Support to Programme Based Budgeting:*

The Programme Based Budgeting (PBB) approach was formally adopted in Parliament in the 2016/17 financial year and was rolled out to all MDAs, replacing the output based budgeting that has been used for many years. The PBB approach allocates resources to development outcomes as per strategic plan of each ministry. The 2016/17 national budget structure adopted the PBB format and was presented in the State of Nation Address by the President. MDAs were trained in PBB structures, templates and performance indicators. In addition, MPs were trained in PBB concepts with co-financing arrangement between government and DEAP funds. Principal Secretaries (PSs), who are controlling officers, were also briefed on key PBB concepts. This reform strengthens the linkage between resource allocations and strategic policy objectives providing a management framework with which MDAs can effectively manage resources.

The Parliamentary Women Caucus (PWC), a parliamentary committee that has influenced the passing of several gender responsive legislations in Malawi was specifically targeted with PBB training to enhance their understanding of the new budgeting style adopted and its link to Gender Responsive Budgeting. The articulation of Gender Gaps in the 2016/2017 budget by the PWC members was attributed to the capacity enhancement gained through the capacity building trainings.

Efforts in promoting Gender Responsive Budgeting (GRB) has begun to yield results, as evidenced by several district councils that have begun to apply gender lens in preparation of their budgets, in planning their interventions and in implementing their work plans. These results are attributable to the capacity development initiatives on Gender Responsive Budgeting (GRB) that targeted 181 key personnel responsible for budget formulation from six district councils (M'mbelwa, Machinga, Chikwawa, Chiradzulu, Dedza and Salima), 20 staff from the key Ministries, Departments and Agencies coordinating GRB efforts in Malawi (these include the Ministry of Gender, Child Development and Social Welfare (MoGCDSW), Ministry of Finance, Economic Planning and Development (MoFEPD), Ministry of Local Government and Rural Development (MoLGRD), and the Department of Human Resource Management and Development (DHRMD).

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<sup>1</sup>Note that National Planning Commission (NPC) has been changed to National Development Planning Commission (NDPC)

### *Activity 2.2: Support to Sector Working Groups*

Sector Working Group assessment meeting was held with SWG Secretariats. Of the sixteen SWGs, thirteen were present at the meeting and made presentations on their respective SWGs based on the criteria described the guidelines (ToRs, Strategic Plans, Secretariat etc.). The following SWGs did not participate: Public Administration, Democratic Governance; and Water, Sanitation and Irrigation SWG. Through the meeting, participants shared on the functionality of their SWGs and TWGs. The meeting also served as a platform for sharing experiences and a learning platform through which SWGs could learn from each other on how best they can operate efficiently. Also, as Coordinating Secretariat for SWGs, the Department of Economic Planning and Development (EP&D) could take note of the expectations from the respective SWG Secretariats of the Department in its capacity as a coordinating body for all SWGs. Sectors were encouraged to make use of EP&D leadership and resources that would help to facilitate functionality within their SWG and TWGs. The main challenge cited by most SWGs was participation by private sector since they request funding for their participation.

A National Steering Committee meeting to review plans and progress of the SWGs at a national level failed to take place as most senior government officers were engaged in other activities. Sector Working Groups are key building blocks for planning, implementing and reporting progress for National Development Plans and formulation of the new one. On support to SWGs at subnational level, the Ministry of Gender will offer some experiential learning based on its activities in some selected district council.

The Joint learning event that was held with the SWGs served as a platform for the SWG secretariats to learn from each other and for EP&D to learn from the sectors the successes and challenges that the sectors face. The secretariats could raise concerns and share on what they have done so far. It was noted that EP&D should strive to address the concerns raised by the SWG Secretariats to contribute to more efficiency in the SWG running whilst the SWGs Secretariats should endeavour to do more to ensure functionality of their SWGs. Additionally, the event also provided an opportunity to introduce the Sustainable Development Goals (SDGs), African Union (AU) Agenda 2063 and the Istanbul Programme of Action (IPoA) to the SWGs and discuss how these can be mainstreamed into Joint Sector Strategies.

### *Activity 2.3: Support for formulation of successor national development strategy*

The process for the formulation of the next national development strategy (NDS) commenced in the last half of the year, 2016. A consultant is facilitating the successor NDS, working with the Department of Economic Planning and Development. A reference group comprising various stakeholders has been established to assure quality of the next national development strategy. The programme supported several internal meetings where EP&D reviewed the MGDS II Review report in order to identify issues that should be considered in the NDS formulation process. The EP&D embarked on a consultative process with stakeholders starting with district councils where District Executive Committees (DECs) and Area Development Committees (ADCs) were targeted. Consultations with other stakeholders such as the Academia, Media, Parliament, most Development Partners, political parties, civil society and MDAs, were also conducted. The consultations aimed to establish priority areas and their ranking in order of importance; key interventions to be undertaken by the Government in the next five years in the said areas; expected challenges during implementation; and the expected roles of the district members in the implementation process. The feedback received from the committees is essential to the development of the successor NDS as well as to the country's development outcomes. These contributions are vital for participatory development

The Strategic Plan and a Bill for the establishment of the National Planning Commission was completed, approved by Parliament and assented to by the President. The Government is now in the process of establishing the Commission. An international consultant advised on the establishment of the Commission for the period of eight months.



The National Human Development Report on the theme of Inclusive Growth was launched at parliament building by Minister of Finance and Economic Development. The meeting was attended by chairpersons of parliamentary committee who provided useful thoughts regarding subsidies, inclusive participation in the productive activities and employment creation. Reports have been disseminated to all district councils, sectors, DPs and CSOs etc. The review report includes sectoral analyses and provides in-depth recommendations that would be instrumental in developing the next National Development Strategy.

On the SDGs, intensive capacity building of government officials including EP&D was carried out throughout the year. This included exposure to both government officials and representatives of civil society to regional learning events. This was found to be extremely helpful especially with regards to learning from experiences of other countries and gaining knowledge on the evidence based methodologies for prioritizing and localization of SDGs in national planning process. Resultantly EP&D then formulated a roadmap on SDGs implementation through awareness raising, and alignment to the next national development strategy.

The Department of Economic Planning and Development (EP&D) organized a half day workshop on 9th June 2016 as part of the Sustainable Development Goals (SDGs) domestication process. This was considering the Departments current role as lead agency in the localization of international frameworks in the country. The SDG training programme covered: National Planning Process (by EP&D), Background of the SDG process and highlights, SDGs vs. MDGs, SDGs Indicators and Targets. The Department also held a two-day Training of Trainers workshop with the aim of equipping EP&D staff and SWG Secretariats with a thorough understanding of the SDGs and other international frameworks. Participants were taken through the SDGs and other international frameworks and how these can be incorporated into the country's development agenda, the importance of understanding the interlinkages and interdependence that exists between and among the SDGs. Participants also went through the SDG indicators to start a discussion on the availability of data and to identify data gaps for reporting on indicators. The programme will support implementation of the SDG Road map and implementation plan that EP&D and UN have agreed to roll out in the 2017.

Other outreach and capacity building activities on the SDGs included sessions with development partners such as GIZ; partnership with the media organisations such as Zodiak Radio through panel discussions and production of jingles and other advocacy material; with the ministry of local government to localize the SDGs and raise awareness amongst the District Commissioners as well as Principal Secretaries; with the ministries of gender and information and the parliamentarians. These awareness sessions have been extremely useful and have generated more demand for such sessions and have resulted in a more informed input coming in from various sections to the next national development strategy. There is also a greater awareness generated with the various sectors on the need to align their sectoral work to address the SDG targets as also has initiated a process of multi sectoral thinking and approach.

To support the prioritisation and alignment of the SDGs into National Planning, work was initiated on an evidence based approach. This is being done through a Malawi specific integrated SDG model that will identify the multiplier effects of some of the SDGs and an analysis of existing policies to assess their feasibility to meet the SDGs and the national priorities. A Business as usual scenario report was developed and presented at a multi-stakeholder workshop. The stakeholders at this workshop also articulated priorities that also inform the next national development plan. The next phase of prioritisation post the stakeholder consultation through further refinement of the model is underway.

Capacity of national stakeholders from the government and the academia was also built through an online course on by the Millennium Institute, Washington, the integrated modelling exercise so that this can be applied further to sectoral work as well. The critical learning has been on an integrated approach to planning for sustainable development.

This work has led to a new partnership between the UN, Academia and the Government in generating evidence based analysis to inform national policy making.

## Output 3:

***“Government has sufficient capacity to effectively negotiate, manage and account for development assistance”***

### *Activity 3.1: Strengthen debt and aid management functions*

To strengthen debt and management capacities as part of effective implementation of the Development Cooperation Strategy (DCS), the Programme trained 2 DAD Officers in monitoring and evaluation of projects. It has also facilitated learning through peer review on debt management.

