



# **DEVELOPMENT COOPERATION STRATEGY FOR MALAWI 2014-2018**

**MAKING DEVELOPMENT COOPERATION  
WORK FOR RESULTS**

Lilongwe, September 2014



# **MALAWI DEVELOPMENT COOPERATION STRATEGY 2014-2018**



# Making Development Cooperation Work for Results



# FOREWORD

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It is a privilege and honour for me to present the Malawi Development Cooperation Strategy (DCS) for the period 2014-2018. This Strategy represents the fruit of active collaboration between Government and the broader development community in the country.

A Task Force at decision-making level, chaired by the Government guided the formulation of this Strategy. The Task Force included Principal Secretaries and other senior government officials, Development Partners Heads of Cooperation, senior members of academia, civil society, and the private sector.

The Strategy therefore represents a shared agenda for promoting aid and development effectiveness. It advocates for inclusive partnerships, government leadership and country ownership of the national development agenda, alignment around national systems and strategies, strong focus on development results, mutual and domestic accountability, transparent and responsible cooperation, harmonised donor efforts, while at the same time mobilising all resources for development, including those from the private sector and through South-South cooperation. These principles are encapsulated in the Paris Declaration on Aid Effectiveness, Accra Agenda for Action and the Busan Global Partnership for Effective Development Cooperation.

The DCS covers a five year period which coincides with the last three years of the second Malawi Growth and Development (MGDS II) implementation,

and spans into the successor Strategy. In this way it will ensure continuity in our joint efforts to meet Malawi's development goals.



While we are committed to the DCS implementation, we are aware it is a living document. We will be looking to all development stakeholders in Malawi for inputs and feedback as we strive to implement together the key actions set out in the Strategy. I therefore strongly encourage continuous dialogue with all stakeholders and at all levels to keep the Strategy alive and dynamic. The dialogue structures in the Strategy and the results-oriented monitoring process will be the tool to foster dialogue and mutual accountability, as we learn new lessons and find new strategies to make progress on development effectiveness in Malawi.

It is my sincere hope that all development cooperation actors in the country will strongly embrace this Strategy and will contribute to its implementation.

A handwritten signature in black ink, appearing to read 'G. Gondwe'.

**Honourable Goodall Gondwe**  
Minister of Finance, Economic Planning  
and Development  
Lilongwe  
September 2014



# ACKNOWLEDGEMENTS

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We would like to acknowledge the contributions from the members of the Task Force for guiding the development of this Strategy: The Secretary to the Treasury (Newby Kumwembe), Principal Secretaries from the Ministries of Finance, Economic Planning and Development and Health (Patrick Matanda, Ben Botolo, Paul Chiunguzeni); representatives from the Development Partners Heads of Cooperation (Mia Seppo, Sarah Sanyahumbi, Milko Van Gool, Sandra Bloemenkamp, Doug Arbuckle, Nikolas Bosscher, Esbjorn Eidhammer, Aidan Fitzpatrick); the Malawi Economic Justice Network (Dalitso Kubalasa); the Co-Chair of the Private-Public Dialogue (Simon Itaye); the Academia (Prof. Lewis Dzimbiri).

Special thanks also to the Secretariat in the Aid Coordination Unit of the Debt and Aid Management Division for their tireless work in producing this Strategy (Peter Simbani, Betty Ngoma, Chimvano Thawani, Anwar Mussa, Richard Zimba, and Magdalena Kouneva) and to Phillip Pemba for formatting this document.

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# ACRONYMS

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AAA	Accra Agenda for Action
CABS	Common Approach to Budget Support
CSOs	Civil Society Organizations
DAD	Debt and Aid Management Division
DAS	Development Assistance Strategy
DCS	Development Cooperation Strategy
DCG	Development Cooperation Group
DP	Development Partner
DoL	Division of Labour
ERP	Economic Recovery Plan
HLF	High Level Forum
HOM	Head of Mission
HOC	Head of Cooperation
FDI	Foreign Direct Investment
GBS	General Budget Support
GFEM	Group on Finance and Economic Management
IFMIS	Integrated Financial Management Information System
M&E	Monitoring & Evaluation
MDGs	Millennium Development Goals
MGDS	Malawi Growth and Development Strategy
MoFEPD	Ministry of Finance, Economic Planning and Development
MTEF	Medium-Term Expenditure Framework
NGOs	Non-Governmental Organisations
OPC	Office of the President and Cabinet
PD	Paris Declaration on Aid Effectiveness
PDI	Paris Declaration Indicator
PFEM	Public Finance and Economic Management
PFEM RP	Public Finance and Economic Management Reform Program
PFM	Public Financial Management
PIUs	Project Implementation Units
PPPs	Public-Private Partnerships
PS	Principal Secretary
PSIP	Public Sector Investment Programme
RBM	Results-Based Management
SWAps	Sector Wide Approaches
SWG	Sector Working Group
UN	United Nations
UNDP	United Nations Development Programme
WB	World Bank



# 1. INTRODUCTION

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The Second Malawi Growth and Development Strategy (MGDS II), covering the period 2011 to 2016, is the country's medium-term national development strategy. The objective of MGDS II is to continue reducing poverty through sustainable economic growth and infrastructure development. To achieve this goal, six thematic areas have been identified namely: sustainable economic growth; social development; social support and disaster risk management; infrastructure development; improved governance; and cross-cutting issues.

These thematic areas are the pillars that support the following MGDS II priority areas: Agriculture and Food Security; Transport Infrastructure and Nsanje World Inland Port; Energy, Industrial Development, Mining and Tourism; Education, Science and Technology; Public Health, Sanitation Malaria and HIV/AIDS Management; Integrated Rural Development; Green Belt Irrigation and Water Development; Child Development, Youth Development and Empowerment; and Climate Change, Natural Resources and Environmental Management.

Within the MGDS II framework, Government launched the Economic Recovery Plan (ERP). This Plan includes a set of short-and medium-term measures necessary to restore economic stability, improve country's prospects for socio-economic growth, and achieve quick economic gains.