The Development Cooperation Atlas covering three fiscal years (2012/13FY – 2014/15FY), was published and disseminated to key stakeholders. The Development Cooperation Atlas aims at enhancing coordination and division of labor among cooperating partners in the development process. A draft 2015/16 Atlas report has been produced and is awaiting DP’s focal agents to fill the data gaps. The Development Cooperation Calendar was produced and disseminated. Debt Sustainability Analysis (DSA) for 2015/16 was done and the draft report was produced.

The Aid Management Platform was strengthened through trainings for district council officials in all regions and the AMP Public Portal was reviewed with DP focal points as part of a continuous exercise. This is aimed at improving data quality in the AMP in terms of accuracy and completion. The Aid Management Platform (AMP) continues to be an important tool for Government planning and budgeting. Using the AMP generated data; DAD can provide input into the budget process for both on budget support and off budget support. The AMP is also meant to facilitate coordination and division of labor among development partners. It is Government expectation that other stakeholders use the AMP, particularly the Public Portal, as an accountability tool. However, it is important that these stakeholders are aware of its existence and how to use it. In view of this, training and awareness campaigns for district council stakeholders, including executive committees, traditional leaders, members of parliament, councilors and civil society organizations were conducted in all regions of the country. The aim is to promote demand for accountability for development results from financing as well as implementing agents of projects recorded in the AMP.

Initial module for International Aid Transparency Initiative (IATI) integration was developed but not yet implemented. However, subscription to IATI was made for the period starting from September 2015 up to September 2017. IATI can be used to track aid inflows to Malawi which are reported on IATI but are, currently, not reported on AMP.

### *Activity 3.2: Support to effective Development Cooperation*

To support implementation of the country’s Development Cooperation Strategy (DCS, 2014-2018), the Second-High Level Forum on Development Effectiveness (HLF2) which was held in June 2016 brought together government, development partners, civil society, academia, private sector and the youth. As stipulated in the DCS, the HLF is the highest “multi-stakeholder” policy dialogue structure on effective development cooperation. The June 2016 HLF, therefore, facilitated multi-stakeholder policy dialogue on breaking the cycle of food insecurity in Malawi in response to the Declaration of State of the National Disaster and as a response to the recurring need for humanitarian assistance. Proposals for a solid and ambitious agenda for breaking the cycle of food insecurity for greater development results in Malawi were presented and deliberated, including a five-year action plan on how Malawi can build resilience. HLF2 also provided an opportunity for stakeholders to provide feedback on the 2016/17FY budget as presented by the Minister of Finance, Economic Planning and Development in Parliament. Government also seized the opportunity to update stakeholders on the national development planning process. The HLF2 was preceded by the Development Cooperation Group (DCG), which is its working level arm. Apart from preparing for

the June HLF, the DCG deliberated on how to strengthen development cooperation and how different stakeholders can effectively work together for greater development results.

Realizing the importance of holding each other to account, learning from each other and tracking progress on development cooperation commitments, support was provided for Malawi to lead the GPEDC as co-chair and participate in its events. As co-Chair, Malawi successfully hosted the GPEDC 9<sup>th</sup> Steering Committee meeting early 2016. Malawi is one of the 86 countries that have participated in the GPEDC second round monitoring survey. The rigorous AMP data clean up exercise that was done and the validation exercise that was supported by the DEAP were critical for Malawi to have quality data for the monitoring survey. The second round monitoring survey generated evidence which is not only critical for tracking progress on the development effectiveness but also for repositioning the GPEDC and its members in support of the Sustainable Development Goals implementation. Malawi participated in the Nairobi Kenya HLM 2 which took stock of the implementation of principles and commitments of effective development cooperation and shaped how existing and new development partners can work together effectively to accelerate the realization of sustainable development, including the 2030 agenda for Sustainable Development.

To reduce transaction costs and ensure that development cooperation is coordinated and aligned to national development priorities, the Programme supported the DAD to come up with a draft Division of Labour (DoL) Matrix. The Draft DoL Matrix, an attempt to assign DPs to core areas of support, will be the basis of discussion with DPs on their future support in Malawi. The AMP generated aid data was used to in deriving the proposed DoL Matrix. Finalization of the DoL matrix is awaiting the successor National Development Strategy to align country priorities with division of labor principles.

### *Activity 3.3: Learning and Information Exchange on Development Effectiveness*

To support learning and information exchange on development effectiveness, youth were supported during the successor National Strategy dialogue and youth, CSOs and others were supported in their participation at the Nairobi HLM 2 of the GPEDC. To prepare Malawi for the Financing for Development agenda, regional methodology for development finance assessments was reviewed. On this basis, a concept note for Malawi was prepared and discussions on development finance assessment are ongoing.

Regular Programme Steering Committee and Programme Management and Coordination meetings were held to ensure effective coordination and implementation of the Programme.

DEAP Evaluation and EU review were conducted.

**Table 1: Detailed Progress per Activity for 2016**

Table 1 below provides an overview of project results as per approved Annual Work Plan. The following colour coding is used: **green** = achieved, **yellow** = partially achieved during the reporting period including work in progress, **red** = Not Achieved.

Specific Annual Targets	Activities	Target	Status	Colour Code	Remarks
<b>JP Output 1: National Institutions utilize RBM systems for planning, monitoring and evaluation to enhance ownership and leadership for achievement of development results</b>					
<b>Indicator 1:</b> Number of public institutions practicing RBM <b>Baseline:</b> 0 (2010) <b>Status:</b> 5 ministries, 2 districts (2015) <b>Target (2016):</b> 5 ministries, 7 districts <b>Actual 2016:</b>  <b>Indicator 2:</b> Number of staff in ministries and districts trained in RBM <b>Baseline:</b> 56 at district level; 25 in line ministries <b>Status:</b> 41 ministry officers and 110 in districts	<b>1.1 Strengthen RBM capacity and practice</b>				
	1.1.1 Continue to roll-out results-based management practice in selected ministries and districts - hands-on support for results oriented planning and M&E frameworks and capacity building	448 at district level; 200 at central level and in line ministries	Partially Achieved	Yellow	190 members (52 were female) of District Monitoring and Evaluation Committees (DMECs) in 12 districts across the country.
	1.1.2 Support to integrated district M&E systems under the leadership of the district M&E coordination committees	7 districts	Not done	Red	To be done in 2017
	1.1.3 Support selected training and learning institutions to incorporate RBM as part of their curriculum	4 Institutions	Partially Achieved	Yellow	Meetings held with Chanco, MUST, Poly and Staff Development Institute (SDI). SDI and Polytechnic expressed interest
	1.1.4 Support RBM/M&E training for new M&E officers at district level	28 Districts	Achieved	Green	24 officers from all districts were trained. The training involved DPDs and M&E Officers

<p><b>Target (2016):</b> 112 at district level; 40 at central level and in line ministries Actual 2016:</p> <p><b>Indicator 3:</b> Number of staff within learning and training institutions who have RBM skills and knowledge and are delivering RBM training Baseline: 4 Status 2015: 7 Target 2016: 23</p> <p><b>Indicator 4a:</b> % of Ministries with functional M&amp;E System <b>Base line:</b> 60% (2010) <b>Status:</b> 75 % (2015) <b>Target 2016:</b> 90%</p> <p><b>Indicator 4b:</b> % of district councils with functional M&amp;E systems <b>Baseline (2012):</b> 25 %</p>	<b>1.2 Support to National Statistical System</b>				
	1.2.1 Provide scholarships for diploma course in statistics at CHANCO	20 Students	Achieved		19 students enrolled. The course will be 3 years instead of the proposed 2 years.
	1.2.2 Agree on priorities for data enhancement to meet the expectations for SDG reporting	National Pact (Priorities agreed)	Partially Achieved		Road Map for SDGs and a work plan to localise the SDGs has been done and discussed at the HLF. SDG indicators reviewed at ToT to identify data needs. Reportable SDG Targets identified and EPD discussing with Ministries.
	1.2.3 Roll Out of DATA Quality Assurance System in selected pilot NSS Ministries	6 Ministries	Partially Achieved		UNICEF has supported the update of the national statistical strategy which addresses this. This was agreed at the joint meeting with EP&DD held at NSO in mid-2016 and then followed up with the NSO in September 2016.
	1.2.4 MASEDA – Review and upgrade/update metadata (review of SDG prioritization/ indicators) and development of DDBS for five model districts	Consultancy report and support to 5 model districts	Partially Achieved		4 officers from NSO were trained in an advanced. Data Administrator Course. MASEDA was reviewed by the international who also provide need-based advance training to the four staff

<b>Status (2015): 40 % Target (2016): 80%</b>					members who have completed the data administrator's on-line training
	1.2.5 Support to the national statistical system (statistical strategy), DHS, and the census	MDHS 2015-2016 completed	Achieved		See 1.2.3. USD 100,000 disbursed to NSO to complete the MDHS 2015-2016
	1.2.6 Support printing of the MICS report (a third of the total cost)	Printing supported in its entirety by UNICEF	Achieved		Print ready version shared with printer The cost was lower than the estimated budget and was funded by UNICEF as cost sharing was not accepted.
	1.2.7 Support to National Statistical System – NSO Gender Statistics Training and pre-testing	One training and one practical	Achieved		UN Women supported the training
	<b>1.3 Strengthen M&amp;E Systems at all levels</b>				
	1.3.1 Support the National M&E Coordination Committee	1 Meeting	Not done		Meeting was convened by CD but it coincided with a national event which affected the quorum.
	1.3.2 Support design and implementation of IPMIS, including integrated reporting format and Web-Based District Databanks to District M&E Coordination	M&E Frameworks	Partially Achieved		Design and installation of the IPMIS System finalized, collection forms developed, except for the customization of data, standard reports and organization units. The

					system can be accessed at <a href="http://ipmis.malawi.gov.mw">http://ipmis.malawi.gov.mw</a> .
	1.3.3 Formulate M&E Policy on the basis of the M&E Study recommendations	M&E Policy Formulated	Partially Achieved		ToRs developed and what remains is hiring of the consultant to develop the policy
	1.3.4 Support PETS in social protection	Survey team and questionnaires	Not Done		It was not supported as the two reviews are still not completed.
<b>1.4 SDGs, MGDS II Reviews and Evaluations</b>					
	1.4.1 MGDS II Annual Review (2014/15)	Report and print 100 copies	Report finalised but not printed		The report was finalised and printing and dissemination want done, scheduled for 2017.
	1.4.2 Agree SDG indicators and targets and produce SDG baseline report	Report and print 500 copies, disseminate	Partially achieved		NSO has produced a draft document identifying the baselines for the SDG indicators and being discussed with specific ministries and EP&DD.
	1.4.3 Start-up support for the national M&E association	M&E Association Established	Partially Done		Strategic Plan developed, Chapters in all regions have been established. The constitution and strategic plan were submitted for the registration.
	1.4.4 Review MGDS II Gender Strategy	Consultancy and Report	Done		UN Women participated through a consultant in the MGDS II review

<b>Indicator 5:</b> Number of institutions reviewed for performance and provided with feedback. Baseline 0 ( 2011); Target 38 ( 2016)	<b>1..5 Support to the Performance Contracting System</b>				
	1.5.1 Train 20 Independent Evaluators, 8 PED staff and 20 Core team members on the Performance Contracting Assessment Tools	20 independent Evaluators, 8 PED staff 20 core team members	Achieved		20 independent Evaluators, 8 PED staff 20 core team members
	1.5.2 Support the Performance Contracting Module in the IPMIS		Partially Achieved		Contribution to payment of Consultant
	1.5.3 Finalize and disseminate performance contracting and assessment tool	Contracting and Assessment tool	Achieved		1,500 copied printed
<b>Indicator 6:</b> Percentage of MDAs that have implemented at least 70 % of PC evaluation recommendations Baseline: 0; Target: 75 % (2016)	1.5.4 Train MDAs on performance contracting and assessment (20 Ministries, 25 Government downstream Departments and 25 Parastatals)	20 MDAs, 5 Govt Departments and 25 Parastatals	Achieved		25 MDAs trained
	1.5.5 Undertake Quarterly and Year End assessments and dissemination of results	All MDAs	Partially Achieved		Assessment completed, report was disseminated
	1.5.6 Specialized training areas of performance contracting.	2 Officers	Achieved		2 Officers trained at ESAMI in Public Sector Performance Management in the Third Quarter.
<b>Output 2: National Institutions have the capacity to align policies, Programmes and budgets with national development strategies and MDGs for efficient achievement of development results.</b>					
	<b>2.1. Support to Programme Based Budgeting:</b>				



<p><b>Indicator 1:</b> Programme based budgeting piloted in institutions.</p> <p><b>Baseline:</b> None (2012);</p> <p><b>Status</b> (2015): 13</p> <p><b>Target</b> (2016): 33</p>	2.1.1 Train MDAs on PBB structures, templates and performance indicators	All ministries	Partially Achieved		Done during budget briefings with Government funding
	2.1.2 Finalize PBB manual, templates and budget guidelines	Manual and guidelines	Partially Achieved		Drafts were done except for sharing other stakeholders.
	2.1.3 Modify current budget preparation software to ensure it is compatible with PBB	New software	Not Achieved		IPMIS consultant to advise on way forward and timelines.
	2.1.4 Sensitization workshops, briefings and training on PBB, Gender Responsive Budgeting and changes to the PFM Act for key stakeholders (with different target audiences such as Senior Government Officials, Budget committees in MDA, Parliamentary committees, Civil society, Local Councils)	Meetings and revised PFM Act	Partially Achieved		<p>MPs briefed on PBB concepts with co-financing arrangement between Government and UNDP. Additional training on PBB concepts and budget analysis is required</p> <p>PSs (Controlling Officers) were also briefed on major PBB concepts</p> <p>UN Women organized budget training for the Women Parliamentary Caucus</p>
	2.1.5 Specialized training in PBB	2 officers trained	Achieved		2 Officers trained in Performance Budgeting at ESAMI in Lusaka
<b>2.2 Support Sector Working Groups</b>					

<b>Indicator 2:</b> Number of functional SWGs <b>Baseline:</b> 6 (2012); <b>Status</b> (2015): 9 <b>Target</b> (2016): 16	2.2.1 Support implementation of SWG planning and management guidelines, M&E TWGs in key sectors, and operationalization of new management structures for the SWGs	Training (32), 1 TWG Meeting, Reports of SWGs Meetings	Partially Achieved		Only one meeting with management done.
	2.2.3 Undertake joint learning for SWG Secretariats and Desk Officers	One Meeting (40 officers)	Achieved		Learning event conducted on 21 <sup>st</sup> July, 2016. Desk officers meeting conducted
<b>2.3 Support formulation of successor national development strategy</b>					
<b>Indicator 3:</b> National development strategy formulated through a participatory process by Dec 2016: <b>Baseline:</b> 0 <b>Target:</b> 1  <b>Indicator 4:</b> Sector and district plans aligned with MGDS priorities and linked to MTEF process <b>Baseline:</b> 0 (2011); <b>Target:</b> 5 sectors and 10 districts (2016)	2.3.1 Conduct national consultative meetings – Parliament, all MDAs, CSOs and Interest Groups, Academia and District councils	4 Regional Meetings and 7 Districts Meetings	Achieved		NDS consultation with 28 district councils using support from Government and UNDP/UNEP Funded PEI project
	2.3.2 Consolidate all inputs (SWG contributions, intra-sectoral consultations, stakeholder consultations), draft the Successor Strategy	One Meeting with SWGs	Partially Achieved		SWG contributions and those from other stakeholders were consolidated. The draft wasn't done yet
	2.3.3 Support to the Development of National Development Strategy Document	Reviews, Issues Paper, SDGs	Partially Achieved		MGDS II Review report, and Issues paper produced. TORs for consultant to draft Successor NDS developed
	2.3.4 Integrate advisory services for enhancing gender sensitive capacities of post-MGDS II drafters	Report	Not Achieved		This was rescheduled to 2017 since the process was delayed by the delays in the NPC establishment
	2.3.5 Indicate and advocate for Malawi's priorities among the Sustainable development goals (SDGs)	Awareness Meeting	Partially Achieved		Kumbali meeting held which drew participants from NSO,