The implementation of national development agenda requires enormous resources which Government cannot single handedly provide. For Government to achieve national development objectives, foreign aid delivery needs to be scaled up and used more effectively. However over time, as Malawi develops economically, reliance on aid for country's development will reduce. It is, therefore, important to ensure that implementation of key actions financed through aid makes this a reality by spurring

growth in taxes and providing infrastructure services to attract private capital. Government will work towards ensuring that aid is reduced as a proportion of the national budget.

It is against this background that Government established this Development Cooperation Strategy (DCS) to guide development cooperation in Malawi. The DCS provides a national framework for achieving MGDS II overarching development aspirations. It is guided by international commitments and initiatives on aid and development effectiveness – most notably the Paris Declaration on Aid Effectiveness (PD, 2005), the Accra Agenda for Action (AAA, 2008), and the Busan Global Partnership for Effective Development Cooperation (2011).

The DCS succeeds the 2006- 2011 Development Assistance Strategy (DAS). A review of the DAS implementation was commissioned and finalized in 2012. The key findings of the review were that during the DAS implementation period:

- a) There was significant improvement in the way Government and Development Partners (DPs) relate and interact with each other.
- b) There was improved Government leadership development process ownership and involvement of DPs in the development programming process.
- c) A number of Programme-based approaches were adopted.
- d) The establishment of Aid Management Systems within the Ministry of Finance greatly improved aid monitoring and reporting in Malawi.

The review also highlighted some challenges which included but not limited to DP alignment with national systems and procedures including the use of country systems by development partners; harmonization of development partner procedures and division of labour; predictability of donor flows, involvement of non-state actors; functionality of Sector Working Groups; mutual accountability for results; and weak and fragmented Monitoring and Evaluation (M&E) systems.

The DCS is a country-led and country-owned strategic document that sets a framework for development cooperation for the next five years. It embodies the principles of ownership, has a results focus, cultivates inclusive development partnerships, transparency and accountability. This Strategy serves as an operational framework for the implementation of the Government Aid Management Policy.

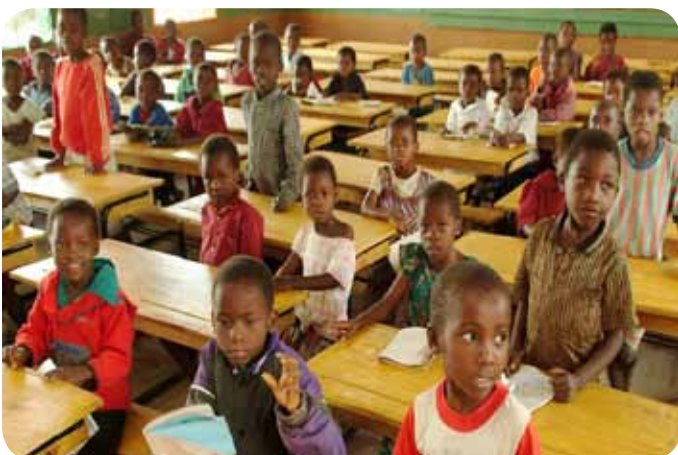
The DCS integrates DAS Review recommendations, 2010 Evaluation and 2011 Monitoring Survey Paris Declaration results, 2010 Division of Labour, Domestic and Mutual Accountability studies, Use of Country Systems Initiative, and several regional and global post-Busan processes, including the post-Busan Building Blocks, the Africa Action Plan on Development Effectiveness and the conclusions of the First High Level Meeting of the Global Partnership for Effective Development Cooperation that took place in Mexico City in April 2014.

This Strategy has been drafted through a consultative process and in close collaboration with all partners in development – development partners, civil society, academia and the private sector.

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**The DCS is a country-level framework to guide development cooperation for achievement of national development objectives**

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## 2. OBJECTIVES

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The main objective of this Strategy is to improve the quality and effectiveness of development cooperation and ensure that development partners and other stakeholders support is coordinated, harmonised, focused on results and aligned to national priorities, institutions and systems.

The specific objectives are to:

- a) Provide an operational framework for development cooperation for the attainment of MGDS II development results;
- b) Define a country-specific results framework with a set of clear, measurable and monitorable actions;
- c) Improve dialogue and information sharing among all development cooperation actors;
- d) Improve domestic resource mobilization to enable Government finance its development needs and move towards reduced aid dependency;
- e) Ensure capacity building for effective and accountable institutions.

The expected results are:

- a) Enhanced country ownership and leadership of development agenda;
- b) Strengthened partnerships for development;
- c) All support harmonized and aligned to national priorities, institutions and systems;
- d) Improved focus on results;
- e) Increased transparency and accountability among all development stakeholders.