					Local Govt, EPD, UN family and others. This was followed by workshop at Lilongwe Hotel on 9 <sup>th</sup> June. ToT conducted from 4-5 <sup>th</sup> August for EPD staff and SWG secretariats. SDG priorities however were not agreed. Support from an international UNICEF technical expert was provided.
	2.3.6 Support evidence-based research to inform national development agenda and SDGs prioritization and customize SDGs Guidelines and tools for implementation in the context of the national planning process	Research Report	Partially Achieved		Preliminary discussions with Academia were held.
	2.3.7 Launch and dissemination of NHDR	Launch NHDR	Achieved		Report launched by Minister on 7 <sup>th</sup> June at parliament through chairs of parliament committees.
	2.3.8 Review current results framework and data needs, and develop Indicators and M&E framework for successor NDS	Revised Results Framework	Partially Achieved		Work initiated within the context of SDGs Indicators. This will be completed by EP&D in collaboration with NSO. Consultant supported by UNICEF in 2017 is facilitating this process.
	2.3.9 Support the establishment of the National Planning Commission	Consultancy and Report	Partially Achieved		Proposal and draft Bills were developed and submitted. The Bills were tabled in the November 2016 sitting of Parliament. The Bill was

					approved and it is waiting for ascension by the State President
<b>Joint Output 3: Government has sufficient capacity to effectively negotiate, manage and account for development assistance</b>					
<b>Indicator 1:</b> 2015/16 FY Development Cooperation Atlas produced by October 2016. <b>Baseline:</b> No (2014) <b>Target:</b> Yes (2016)	<b>3.1 Strengthen debt and aid management functions:</b>				
	3.1.1 Capacity building to strengthen debt and aid management (DAD and key line ministries)	Train 2 DAD Officers	Achieved		Trained 2 DAD Officers in Monitoring and Evaluation  Supported DAD participation at the CABRI/Uganda debt management peer review workshop
	3.1.2 Production and dissemination of the Development Cooperation Atlas;	Development Cooperation Atlas Report	Achieved		The first Development Cooperation Atlas Report was produced in March which covered Financial years' 2012/13, 2013/14 and 2014/15.
	3.1.3 Production of Development Cooperation Calendar;	Develop Development Cooperation Calendar	Achieved		The 2016 calendar was produced and disseminated.
	3.1.4 2015 Debt Sustainability Analysis and Medium Term Debt Strategy	Review Strategy	Achieved		Debt sustainability was conducted
<b>Indicator 2a:</b> Number of visits to the AMP Public portal	3.1.5 Extend access to the Aid Management Platform (AMP) to International NGOs & Foundations;	23 NGOs and Foundations	Not Achieved		Rescheduled to 2017

<p><b>Baseline</b> (Sep-Nov 2015): 1296</p> <p><b>Target 2016:</b> 15000</p> <p><b>Indicator 2b:</b> Number of DPs reporting on the online AMP:</p> <p><b>Baseline 2014:</b> 6,</p> <p><b>Target 2016:</b> 23</p>	3.1.6 AMP Public Portal dissemination and training to users (e.g., DPs managers, SWGs secretariats in line ministries, districts, CSOs);	All DPs, All Ministries and Districts	Partially Achieved		Conducted trainings in all the regions
	3.1.7 AMP portfolio review with DPs data focal points	4 Review Sessions	Achieved		AMP Portfolio review with DP focal points was done
	3.1.8 Budget integration and IATI data exchange	Budget integration and IATI data exchange	Partially Achieved		Initial module for IATI integration done but not yet implemented. It can be used to track funding currently not reported on AMP.
	3.1.9 Technical support for AMP including hosting	Technical support for AMP including hosting	Achieved		This activity is ongoing. Development Gateway (DG) continues to provide technical support to the AMP. DG is also continuing to host the AMP on their servers
<p><b>Indicator 3:</b> Functional arrangements for mutual accountability in place;</p> <p><b>Baseline :</b> 1 DCG meeting (2014);</p> <p><b>Target :</b> 1 HLF, 2 DCG meetings (2016)</p>	<b>3.2. Support to effective Development Cooperation:</b>				
	3.2.1 Development Cooperation Strategy dissemination	All DPs, All Ministries and Districts	Achieved		This is an ongoing activity.
	3.2.2 Guidelines on Technical Assistance and Capacity Development and Division of Labor	Develop Guidelines	Partially Achieved		DoL matrix was produced and awaiting presentation to management
	3.2.3 Effective preparation of HLF and DCG meetings	1 HLF, 1 DCG	Achieved		The DCG was held 23rd March 2016. The HLF was held on 1st June 2016

	3.2.4 Support to the Economic Governance Sector Working Group and the invigoration of the Debt Management Committee		Partially Achieved		On going
	3.2.5 IATI Subscription	IATI Subscription	Achieved		IATI subscription was done
	3.2.6 Review and update DCS Work Plan	Review and update DCS Work Plan	Not Achieved		This was not done
	3.2.7 Support Malawi's participation in international development effectiveness fora (Global Partnership for Effective Development Cooperation, 2nd Monitoring Round and Co-chairmanship)		Achieved		This is an ongoing activity.  Hosted 9th Steering Committee meeting of GPEDC from 29th February to 1st March 2016.  Supported Malawi's participation in GPEDC 2 <sup>nd</sup> round of monitoring. Supported participation in the Nairobi HLM2 from 28 <sup>th</sup> Nov to 1 <sup>st</sup> Dec 2016
	3.2.8 Update and Disseminate Debt and Aid Management Policies.	Update Policy	Partially Achieved		The policies were reviewed and yet to be submitted to Cabinet
	<b>3.3 Learning &amp; Information Exchange on Development Effectiveness</b>				
<b>Indicator 4:</b> No. of meetings on development effectiveness with stakeholders;	3.3.1 Support learning and information exchange on development effectiveness (for government, CSOs, Academia, Media, Private Sector, and MPs ) and support stakeholder initiatives on development effectiveness	All Stakeholders	Achieved		Supported the Youth during the Successor National Strategy dialogue and Youth's, CSOs and Private

<b>Baseline:</b> 1 (2014);  <b>Target:</b> 6 (2016)					Sector participation at the Nairobi HLM2 of the GPEDC.
	3.3.2 Review Malawi's preparedness for the F4D agenda, new forms of finance and smart use of development cooperation finance to leverage public-private partnership		Partially Achieved		Regional methodology for development finance assessments reviewed. On this basis a concept note for Malawi was prepared and discussions on development finance assessment ongoing with NEPAD.
	3.3.3 Programme Steering Committee and Program Management and coordination meetings;	2 Programme Steering Committee; 4 Program Management and coordination meetings	1 Programme Steering Committee held; 2 Program Management and coordination meetings held		The Project Steering Committee (PSC) was held on 18 <sup>th</sup> January and 24 <sup>th</sup> August 2016. The Program Management & coordination (PMC) meetings were held on 7 <sup>th</sup> January, 8 April and, 23 <sup>rd</sup> June 2016
	3.3.4 Program monitoring, evaluation, audits and visibility activities conducted	1 Audit; 1 Programme Evaluation	1 Audit Done; 1 Evaluation		The audit done from 21 <sup>st</sup> March to 11 <sup>th</sup> April 2016. Overall, the audit went well for the DEAP as most of the critical audit areas such as the combined delivery report, assets and equipment, and cash position

					<p>were found to be clean and were consequently unqualified</p> <p>The DEAP Evaluation Consultancy was conducted and the report was produced.</p>
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## PART II: Financial Reporting

### 2.1 Detailed January 2016 – December 2016 Expenditure Report

During January – December 2016, the total funding for the programme was \$1,662,876.00 (comprising of \$600,000 from UNDP and \$607,376 from the EU). The EU contribution was equivalent to EUR 680,261.12 converted at the rate 1 EUR to \$1.12 at the time the second tranche of fund was received. When the contribution agreement was signed, the exchange rate was 1 EUR to \$1.3826. Other participating UN agencies such as UNICEF and UN Women provided parallel funding for implementation of some of the DEAP activities to the tune of \$363,500 and \$92,000 respectively. Table 2 below shows resource utilisation (combined UN and EU) per output and corresponding key activities in EURO as outlined in the EU/UNDP Contribution Agreement. Table 2 is followed by Table 3, which shows resource utilisation per output for all donors to DEAP in \$.

Table 2: Resource Utilisation per activity

Immediate Objectives/Outputs/Activities	Budget as in the Cooperation Agreement (January 2014-December 2016, extended to November 2017) in Euro	Expenditure (January 2014-December 2014) in Euro	Expenditure (January 2015-December 2015) in Euro	Expenditure (January 2016-December 2016) in Euro	Expenditure on 2014-2017 budget in %
<b>1. National Institutions utilize Results-Based Management (RBM) systems for planning, monitoring and evaluation to enhance ownership and leadership for achievement of development results</b>					
<b>1.1 RBM capacity and practice: (i) Comprehensive training manual including RBM, HRBA, MGDS/MGD-based planning and budgeting and guidelines for mainstreaming gender; (ii) Capacity development of learning and training institutions and MoU for delivering training in RBM; (iii) Senior management training (PSs,</b>	<b>412,242.00</b>	<b>166,847.15</b>	<b>126,862.95</b>	<b>51,161.17</b>	<b>84%</b>

planning directors, DCs); (iv) Intensive training on policy and impact evaluations (v) Piloting of RBM application in selected districts and line ministries.					
<b>1.2 Implementation of the National Statistical System Strategic Plan and MDGs End line survey supported.</b>	<b>251,390.00</b>	<b>153,316</b>	<b>39,058.51</b>	<b>27,767.29</b>	<b>88%</b>
<b>1.3 Government M&amp;E system strengthened: (i) Review of M&amp;E architecture; (ii) Setting up integrated management information in MoEPD for monitoring development results; (iii) upgrading district databanks system.</b>	<b>401,371.00</b>	<b>84,123</b>	<b>76,142.28</b>	<b>41,596.51</b>	<b>50%</b>
<b>1.4 MGDS II annual; mid-term and end of term review processes supported: (i) Undertake public expenditure tracking surveys (PETS) in key sectors; (ii) produce and disseminate annual MGDS II review reports; (iii) produce and disseminate MDGs reports.</b>	<b>390,972.00</b>	<b>211,136</b>	<b>71,058.21</b>	<b>8,217.79</b>	<b>74%</b>
<b>1.5 The Project and Programme Implementation, Monitoring and Evaluation Department (PPIMED) in OPC strengthened in the provision of effective monitoring and oversight functions.</b>	<b>505,091</b>	<b>70,604.35</b>	<b>201,288.14</b>	<b>54,106.09</b>	<b>65%</b>
<b>SUB-TOTAL FOR OBJECTIVE 1</b>	<b>1,961,066</b>	<b>686,026</b>	<b>514,410.08</b>	<b>182,848.84</b>	<b>71%</b>
<b>2.1 Programme based budgeting pilot initiative supported, annual national budget analysis conducted and programming guidelines and technical manuals for ministries and districts upgraded to meet alignment requirements.</b>	<b>245,072</b>	<b>77,295</b>	<b>72,227.54</b>	<b>28,195.02</b>	<b>73%</b>

<b>2.2 Strengthened SWG process: (i) Review SWGs functionality; (ii) Support sectors to initiate SWGs; (iii) Organize joint learning events for members of SWGs; (iv) Study tour on SWGs; (v) Set up a SWG secretariat in MoEPD.</b>	<b>195,644</b>	<b>51,417</b>	<b>72,597.52</b>	<b>3,757.99</b>	<b>65%</b>
<b>2.3 National development strategy review and evaluations supported: 2 x NHDRs, policy and social impact assessments in selected areas, at least 3 x MGDS II based thematic evaluations by 2016 and dissemination of key reports.</b>	<b>294,473</b>	<b>151,982</b>	<b>46,095.06</b>	<b>39,170.94</b>	<b>81%</b>
<b>2.4 Successor strategy to the MGDS II formulation process including post-2015 development agenda supported.</b>	<b>494,609</b>	<b>747</b>	<b>94,148.46</b>	<b>125,258.91</b>	<b>45%</b>
<b>SUB-TOTAL FOR OBJECTIVE 2</b>	<b>1,229,798</b>	<b>281,441</b>	<b>285,068.58</b>	<b>196,382.86</b>	<b>62%</b>
<b>2. Government has sufficient capacity to effectively negotiate, manage and account for development assistance</b>					
<b>3.1 Strengthened aid and debt management functions: (i) Update description of functions in DAD and staff job descriptions; (ii) Produce and disseminate debt and aid reports; (iii) Upgrade and extend access to the Aid Management Platform (AMP) and CS-DRMS systems and link them to the budget system.</b>	<b>635,576</b>	<b>152,382</b>	<b>310,012.60</b>	<b>100,191.42</b>	<b>89%</b>
<b>3.2 Development Cooperation Strategy (DCS) for 2012-2016 formulated and support effective preparation and follow up to national dialogue structures (HLF, CABS, etc.) and DCS mid-term review.</b>	<b>394,188</b>	<b>9,768</b>	<b>191,343.72</b>	<b>67,884.45</b>	<b>68%</b>
<b>3.3 Government Debt and Aid Management policies and Medium Term Debt Management Strategy reviewed, updated and disseminated.</b>	<b>51,501</b>	<b>20,183</b>	<b>48.91</b>	<b>37,561.57</b>	<b>112%</b>

<b>3.4 Learning and information exchange on development effectiveness agenda supported for government, civil society, academia, media, members of parliament and private sector including South-South Cooperation and Triangular Cooperation and participation in Global Partnership and other international meetings.</b>	<b>352,431</b>	<b>19,323</b>	<b>18,263.12</b>	<b>284,285.40</b>	<b>91%</b>
<b>SUB-TOTAL FOR OBJECTIVE 3</b>	<b>1,433,696</b>	<b>201,656.00</b>	<b>519,668.35</b>	<b>489,922.84</b>	<b>84%</b>
<b>Total Project Direct Eligible Costs</b>	<b>4,624,560</b>	<b>1,169,123</b>	<b>1,322,722</b>	<b>869,155</b>	<b>73%</b>
<b>Indirect Costs (GMS 7%)</b>	<b>323,719</b>	<b>42,148</b>	<b>92,591</b>	<b>19,357.70</b>	<b>48%</b>
<b>GRAND TOTAL</b>	<b>4,948,279</b>	<b>1,211,272</b>	<b>1,415,312</b>	<b>888,512.24</b>	<b>71%</b>

Exchange rate: 1 Euro = \$1.12

Table 3: Financial Status and Utilization per output, all donors

UNITED NATIONS DEVELOPMENT PROGRAMME INTERIM FINANCIAL REPORT* AS AT 31 DECEMBER 2016 FOR THE DEVELOPMENT EFFECTIVENESS AND ACCOUNTABILITY PROJECT										
PROJECT ID : 00071958										
		CONTRIBUTIONS		INITIAL (AWP)	CONTR. RECEIVED	REVISED				
		EU	570,080.98	607,376.00	324,996.00					
		UNICEF	363,500.00	-	-					
		UNWomen	92,000.00	-	-					
		UNDP CORE	600,000.00	680,000.00	680,000.00					
		<b>TOTAL CONTRIBUTIONS</b>	<b>\$1,625,580.98</b>	<b>\$1,287,376.00</b>	<b>\$1,004,996.00</b>					
Project outputs	Donor	2016 Initial AWP Budget	2016 Revised Budget	2016 Expenditure January - March	2016 Expenditure April - June	2016 Expenditure July - Sept	2016 Expenditure Oct - Dec	Total Expenditure Jan - Dec 2016	Balance on revised budget	Resource Utilisation versus AWP Budget
1. Results Based Management	TRAC	126,300.00	159,400.00	12,321.51	41,649.67	46,988.84	46,178.17	147,138.19	12,261.81	116%
	EU	217,000.00	60,797.20	46,309.28	-	1,245.34	10,097.89	57,652.51	3,144.69	27%
	UNWomen	35,000.00	35,000.00					35,000.00	-	100%
	UNICEF	213,500.00						166,396.00	47,104.00	78%
2. Alignment of Policies/ Budgets	TRAC	81,000.00	95,200.00	10,940.62	57,332.24	17,983.15	31,807.52	118,063.53	(22,863.53)	146%
	EU	212,500.00	119,816.82	31,230.44	11,441.01	38,232.40	20,981.42	101,885.27	17,931.55	48%
	UNWomen	57,000.00	57,000.00					42,000.00	15,000.00	74%
	UNICEF	150,000.00						75,386.00	74,614.00	50%
3. Capacity to Manage Assistance	TRAC	392,700.00	425,400.00	58,164.56	104,857.99	65,742.24	197,244.99	426,009.78	(609.78)	108%
	EU	140,580.98	123,120.56	23,268.35	29,201.20	30,851.04	39,383.01	122,703.60	416.96	87%
General Management Service Fees****	EU	37,295.02	21,261.42	-	9,867.62	4,907.22	4,877.48	19,652.32	1,609.10	53%
<b>TOTAL</b>		<b>1,662,876.00</b>	<b>1,096,996.00</b>	<b>182,234.76</b>	<b>254,349.73</b>	<b>205,950.23</b>	<b>350,570.48</b>	<b>1,311,887.20</b>	<b>(214,891.20)</b>	<b>79%</b>
<b>Notes</b>										
*** GMS is not applied to UNDP Core Contributions.										
*** UNICEF and UNWomen funds part of DEAP are not disbursed by UNDP, but disbursed directly by UNICEF and UNWomen										
2016 Revised Budget as	\$ 1,096,996.00		2016 Received Resources as	\$ 1,287,376.00						
Total TRAC Expenditures Jan - Dec 2016	\$ 691,211.50		Total TRAC Expenditures Jan - Dec 2016	\$ 691,211.50						
Total EU Expenditures Jan - Dec 2016	\$ 301,893.70		Total EU Expenditures Jan - Dec 2016	\$ 301,893.70						
2016 Budget Balance	\$ 103,890.80		Balance as at Dec 2016	\$ 294,270.80						

## Challenges

One key strategic Challenge for the project during 2016, was the lack of clear direction from government on the formulation of the successor National Development Strategy (NDS) to the now expired Malawi Growth and Development Strategy II (MGDS II) and the establishment of the National Planning Commission (NPC). The significant delays in commencing the development of the NDS and in establishing the NPC led to low utilization of resources in 2016, but it is expected that this support will be key in 2017 as the process is finalized until its launch and dissemination to all stakeholders.

Participation in key activities has at times been low, and this has been attributed to the current practice of full-board arrangements rather than DSA. This issue is beyond the control of the Program managers as it affects all donor-funded projects.