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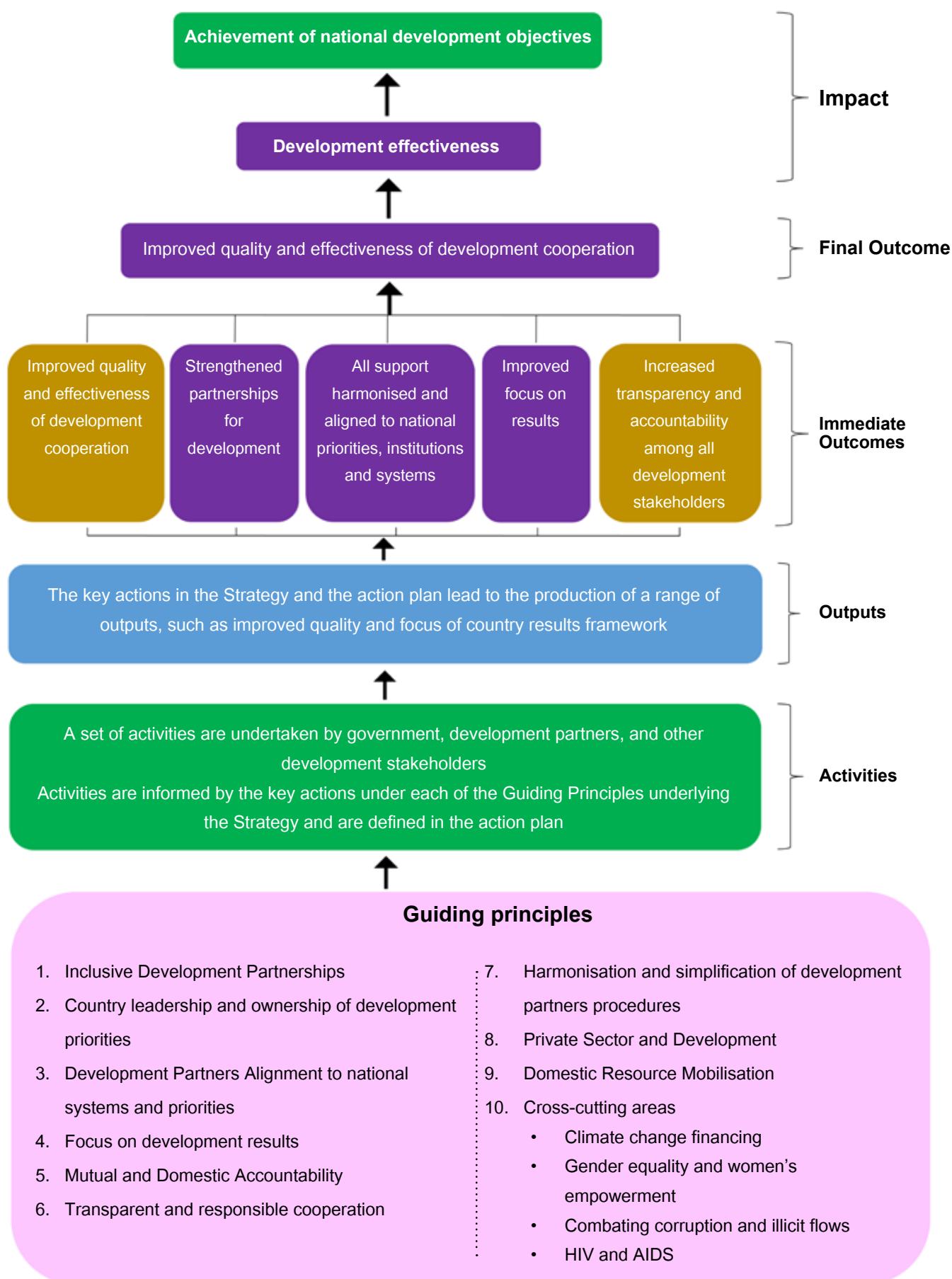
**Development Cooperation is effective, harmonised, and aligned to country priorities and contributes to lasting development results**

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In pursuance of the above objectives, the Strategy provides a framework with indicators to measure performance for Government and its partners. This Strategy will also be complemented by a work plan with activities, responsible entities and timelines.

**Figure 1: Results Chain**



## 3. GUIDING PRINCIPLES

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The guiding principles that will underpin all development cooperation in Malawi are:

### 3.1 Inclusive Development Partnerships

Improve the scope, quality and outcomes of collaboration with all development actors. Partnerships and coordination of effort are essential for achieving the objectives foreseen in this Strategy. In light of this, the Strategy enforces credible processes of dialogue and embraces the inclusion of all relevant actors in development cooperation.

To this end the Government will:

- a) Establish credible and inclusive processes of dialogue.
- b) Involve non- state-actors from the civil society, international NGOs and foundations, the private sector and academia in the development and implementation of country's development policies.
- c) Stimulate South-South cooperation, knowledge and experience sharing with other developing countries.
- d) Ensure that the Development Effectiveness Agenda is understood at all levels.
- e) Operationalise Sector Working Groups (SWGs) as platforms for increased dialogue and collaboration with all stakeholders.

Development partners will:

- a) Support Government in promoting inclusive development partnerships.
- b) Collaborate with Government to provide core support to NGOs, private bodies, universities and research institutions to enhance their role in development effectiveness.
- c) Facilitate triangular cooperation.

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**Establishment  
of inclusive  
partnerships  
that recognise  
the different and  
complementary  
roles of all actors**

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**Wider  
cooperation for  
knowledge and  
experience  
sharing with  
other developing  
countries**

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## 3.2 Country leadership and ownership of development priorities

Enhance Government leadership and country ownership to drive the development agenda. Development cooperation funding will be provided in a manner that enhances country ownership. This will be complemented by strengthening country skills and institutional capacity to build effective institutions and policies for sustainable development. Therefore:

**Government will:**

- a) Exercise strong political will and effective leadership in the design, monitoring, coordination and implementation of the national development agenda.
- b) Strengthen its leadership role in co-ordinating development actions and capacity-building at all levels.
- c) Improve Government planning and budgeting systems by:
  - Aligning national budget to development priorities;
  - Aligning sub-national level planning with national priorities;
  - Improving and using the PSIP as the basis for any investment.
- d) Further implement public sector reforms and decentralisation policy.
- e) Develop capacity for mobilization of domestic resources.

**The Government and DPs will:**

- a) Collaborate in building critical capacities to ensure effective institutions and policies for sustainable development.
- b) Ensure that Technical Assistance is demand driven and responsive to institutional and human resources capacity needs of Malawi.
- c) Collaborate to improve capacities for domestic resource mobilisation.

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**Development cooperation in Malawi to be based on country owned and Government-led strategies, policies, and plans**

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**Demand driven and better coordinated initiatives for capacity building**

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### 3.3 Development Partners Alignment to national systems and priorities

Development Partners will align with national priorities, institutions and systems. All development cooperation should be aligned with country's national development strategy and use and support national systems and procedures. This will strengthen country ownership, sustainability and reduce transaction costs.

Government and DPs will:

- a) Collaborate to ensure that all development cooperation will be based on national development strategies and plans as well as sectoral and district plans.
- b) Invigorate efforts to strengthen and use national PFM (budget, financial reporting and audit) and procurement systems.
- c) Collaborate to adopt approaches that aim to manage rather than avoid risks by:
  - Establishing mutually agreed frameworks that provide reliable assessments of the credibility and usability of country systems, procedures and their performance;
  - Engage in regular dialogue on strengthening and using PFM and procurement systems including commissioning of audits on all public resources by the Auditor General; and
  - Collaborate to address absorption capacity challenges in public institutions.