Another challenge in 2016 has been the departure of several key project personnel. This affected the implementation at the end of 2016 negatively, and might delay the finalization of the 2017 AWP.

## Lessons Learnt

There is need to better anticipate the planning of priority activities, such as the next National Development Plan given its political nature, whose postponement or delay have a significant impact on the Programme's performance.

The Programme promotes knowledge generation as part of the innovative aspects of the programme. To this effect, the programme noted the positive benefits of collaboration particularly when new concepts or approaches are introduced. For instance, UN and government officials and other relevant stakeholders jointly discussed the challenges in handling the SDGs and jointly participated in several courses.

There is a need for regular joint planning and review meetings between all stakeholders, which was also noted in the DEAP evaluation.

## Way forward

### **Moving forward, the Programme among other things needs:**

- a. **Effective coordination:** There is need for regular Programme management coordination meetings where Programme strategic issues should continuously be discussed and agreements made on furthering Programme achievement of intended results. Follow up on such agreements through the Steering Committee meetings would also be fundamental with clear responsibilities.
- b. **Raising awareness of DEAP:** Awareness of the Programme should be raised so that there is buy-in from external partners. This is imperative considering that the Programme is supporting introduction and institutionalization of new instruments such as the Programme Based Budgeting, the Results Based Management, and Performance Contracts, and development effectiveness principles for making development cooperation work for results, as stimulated in the DCS.

## Key Activities in the 2017 Annual Work plan in relation to the Cooperation Agreement

***Objective/ Output 1:*** National Institutions utilize Results-Based Management (RBM) systems for planning, monitoring and evaluation to enhance ownership and leadership for achievement of development results.

***Key activities:***

**1.1 RBM capacity and practice:** (i) Continue to roll-out results-based management practice in selected ministries and districts - hands-on support for results oriented planning and M&E frameworks and capacity building. (ii) Support to integrated district M&E systems under the leadership of the district M&E coordination committees; (iii) Support selected training and learning institutions to incorporate RBM as part of their curriculum; (iv) Support RBM/M&E training for new M&E officers at district level.

**1.2 Support to National Statistical System:** (i) Provide scholarships for diploma course in statistics at CHANCO; (ii) Agree on priorities for data enhancement to meet the expectations for SDG reporting; (iii) Roll Out of DATA Quality Assurance System in selected pilot NSS Ministries; (iv) MASEDA – Review and upgrade/update metadata (review of SDG prioritization/ indicators) and development of DDBS for five model districts; (v) Support to the national statistical system (statistical strategy), DHS, and the census; (vi) Support printing of the MICS report (a third of the total cost); (vii) Support to National Statistical System – NSO Gender Statistics Training and pre-testing

**1.3 Strengthen M&E Systems at all levels:** (i) Support the National M&E Coordination Committee to coordinate overall public sector M&E, agree and take forward the recommendations of the M&E Study, coordinate the national evaluation plan and facilitate use of M&E results in decision-making; (ii) Support the design and implementation of IPMIS, including integrated reporting format and Web –Based District Databanks; (iii) Formulate M&E Policy on the basis of the M&E Study recommendations; (iv) Support to District M&E Coordination; (v) Support PETS in social protection;

**1.4 SDGs, MGDS II Reviews and Evaluations:** (i) MGDS II Annual Review; (ii) Agree SDG indicators and targets and produce SDG baseline report; (iii) Start-up support for the national M&E association; (iv) Review MGDS II Gender Strategy.

**1.5 Support to the Performance Contracting System:** (i) Train 20 Independent Evaluators, 8 PED staff and 20 Core team members on the Performance Contracting Assessment Tools; (ii) Support the Performance Contracting Module in the IPMIS; (iii) Finalize and disseminate performance contracting and assessment tool; (iv) Train MDAs on performance contracting and assessment (20 Ministries, 25 Government downstream Departments and 25 Parastatals); (v) Undertake Quarterly and Year End assessments and dissemination of results; (vi) Specialized training areas of performance contracting.

**Objective/Output 2:** National Institutions have the capacity to align policies, programmes and budgets with national development strategies and MDGs for efficient achievement of development results.

**Key activities:**

**2.1. Support to Programme Based Budgeting:** (i) Train MDAs on PBB structures, templates and performance indicators; (ii) Finalize PBB manual, templates and budget guidelines; (iii) Modify current budget preparation software to ensure it is compatible with PBB; (iv) Sensitization workshops, briefings and training on PBB, Gender Responsive Budgeting and changes to the PFM Act for key stakeholders (with different target audiences such as Senior Government Officials, Budget committees in MDA, Parliamentary committees, Civil society, Local Councils); (v) Specialized training in PBB

**2.2 Strengthened SWG process:** (i) Support implementation of SWG planning and management guidelines, M&E TWGs in key sectors, and operationalization of new management structures for the SWGs; (ii) Undertake joint learning for SWG Secretariats and Desk Officers;

**2.3 Successor strategy to the MGDS II formulation process supported:** (i) Conduct national consultative meetings – Parliament, all MDAs, CSOs and Interest Groups, Academia and District councils; (ii) Consolidate all inputs (SWG contributions, intra-sectoral consultations, stakeholder consultations), draft the Successor Strategy; (iii) Support to the Development of National Development Strategy Document; (iv) Integrate advisory services for enhancing gender sensitive capacities of post-MGDS II drafters; (v) Indicate and advocate for Malawi's priorities among the Sustainable development goals (SDGs); (vi) Support evidence-based research to inform national development agenda and SDGs prioritization and customize SDGs Guidelines and tools for implementation in the context of the national planning process

**Objective/Output 3:** Government has sufficient capacity to effectively negotiate, manage and account for development assistance.

**Key activities:**

**3.1 Strengthened aid and debt management functions:** (i) Capacity building to strengthen debt and aid management (DAD and key line ministries); (ii) Production and dissemination of the Development Cooperation Atlas; (iii) Production of Development Cooperation Calendar; (iv) 2015 Debt Sustainability Analysis and Medium Term Debt Strategy; (v) Extend access to the Aid Management Platform (AMP) to International NGOs & Foundations; (vi) AMP Public Portal dissemination and training to users (e.g., DPs managers, SWGs secretariats in line ministries, districts, CSOs); (vii) AMP portfolio review with DPs data focal points; (viii) Budget integration and IATI data exchange; (ix) Technical support for AMP including hosting.

**3.2 Support to effective Development Cooperation:** (i) Development Cooperation Strategy dissemination; (ii) Guidelines on Technical Assistance and Capacity Development and Division of Labour; (iii) Effective preparation of HLF and DCG meetings; (iv) Support to the Economic Governance Sector Working Group and the invigoration of the Debt Management Committee; (v) IATI Subscription; (vi) Review and update DCS Work Plan; (vii) Support



Malawi's participation in international development effectiveness fora (Global Partnership for Effective Development Cooperation, 2<sup>nd</sup> Monitoring Round and Co-chairmanship) (vii) Update and Disseminate Debt and Aid Management Policy.

**3.3 Learning & Information Exchange on Development Effectiveness:** (i) Support learning and information exchange on development effectiveness (for government, CSOs, Academia, Media, Private Sector, and MPs ) and support stakeholder initiatives on development effectiveness; (ii) Review Malawi's preparedness for the F4D agenda, new forms of finance and smart use of development cooperation finance to leverage public-private partnership; (iii) Hold Programme Steering Committee and Program Management and coordination meetings; (iv) Program monitoring, evaluation, audits and visibility activities conducted

Annex 1 provides an update on progress against indicators.

## CONCLUSION

This report reviews activities, achievements, financial delivery and challenges realized from January to December 2016. Good progress was recorded in 2016 for most activities with highlights such as when Malawi successfully hosted the 9th Steering Committee of the Global Partnership for Effective Development Cooperation (GPEDC) as a co-chair of the GPEDC, the institutionalization of Results Based Management, the roll out of Programme Based Budgeting to all MDAs and the introduction of a new Public Sector Performance Management System for the public service. There is however need for sustained effort in 2017 to consolidate results. Continued support to the post-2015 agenda, domestication of SDGs and drafting and launch of the National Development Strategy will be key in 2017, as Malawi prepares a solid plan for the future.