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**Scaled-up efforts to strengthen and use national PFM and procurement systems**

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- d) Collaborate to eliminate Parallel project implementation units and substantially reduce embedded project implementation units.
- e) Improve and broaden dialogue so that Development assistance is increasingly disbursed on schedule, in line with the government budget cycle, untied aid, and preferably given within programme-based approaches.

**Development partners will:**

- a) Support in a coordinated way Government efforts to strengthen public finance and economic management (PFEM) systems and implement public sector reforms.
- b) Develop and review their Country Assistance Strategies in close collaboration with Government.
- c) Respond to improvements in government systems by increasing development support through Government systems.
- d) Continue untying aid.

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**Country  
Assistance  
Strategies  
developed and  
reviewed in close  
collaboration with  
Government**

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## 3.4 Focus on development results

Focus development cooperation on results and its impact on attainment of development objectives. The Strategy places a strong focus on performance and achievement of development results. This includes better managing for results, monitoring, evaluating, and communicating progress. It also requires scaling up support, strengthening national capacities and leveraging additional resources and initiatives in support of the maximisation and sustainability of development results and impacts, in accordance with country's priorities and policies. To this end:

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**Development cooperation efforts to have lasting impact on eradicating poverty and reducing inequality**

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**Government will:**

- a) Institutionalise results-based management in the public sector.
- b) Improve the quality of the country results framework.
- c) Ensure that MGDS and sector reviews maintain a strong focus on results.
- d) Discuss MGDS review reports in Cabinet and submit them to Parliament.

**Government, development partners and all other relevant actors will collaborate to:**

- a) Scale up support to improve national M&E and statistics capacities.
- b) Conduct reviews and surveys to facilitate monitoring and evaluation of impact of development financing.
- c) Assess development partners' country strategies and programs by their contribution to the development results.

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**Quality country results framework and M & E system are key**

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**Development partners and all other relevant actors will:**

- a) Support Government to deliver the development results articulated in the national development strategy.
- b) Use the country results framework and M&E system and minimise use of additional frameworks.

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**Strengthened national statistical capacities**

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## 3.5 Mutual and Domestic Accountability

Foster mutual and domestic accountability. The Strategy establishes a framework for both mutual and domestic accountability among Government, development partners and other actors for their respective commitments, while recognizing the important roles of Parliament, local government and CSOs in reinforcing domestic accountability.

### 1. Mutual accountability

All stakeholders have a responsibility to account for development results. This requires joint assessment of mutual progress in implementing development effectiveness commitments. Emphasis will be on encouraging participation of all development co-operation actors in mutual assessment reviews and agreement on country-led framework to monitor progress. To this end:

- a) Government and development partners will adhere to country targets for effective development co-operation and conduct joint assessment against these targets.
- b) Government will ensure active involvement of parliament, civil society, academia, and private sector in mutual accountability reviews.
- c) Comprehensive results of mutual accountability reviews will be made public.

### 2. Domestic Accountability

#### i. Strengthen the oversight role of Parliament in the development process

Parliament plays an important role in linking citizens with government, in promoting transparency and accountability of public officials, and providing the legislative basis for development.

Commitments to strengthen the role of Parliament in the country's development cooperation process will be strengthened by:

- a) Engaging Members of Parliament in policy dialogue on implementation of Development Effectiveness agenda through the various dialogue mechanisms.
- b) Requiring MPs to effectively participate in local authority dialogue structures.
- c) Supporting capacity development initiatives for Parliament.
- d) Ensuring that Parliament reviews progress on MGDS implementation prior to the budget session.
- e) Improving information sharing on development cooperation with Parliament, by making available publications like the Annual Aid Atlas, Annual Debt Report,



and Debt Sustainability Analysis Report.

- f) Improving the recording of all resources (including foreign aid) in budget documents to improve scrutiny by Parliament.

**ii. Support Local Authorities to assume more fully their roles**

Government recognizes the important role that Local Authorities play in terms of policy making, service delivery and community mobilization. Government will strengthen the role of local government to improve the accountability, transparency and participation at the local level by:

- a) Promoting stakeholder engagement, information dissemination and civic education in the districts.
- b) Ensuring clear linkages between national development plans and District Development Plans and their monitoring and evaluation frameworks.
- c) Engaging representative organizations of local governments in development cooperation dialogue through the various dialogue mechanisms.
- d) Soliciting input from local government in the formulation of development policy documents.
- e) Working in collaboration with DPs to build capacity of local governance structures to manage resources and involve communities in decision-making at the local level.
- f) Empowering beneficiaries of development cooperation to demand transparency and accountability from Government, CSOs and private sector.

**iii. Support and collaborate with Civil Society Organisations**

CSOs play a vital role in enabling people to claim their rights, in promoting rights-based approaches, in shaping development policies and partnerships, and in overseeing their implementation. The support to strengthened collaboration with CSOs will include the following:

- a) Create an enabling environment that maximizes the contribution of CSOs to development.
- b) Promote inclusive and democratic multi-stakeholder dialogue in the country that includes CSOs.
- c) Encourage the CSOs to implement practices that strengthen their accountability and contribution to development effectiveness, guided by the Istanbul Principles and the International Framework for CSO Development Effectiveness.
- d) Encourage district councils to sign MoUs with NGOs operating at district level to improve alignment of their



**Local  
authorities  
empowered  
and actively  
engaged**

**CSOs to  
implement  
practices that  
strengthen their  
accountability  
and contribution  
to development  
effectiveness**

programmes with District Development Plans and improve transparency of NGO budgets, mandates, work plans and audits.

- e) Enforce the legal framework including the Public Audit Act and the NGO Act to effectively regulate and monitor operations of CSOs.
- f) Strengthen the partnership with CSOs to monitor development programmes and development partners' country strategies.

### 3. Collaboration with the Academia

The Academia has an important role in advancing evidence based decision making and sustainable development. The role of the academia and its relationship with Government will be continuously strengthened through the following:

- a) Engage academia in the formulation of national development strategies and consultations on contractual agreements.
- b) Collaborate with the academia in capacity building initiatives in response to human and institutional capacity needs.
- c) Partner with the academia in promoting research and development.
- d) Engage the academia in monitoring and evaluation.