UNDP,

Lilongwe

## Annex 1: Assessment of Output Performance Indicators

**Overall Programme Objective: Public institutions are better able to manage, allocate and utilize resources for effective development and service delivery by 2016.**

No.	Indicator	Base-line	Achieved in 2016	End of project target (2016)	Remarks
1	% of aid reported in the national budget	55% (2009)	29%	90%	Up from 24% in 2014, suspension of budgetary support continued to be reflected in the decline in percent of aid reported in the national budget compared to previous years.
2	% of development budget (part 1 and 2 utilised)	30% (2010)	28%	80%	As of September 2016, Development Expenditures amounted to K238.7 Billion (€307.5 million) against an approved budget of K864.4 billion, (€1,113.6 Billion) (at 1 Euro = 776.29 MK)

### Intermediate Objectives

**Intermediate Objective 1:** National Institutions utilize Results-Based Management (RBM) systems for planning, monitoring and evaluation to enhance ownership and leadership for achievement of development results

No.	Indicator	Base-line	Achieved in 2016	End of project target (2016)	Remarks
1	No. of public institutions practicing RBM	0 (2010)	4	15 (2015)	The 4 institutions that are currently practicing RBM are Ministry of Finance, Economic Planning and Development, Ministry of Gender, Children and Social Welfare, National Audit Office and Ministry of Industry and Trade

**Intermediate Objective 2:** National Institutions have the capacity to align policies, programmes and budgets with national development strategies and MDGs/SDGs for efficient achievement of development results

No.	Indicator	Base-line	Achieved in 2016	End of project target (2016)	Remarks
1	% development effectiveness indicators met (enforcement)	40 % (2013)	40%	60%	Information was gathered as part of the second Busan Monitoring round, e.g on the use of country's results framework which is both a DCG and Busan Global indicator. Out of the 15 indicators, 6 are on track, while 9 indicators are not met

**Outputs for Objective 1:** National Institutions utilize Results-Based Management (RBM) systems for planning, monitoring and evaluation to enhance ownership and leadership for achievement of development results

1.1 RBM capacity and practice: (i) Comprehensive training manual including RBM, HRBA, MGDS/MGD-based planning and budgeting and guidelines for mainstreaming gender; (ii) Capacity development of learning and training institutions and MoU for delivering training in RBM; (iii) Senior management training (PSs, planning directors, DCs); (iv) Intensive training on policy and impact evaluations (v) Piloting of RBM application in selected districts and line ministries.

No.	Indicator	Base-line	Achieved in 2016	End of project target (2016)	Remarks
1	# of staff within learning and training institutions who have RBM skills and knowledge and are delivering RBM training	4 (2012)	7 (Poly-4 and 3-MIM)	30	Four Polytechnic staff and three staff member from the Malawi Institute of Management deliver the training. Polytechnic has a long term contract to provide RBM training. However discussions are still ongoing with MIM, Chancellor college and LUANAR as part of the RBM pilot.

No.	Indicator	Base-line	Achieved in 2016	End of project target (2016)	Remarks
2	Number of staff in ministries and districts trained in RBM tools	56 at district level;	448 at district level	800 at district level; 260 at central level and in line ministries	
3	# of institutions with completed results based planning, M&E and reporting cycle	0 (2012)	12	10	RBM roll out will be done in the following year but 12 Ministries have M&E frameworks and report every quarter.

1.2 Government M&E system strengthened: (i) Review of M&E architecture; (ii) Setting up integrated management information in MoEPD for monitoring development results; (iii) upgrading district databanks system.

No.	Indicator	Base-line	Achieved as of Sep 2016	End of project target (2016)	Remarks
1	Development results monitoring and evaluation system in place in EPD and linked up with existing databases and management information systems	No (no base line year)	In progress	Yes	The M&E Division completed the assessment of the State of M&E in Malawi. Recommendations were implemented from 2015 onwards. An IT expert was hired to work on an Integrated Performance Management Information System which will link with other databases. The system is expected to be operational in 2016.
2	% of Ministries with functional M&E systems	60% (2010)	80%	90%	On track. 12 Ministries have M&E frameworks (3 more working on M&E Frameworks)
3	No. of district councils with functional M&E systems	7 (2012)	11	28	11 District Councils have M&E frameworks and 16 with working District M&E coordination Committees

1.3 MGDS II annual; mid-term and end of term review processes supported: (i) Undertake public expenditure tracking surveys (PETS) in key sectors; (ii) produce and disseminate annual MGDS II review reports; (iii) produce and disseminate MDGs reports.

No.	Indicator	Base-line	Achieved as of Sep 2016	End of project target (2016)	Remarks
1	Quality and timeliness of MGDS review (completeness and accuracy of information, reports produced by Sept each year and used at HLF meetings or equivalent forum)	No	In progress	Yes	MGDS II expired in June, 2016. Development of the successor National Development Strategy is currently underway

1.4 The Project and Programme Implementation, Monitoring and Evaluation Department (PPIMED) in OPC strengthened in the provision of effective monitoring and oversight functions.

No.	Indicator	Base-line	Achieved as of Sep 2016	End of project target (2016)	Remarks
1	Number of public institutions assessed for performance annually and provided feedback	0 (2012)	25	43	The assessment for 2016 has been finalised by newly appointed independent Evaluators. Report to be disseminated at the end of 2016

**Output Objective 2:** National Institutions have the capacity to align policies, programmes and budgets with national development strategies and MDGs for efficient achievement of development results

2.1 Programme based budgeting pilot initiative supported, annual national budget analysis conducted and programming guidelines and technical manuals for ministries and districts upgraded to meet alignment requirements.

No.	Indicator	Base-line	Achieved as of Sep 2016	End of project target (2016)	Remarks
1	Programme based budgeting guidelines in place	No guidelines (2012)	Guidelines are now in place	Programme based budgeting guidelines adopted	PBB rolled out to all MDAs and the 2016/17FY national budget was the first ever national budgeted to be presented in the PBB format

2.2 Strengthened SWG process: (i) Review SWGs functionality; (ii) Support sectors to initiate SWGs; (iii) Organise joint learning events for members of SWGs; (iv) Study tour on SWGs; (v) Set up a SWG secretariat in MoEP&D.

No.	Indicator	Base-line	Achieved as of Sep 2016	End of project target (2016)	Remarks
1	Number of functional SWGs	6 (2012)	11	16 (2016)	The SWG functionality study confirmed that 11 SWG are fully active/functional. Remaining 5 are dormant. Following the adoption of new guidelines for SWG, interventions are underway to operationalize the remaining SWGs which are dormant.

**Output Objective 3:** Government has sufficient capacity to effectively negotiate, manage and account for development assistance

3.1 Strengthened aid and debt management functions: (i) Update description of functions in DAD and staff job descriptions; (ii) Produce and disseminate debt and aid reports; (iii) Upgrade and extend access to the Aid Management Platform (AMP) and CS-DRMS systems and link them to the budget system.

No.	Indicator	Base-line	Achieved as of Sep 2016	End of project target (2016)	Remarks
1	% of staff with updated job descriptions	0	0	90%	Due to changed priorities this target is no longer pursued. Instead the Programme supported an organization review of the merged Ministries of Finance and Economic

No.	Indicator	Base-line	Achieved as of Sep 2016	End of project target (2016)	Remarks
					Planning and Development and subsequent proposals for the establishment of a National Development Planning Commission. This will resolve current ambiguity of functions.
2	Annual Aid Atlas produced by September each year and tabled in development cooperation dialogue meetings	No	Yes	Yes	Development Cooperation Atlas covering 2013/14FY to 2015/16FY was produced and disseminated to all key stakeholders

3.2 Development Cooperation Strategy (DCS) for 2012-2016 formulated and support effective preparation and follow up to national dialogue structures (HLF, CABS, etc.) and DCS mid-term review.

No.	Indicator	Base-line	Achieved as of Sep 2016	End of project target (2016)	Remarks
1	Functioning arrangements for mutual accountability in place	No (2012)	Yes	Yes	The dialogue under the new Development Cooperation Strategy includes an annual HLF and bi-annual DCG meetings.
2	Quality of dialogue in HLF/CABS meetings or their equivalent (evidence-based, timely, followed through)	Average	High	High	General budget support decreased significantly to 3 % in 2014/15FY due to the suspension of disbursements following the Cash gate. As a result CABS dialogue is no longer held in the previous format. The focus currently is on dialogue structures under the DCS – the HLF and the DCG meetings. In June 2016, HLF 2, was held which facilitated multi-stakeholder policy dialogue on breaking the cycle of food insecurity in Malawi in response to the Declaration of State of the National Disaster and also as a response to the recurring need for humanitarian assistance. The HLF2 was preceded by the Development

No.	Indicator	Base-line	Achieved as of Sep 2016	End of project target (2016)	Remarks
					Cooperation Group (DCG) on 23rd March 2016 which deliberated on how to strengthen development cooperation and how different stakeholders can effectively work together for greater development results

**Intermediate Objective 3:** Government has sufficient capacity to effectively negotiate, manage and account for development assistance

No.	Indicator	Base-line	Achieved as of Sep 2016	End of project target (2016)	Remarks
1	Policies and Strategy in place	No	Partially achieved	Yes	Draft Debt and Aid Policies have been prepared but not yet approved. Further work on the Medium Term Debt Management Strategy is planned in 2017.

3.4 Learning and information exchange on development effectiveness agenda supported for government, civil society, academia, media, members of parliament and private sector including South-South Cooperation and Triangular Cooperation and participation in Global Partnership and other international meetings.