The academia mobilised to advance the development agenda





## 3.6 Transparent and responsible cooperation

Improve policies and institutions to increase transparency and responsible cooperation. Government and development partners will collaborate to improve the availability and public accessibility of information on development cooperation, in a manner consistent with agreed international benchmarks on transparency of development cooperation and building on current achievements in Malawi.

All stakeholders in development cooperation will ensure that they are transparent in how they deliver and utilise development resources, to or from whom they give or receive funding, and what the results of their cooperation are.

### 1. Transparency

Improve availability of information on the scope, results and impacts of development cooperation.

Government will monitor, through the Aid Management Platform (AMP), overall aid flows to the country and track development cooperation funding against country development goals. Government and all providers of development cooperation will collaborate to improve the quality, consistency and transparency of aid reporting on AMP. Specifically:

Government will:

- a) Present comprehensive expenditure reports to Parliament.
- b) Disclose in transparent, timely and comprehensive manner information on annual expenditure and audit reports to all stakeholders.
- c) Disclose information on financing agreements including terms and conditions.

malawi.aid.finance.gov.mw

**Aid Management Platform (AMP)** [Contact Us](#)

Home About Public Reports Map of Aid Projects Aid Statistics User Guides Contact Us

### Aid Management Platform

This website, managed by the Ministry of Finance, is the Government of Malawi's official source of statistics and data about foreign aid spending. Data on this site are from the Aid Management Platform, a database of foreign aid spending managed by the Ministry of Finance with financial support from the United Nations Development Program.

#### Projects search

Sectors:

Start typing sector name then choose from list. Multiple entries possible. Logical OR is used between multiple values.

Development Partner:

Start typing donor name then choose from list. Multiple entries possible. Logical OR is used between multiple values.

Locations:

Start typing region then choose from list. Multiple entries possible. Logical OR is used between multiple values.

Keywords:

#### News

FRIDAY, DECEMBER 6, 2013 - 08:56  
**AMP Public Portal Launched at Open Development for Evidence-Based Policy Workshop**

**Other news:**

Friday, December 6, 2013 - 09:11

All stakeholders transparent in how they deliver and utilise development resources, to or from whom they give or receive funding, and what the results of their cooperation are

- d) Provide all development partners and private foundations and international NGOs with online access to the AMP to improve the quality of their reporting.
- e) Improve public access to information on aid inflows to the country and maintain a public portal on AMP.
- f) Engage the media to disseminate information on public expenditure and corresponding results.

**Development partners will:**

- a) Provide timely, transparent and comprehensive information on aid flows and programme intentions.
- b) Disclose information on aid flows to CSOs and other non-state actors.
- c) Disclose the amount used for financing external experts and consultants.

**Civil society organisations will:**

- a) Disclose in a comprehensive manner receipts and expenditures related to development assistance.
- b) Report through the online AMP externally financed activities as required in the AMP Guidelines.

## 2. Timely and predictable cooperation

Timely and quality reporting and disbursement of funds. Government and development partners will collaborate to make development cooperation funding more predictable in its nature. They will proactively seek to address delivery challenges hindering development partners to deliver on their commitments and collaborate to improve the speed and flexibility of aid delivery. To this end:

**The Government will:**

- a) Ensure that all conditions precedent are met.

**Development partners will:**

- b) Refrain from unjustified conditions.
- c) Provide timely and reliable three-to-five year indicative forward estimates and commitments.
- d) Release aid in a timely and predictable fashion in relation to the Government budget cycle.
- e) Adhere to guidelines for reporting of information on AMP.

Timely provision of funding information crucial for strategic planning and budgeting

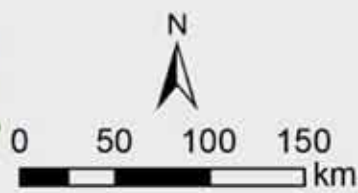
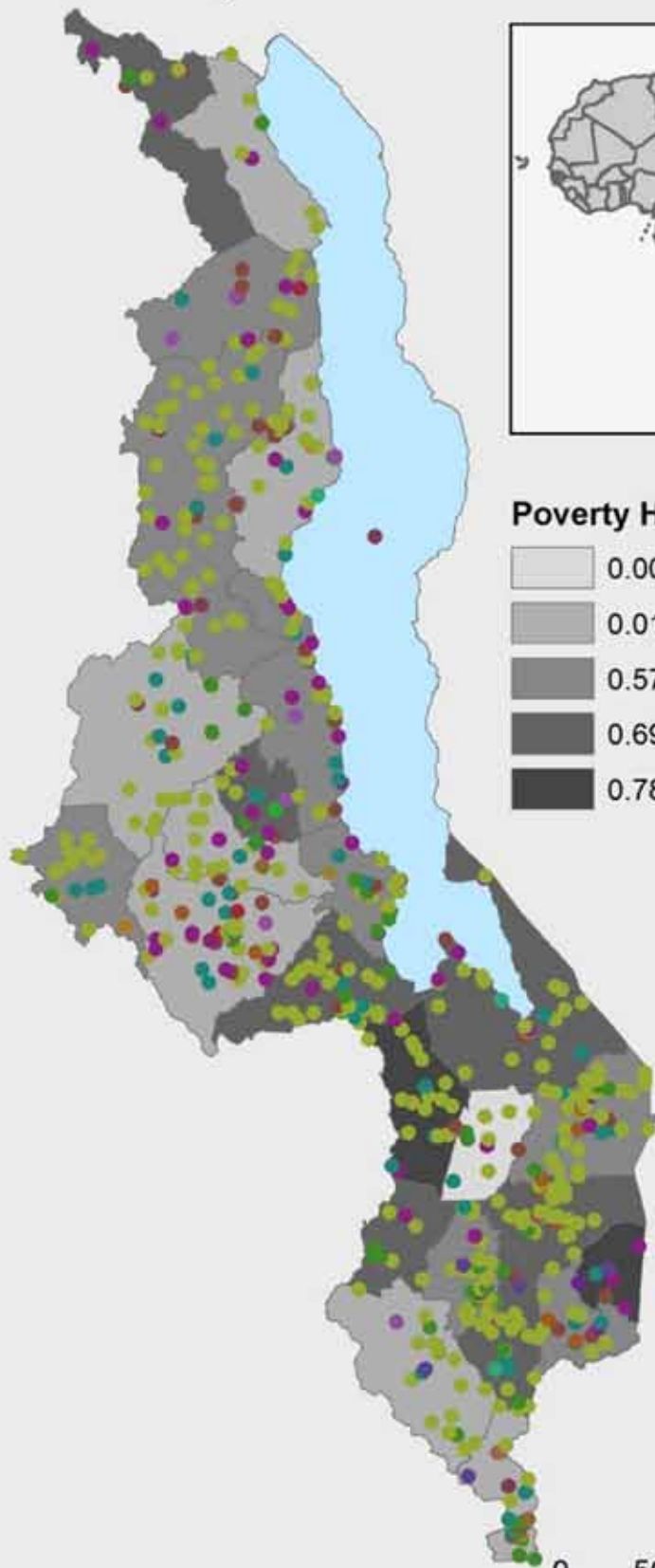
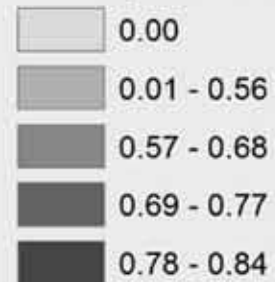
# Malawi Aid Management Platform Projects and Poverty Headcount

## Project Donor

- AfDB
- BADEA
- AusAid
- CIDA
- EU
- FICA
- FAO
- GIZ
- ICEIDA
- IFAD
- Irish Aid
- Japan
- JICA
- KFW
- Kuwait Fund
- NORAD
- OPEC Fund
- People's Republic of China
- DfID
- UNDP
- UNESCO
- UNHCR
- UNIDO
- USAID
- US CDC
- World Bank
- WFP



## Poverty Headcount (%)



### 3.7 Harmonisation and simplification of development partners procedures

Coordinate all providers of development assistance around country-led mechanisms. The Strategy requires further harmonization of development partners' systems, procedures and activities, avoiding aid fragmentation through active pursuit of division of labour and delegated cooperation, and strengthening joint programming.

Government and development partners will collaborate to:

- a) Improve the Division of Labour by defining core areas of support not exceeding depending on competencies and expertise.
- b) Determine development partners' comparative advantages and on how to achieve complementarities.
- c) Utilize development partners' respective comparative advantages at sector level and agree on partner/s to lead the co-ordination of programmes, activities and tasks.
- d) Ensure that the impact of a Division of Labour process on the overall volume of development cooperation funding to the country is neutral.
- e) Implement and strengthen Program-Based Approaches
- f) Improve the use of project support as an aid delivery mechanism:
  - Government prefers project support to be administered through country systems, be part of a SWAp or basket fund (if applicable), and be at least \$5 million funding commitment (if possible).

Strengthened  
Programme  
Based  
Approaches  
and joint  
programming

Development partners will:

- a) Inform Government of their comparative advantages and how to achieve complementarities amongst themselves.
- b) Make more use of delegated cooperation.
- c) Make greater use of joint missions and analytical work including fiduciary risk assessment.
- d) Harmonize reporting requirements by using existing reporting formats and data in the government system, and implementing common arrangements for M&E and reporting.
- e) Actively participate in and support country coordination mechanisms.

Development  
partners to  
actively  
participate in  
and support  
country  
coordination  
mechanisms

### 3.8 Private Sector and Development

Support the growth of the domestic private sector for sustainable economic growth. The private sector is an engine for economic growth and development. It has a vital role in advancing innovation, creating wealth, income, jobs, and mobilising domestic resources which in turn contributes to poverty reduction. Development cooperation should play a catalytic role and promote private sector development, trade and taxation. To achieve this:

#### Government will:

- a) Continue to promote the market-oriented and private sector-based path of economic development as paid out in the National Export Strategy.
- b) Ensure a policy and regulatory environment that enables and promotes private sector development, increased foreign direct investment, and public-private partnerships in a manner that is equitable and fair and creates a level playing field for all economic actors.
- c) Create a conducive environment for the development of value chains.
- d) Engage business associations, trade unions and others to improve the legal, regulatory and administrative environment for the development of private investment.
- e) Enable the participation of the private sector in the design and implementation of development policies and strategies to foster sustainable growth and poverty reduction.
- f) Enforce the existing legal frameworks to enhance public-private partnerships.

Government and development partners will collaborate to:

- g) Improve the use of development cooperation funding to leverage additional sources of financing for sustainable development.
- h) Support implementation of institutional development and legal and regulatory reforms for private sector development.
- i) Promote Aid for Trade as an engine for sustainable development, focusing on outcomes and impact, to build productive capacities, help address market failures, strengthen access to capital markets and to promote approaches that mitigate risk faced by private sector actors. This will include export-related transactions and support to national private exporters.
- j) Support infrastructure development.

#### Private sector will:

- k) Mobilize itself to actively participate in development process including mechanisms for dialogue at national and local levels.
- l) Invest in initiatives to enable it to seize investment opportunities as they arise.
- m) Abide by their social responsibility commitments and standards, and ensure that activities are aligned with national and district development plans.
- n) Invest in human resource capacity building.

**MALAWI INTERNATIONAL TRADE FAIR**  
**FROM 20<sup>th</sup> - 29<sup>th</sup> JUNE 2014**



## 3.9 Domestic Resource Mobilisation

Mobilization of public and private domestic resources to support development. It is Government's responsibility to mobilize resources for service delivery through of taxes and other receipts from its citizens. Adequate mobilization of Governments' own resources plays a greater role in financing the country's development needs and reducing aid dependency. In turn, Government is more accountable to its citizens for development results.

Government and DPs will, therefore, collaborate to:

- a) Support the strengthening of taxation systems sustained by a broader tax base and progressive structure.
- b) Combating corruption, money laundering and illicit financial flows.
- c) Strengthening and development of an inclusive domestic financial sector.
- d) Enhance international cooperation and information exchange between countries on tax matters and provide expertise, technical assistance and capacity building on fiscal matters.
- e) Sustainably manage natural resources and governance of extractive industries.
- f) Develop innovative financial mechanisms to mobilize private finance for shared development goals.