No.	Indicator	Base-line	Achieved as of Sep 2016	End of project target (2016)	Remarks
1	# of target stakeholders aware of aid and development effectiveness agenda	50 (2012)	280	600 (2016)	Since the DCS was approved in 2013, there have been intensive efforts on stakeholder sensitisation of aid and development effectiveness agenda. This included awareness-raising with Academia ( 21 participants), southern region ( 34 participants), central region ( 22 participants) northern region (20 participants), members of parliament ( 15 participants), civil society ( 3 meetings with about 30 participants each);



No.	Indicator	Base-line	Achieved as of Sep 2016	End of project target (2016)	Remarks
					public launch of the DCS through a multi stakeholder event including government, DPs, non-state actors ( 58 participants), a HLF with 80 participants from the various target groups, and a number of stakeholder sensitisation meetings on accessing the data on the Aid Management Platform Public Portal.
2	Busan monitoring survey completed and agreed with key stakeholders	No (2012)	Yes	Yes	The final country spreadsheet was finalized and submitted in first half of April, 2016.

## Annex 1: Indicators

<b>JP Output 1: National Institutions utilize Results-Based Management (RBM) systems for planning, monitoring and evaluation to enhance ownership and leadership for achievement of development results</b>					
<b>Outcome Indicators</b>	<b>Baseline</b>	<b>2015 Status</b>	<b>Target 2016</b>	<b>Actual 2016</b>	<b>Project Term Target</b>
No. of public institutions practicing RBM	0 (2010);	4 institutions (Gender, NAO, EPD and MITC)	12	4	16
Number of staff in ministries and districts trained in RBM tools	56 at district level; 25 in line ministries	110 oriented in RBM 41 trained at sector level	448 at district level; 200 at central level and in line ministries (2016)	448 at district level;	800 at district level; 260 at central level and in line ministries
Number of staff within learning and training institutions who have RBM skills and knowledge and are delivering RBM training	4	7 officers (3 MIM and 4 Polytechnic)	30: (2016)	7 officers	30

% of Ministries with functional M&E systems.	60% (2010)	12 Ministries have M&E frameworks (3 more working on M&E Frameworks)	90% (2016);	15 Ministries	90%
% of district councils with functional M&E systems	20% (2012)	40% (11 District Councils have M&E frameworks and 16 with working District M&E coordination Committees)	80% (2016);	60%	80%
Number of institutions reviewed for performance and provided with feedback.	0 (2011);	0 (Final report wasn't done since Independent Evaluators term of office expired).	38 (2016)		38
Number of MDAs that have implemented at least 70 % of OPA recommendations	0	0 (Since the final report was not done, MDAs were not provided feedback on performance and hence no recommendations were implemented)	75 % (2016)	45%	75%
<b>JP Output 2: National Institutions have the capacity to align policies, programmes and budgets with national development strategies and MDGs for efficient achievement of development results</b>					
<b>Indicator 1:</b> Programme based budgeting piloted in institutions.	Baseline: No (2012);	13 (central MDAs)	33 (Central MDAs additional)	33 (Central MDAs additional) 46 Cumulative	109 MDAs (Central and Local)
<b>Indicator 2:</b> Number of functional SWGs	Baseline: 6 (2012);	9	16	8	16
<b>Indicator 3:</b> National development strategy formulated through a participatory process by Dec 2015	Baseline: 0	No document. But drafting team and issues paper for	1	0	1

		successor strategy in place			
<b>Indicator 4:</b> Sector and district plans aligned with MGDS II priorities and linked to MTEF process	Baseline: 0 (2011);	11 sectors have Strategic Plans though most do not synchronise with MGDS II calendar	Target: 5 sectors and 10 districts	2	Target: 5 sectors and 10 districts
<b>Joint Output 3: Government has sufficient capacity to effectively negotiate, manage and account for development assistance</b>					
<b>Indicator 1:</b> 2014/15FY Aid Atlas produced by October 2016	Baseline 2012: None	None	Yes (500 copies)	2015/16 FY in draft form, expected to be produced by end April 2017. The process has delayed due to delays in reporting aid flows in AMP by DP Focal agents.	Yes (500 copies)
<b>Indicator 2a:</b> AMP integrated with IFMIS and PSIP	Baseline 2014: No	No	Yes	No (Government is working on strengthening IFMIS so we thought of shelving this to be done later. Differences in project coding between AMP and PSIP delayed the interface between the two. Government is working on resolving this inconsistency.	Yes

<b>Indicator 2b:</b> Number of DPs reporting on the online AMP	. Baseline: 6 (2014)	33	33	33 (Most south-south partners do not report on AMP, there are problems with UN agencies and non-resident DPs)	All (about 45)
<b>Indicator 3:</b> T/A Guidelines and DoL ToRs in place	Baseline 2014: 0	0	2	0 (Draft documents are in place). Plans are to incorporate these in the new National Development Strategy.	2
<b>Indicator 4:</b> Functional arrangements for mutual accountability in place	Baseline: 1 DCG (2014)	1 HLF, 2 DCG meetings	1 HLF, 2 DCG meetings	1 HLF, 1 DCG meeting. In addition, Malawi participated in the GPEDC.	1 HLF, 2 DCG meetings
<b>Indicator 5:</b> Number of meetings around development effectiveness issues with Targeted Stakeholders	Baseline: 1 (2014)	3	6	2. The program supported Youth Act Alliance during the consultations for the successor MDGS and the Road to Nairobi Project for the Youth.	6 (Academia, Parliament, CSO, institutions, Private Sector)
<b>Indicator 6:</b> % of Joint Programme results achieved as per the AWP	Baseline: 70%	80%	90%	33% Achieved 14% not achieved, 53% of the planned activities were partially achieved.	90%

## Annex 2: Risk Log

**Project Title: Strengthening Institutional Capacity for Development Effectiveness and Accountability**

1	Description	Type	Impact & Probability (scale from 1-low to 5-high)	Countermeasures/ Management response	Owner	Last Update	Status of risk
2.	Delays in approval of Annual Work Plans and Budgets	Technical & organization	The delays affect implementation of planned activities.  Probability: 4 Impact: 5	Preparation and agreement of activities for next budgets need to be agreed jointly in advance to avoid these delays.	Management and Steering Committee	April 2017	Very high.
3	Limited collaboration between Treasury and Economic Planning and Development (EPD) in promoting SWGs	Organizational	Risk occurring would have a negative impact making it difficult to achieve the programme outcome.  Probability: 3 Impact: 5	Treasury and EPD need to work together to ensure that sector ministries mainstream SWGs in their budgets and planning processes to facilitate their functionalization. In this case, Directors of Planning in MDAs will be held accountable for the functionality of SWGs under their mandate.	Steering Committee	April 2017	The risk is at this point low since EPD and Treasury became one Ministry. With the formulation of the new National Development Strategy, SWG guidelines will be reviewed since their number and composition will be

							informed by the new Strategy.
4	Sector Ministries not able or willing to provide M&E data to EP&D	Strategic	Risk occurring would have a serious negative impact as it will hamper achievement of the programme outcome and outputs.  Probability: 3 Impact: 4	OPC to impress upon Sector Ministries to collaborate and coordinate with EPD; increase efforts to develop M&E capacity of Ministries. Sector M&E officers to be part of Coordination meetings.	Steering Committee, PSS MoFEPD	April 2017	This risk is still high. MGDS Annual Review exercise has been facing collaboration challenges. However, with the setting up of IPMIS it is expected that data will be readily available to EPD.
5	Insufficient funding from donors	Financial	Insufficient funding may suggest limited donor confidence in the programme. This would have a serious negative impact on achieving the programme outcome and outputs.  Probability: 2 Impact: 4	MoFEPD and UNDP to lobby current and new donors to allocate extra funds. There is need to restructure DEAP to finance a few key activities with more funding rather than fragmented activities with less allocation for each activity.	Steering Committee	April 2017	Medium. Even though EU signed a Cooperation Agreement with UNDP to jointly fund DEAP activities until the end of the programme, every year the implementing agencies scale down activities due to ceilings provided on the basis of inadequate funding.

6	Delays in financial and progress reporting by DoEPD and Debt and Aid and PED (OPC)	Technical and Financial	<p>Will lead to delays in signing of annual Work Plans and Budget and transfer of quarterly advances to MoFEPD, hence potential delay in the implementation of programme activities.</p> <p>Probability: 2 Impact: 3</p>	MoFEPD to adhere to financial reporting deadlines. UNDP to facilitate advance transfers once financial reports are approved.	UNDP Programme Analyst	April 2017	<p>This risk is medium as there have been no significant delays in financial reporting during the recent years. However, there have been significant delays in finalization of 2016 Annual Work Plan which delayed partially delayed the process of approving the 2017 AWP and Budget.</p>