## 3.10 Cross-cutting areas

### 1. Climate change financing

Strengthen responses to build resilience to climate change. Government and its partners will promote coherence, transparency and predictability across approaches for effective climate change finance, including the following:

- a) Support national climate change policy development and implementation as well as appropriate institutional set-up.
- b) Improve coherence among climate change financing and other development cooperation funding.
- c) Explore opportunities to integrate external finance into national budget to address climate change while using aid to leverage other domestic resources.
- d) Upgrade AMP's functionality in order to track all resilience related support.

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**Mobilisation  
of domestic  
resources  
to finance  
development  
needs and  
reduce aid  
dependency**

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**Strong  
response to  
climate  
change**

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## 2. Gender equality and women's empowerment

All development programmes should be grounded in national priorities for gender equality and women's empowerment. Gender equality and empowerment of women are essential for achieving development results. All development programmes should be grounded in national priorities in this respect. In order to achieve this:

- a) Government and DPs will integrate targets for gender equality and women empowerment in all development cooperation programmes.
- b) Government will strengthen the statistical system to collect and make available data disaggregated by sex.



## 3. Combating corruption and illicit flows

Efforts must be intensified in the fight against corruption and illicit flows. Corruption undermines development by diverting resources that should be harnessed to finance development. The Strategy recognizes the need to intensify efforts in the fight against corruption and illicit flows. This will be done in line with the Corrupt Practices Act, National Anti-corruption Strategy, UN Convention and other international agreements on corruption.

To this end:

- a) Government will implement fully its commitments to fight corruption, enforce rule of law and promote a culture of zero tolerance to corrupt practices. This includes efforts to improve fiscal transparency, strengthen independent enforcement mechanisms, and extend protection of whistleblowers.
- b) Government will strengthen efforts to combat illicit financial flows by enforcing anti-money laundering measures.

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**Zero tolerance  
to corruption**

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**TAKING A LEADING ROLE  
FIGHT AGAINST HIV/AIDS**

**ZERO  
NEW  
HIV  
INFECTIONS**

SOLIDARITY





## 4. HIV and AIDS

Towards zero AIDS-related deaths, zero new HIV infections and zero discrimination. Heavy reliance on development partners to finance the National HIV and AIDS Response makes Malawi vulnerable to external shocks. Donor support for global response has levelled off and even declined since 2008. Moving forward, therefore, it will be important to mobilize additional domestic resources and ensure that investments in HIV should help to save more lives and avert more new infections. This calls for innovations in service delivery, value for money and a more focused approach in applying what works better.

Thus, investment approaches and investment cases can provide decision makers with rationale for investing in HIV and AIDS interventions. Well-articulated investment cases can assist Government to focus its efforts on investments that work and at a scale that makes a difference, promote value for money by demonstrating efficiency in the allocation and use of resources, provide evidence to Government and all stakeholders on the investments required and returns to be yielded as well as focus efforts of Government and partners on ensuring predictable funding to enhance the sustainability of critical HIV and AIDS interventions. To this effect,

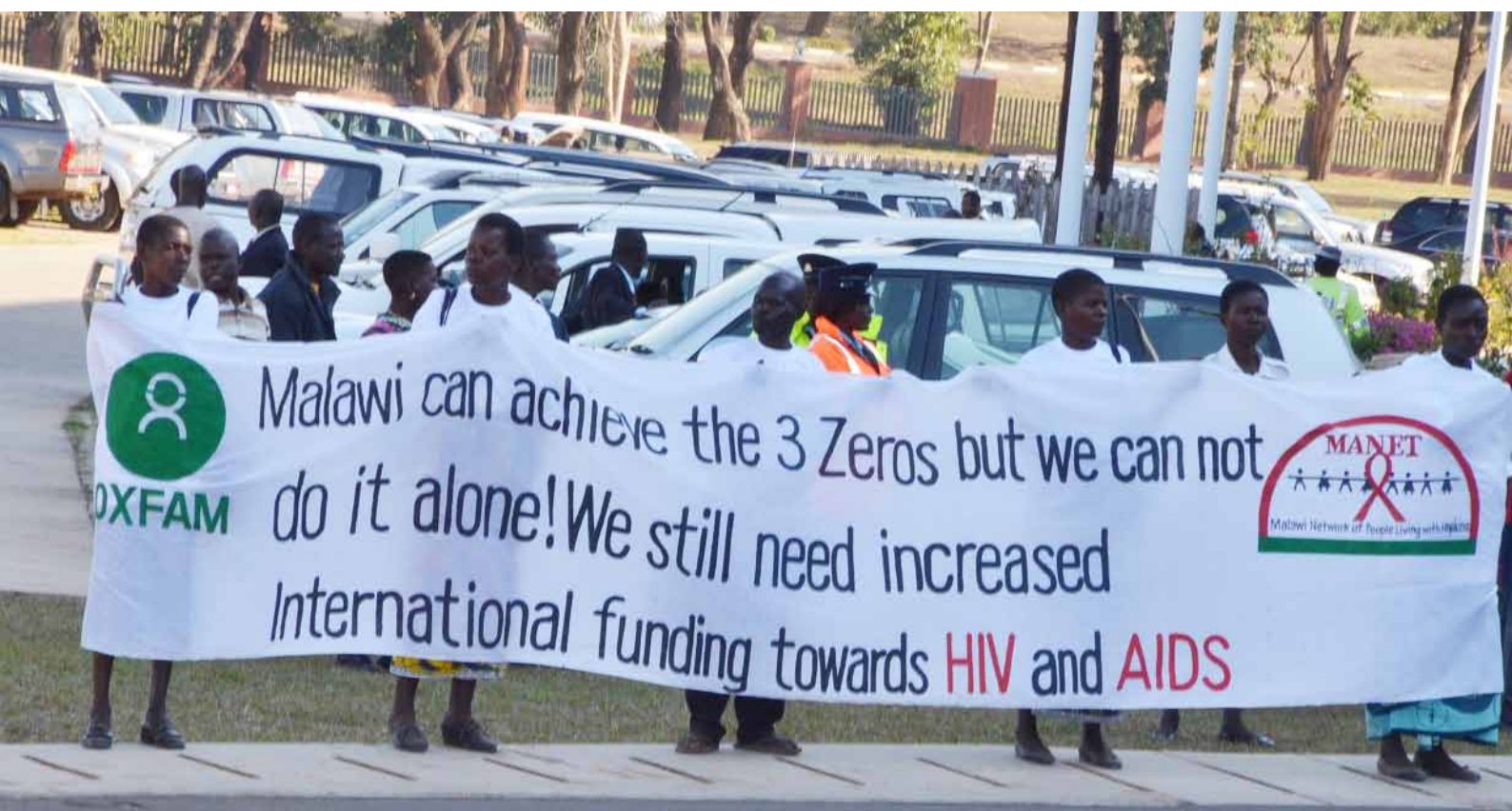
### Government will:

- a) Analyse investment approaches and present an investment case for the National HIV and AIDS Response.
- b) Develop and adopt an effective and sustainable resource mobilisation strategy for the National HIV and AIDS Response.
- c) Ensure effective and efficient governance, administrative and management systems for the National HIV and AIDS Response.
- d) Increase accountability and transparency in the use of resources.

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**Well articulated investment in HIV to save more lives and avert new infections**

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## 4. DIALOGUE STRUCTURES

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Dialogue is an important aspect of development cooperation. This section outlines the structures that will facilitate dialogue on development cooperation in Malawi.

### a) High Level Forum on Development Effectiveness

The High Level Forum (HLF) on Development Effectiveness is the highest forum for dialogue between Government and key development stakeholders.

This group will comprise Government, DPs, Non-State Actors including international NGOs and foundations, academia, civil society and private sector. Government will be represented by Ministers and Chairpersons of Parliamentary Committees; DPs will be at the level of Heads of Mission (HOMs); and Non-State Actors will be represented at the highest level.

The HLF will be chaired by the Minister of Finance and co-chaired by DPs through a troika arrangement (past, present and future Chair rotating among the DPs with capacity to co-chair in consultation with Government).. The primary focus will be to discuss progress made against the Strategy's results targets and broader update on progress against the MGDS II based on MGDS Annual Review

Reports. The HLF will meet once a year, preferably during the fourth quarter of Government Fiscal Year.

The Development Assistance Coordination Unit in the Debt and Aid Management Division will serve as secretariat to the HLF with support from the DPs.

The Chair of the HLF will brief the President on the outcome of the annual HLF.

The Development Cooperation Group (DCG) will be a working-level arm of the HLF. It will meet at least twice a year and will be responsible for preparing the work of the HLF, agreeing topical issues for discussion, collecting views and analytical inputs on the same and following up on action points from the annual HLF.

Key issues that emerge from SWGs will be brought for discussion in this forum. The meetings will be chaired by the Secretary to the Treasury and attended by Principal Secretaries, HOCs and non-state actors depending on the subject of discussion.

### b) Sector Working Groups (SWGs)

Sector Working Groups are sector level forums for dialogue, focusing on policy implementation and monitoring of sector strategies and plans. Such working groups are generally the means by which programme-based approaches are coordinated. They are also the means for taking division of labour forward and defining lead DP roles.

Policy issues arising from the SWGs will be referred to the DCG meetings. SWGs will be chaired by Principal Secretaries from the core ministries. They will involve representatives of relevant line ministries and local authorities, senior technical officers from DPs active in the sector, as well as relevant civil society actors, private sector stakeholders and other actors.

Sub-groups for the SWGs may be convened as necessary, but the main SWG has responsibility

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**The High Level Forum is the highest forum for dialogue on development cooperation**

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ity for reporting all the work of the sub groups. The SWGs will meet once every quarter.

#### c) Common Approach to Budget Support (CABS) Mechanism

The CABS is a framework for policy dialogue between Government and partners providing General Budget Support. Government and the CABS development partners will undertake joint reviews twice a year in accordance with the agreed Joint Framework. The dialogue within the CABS partnership will link to the HLF/DCG meetings and will provide input into the agenda.

#### d) Intra-Government Coordinating Group

The full Principal Secretaries Committee chaired by the Chief Secretary will act as an Intra-Government Coordination Group for development effectiveness. The Secretary to the Treasury will be responsible for spearheading the development effectiveness agenda and bringing issues to the attention of the Principal Secretaries Committee.

This forum will serve to ensure that Government acts in a consistent manner in interactions with development partners and non-state actors and pursues those reforms required to increase the effectiveness of development cooperation. It will also serve to operationalize decisions made at the HLF and follow-up to policy issues from the other forums such as SWGs.

#### e) Development Partners' Dialogue Groups (HOCs and HOMs)

These groups will be used by development partners to ensure coordination of their activities, harmonization of their procedures and effective implementation of Division of Labour. They will comprise of HOCs or HOMs as appropriate from all development partners operating in Malawi.



The aim is to improve harmonization among DPs, reduce transaction costs for Government and development partners, and agree on key issues to be discussed jointly with Government. The DPs will develop ToRs for these groups.

#### **f) PFEM Dialogue Structures**

The Public Finance and Economic Management (PFEM) structures comprise both Intra-Government and Government-Donor dialogue on PFEM issues. The Group on Financial and Economic Management (GFEM) will be a Government-DP forum for discussing progress on implementation of the PFEM agenda. The forum is co-chaired by the Secretary to the Treasury and a lead PFEM development partner on rotational basis. GFEM meetings are held on a quarterly basis. PFEM will be a standing issue on the HLF agenda informed by deliberations in GFEM meetings.

The PFEM Steering Committee, comprising PSs and Heads of PFEM Institutions will be the highest level Intra-Government dialogue structure for providing strategic policy guidance and direction on the implementation of PFEM reform programme. It will be held at least twice a year and chaired by the Secretary to the Treasury.

The PFEM Technical Committee will be an Intra-Government technical dialogue structure for reviewing implementation progress of PFEM reform programmes and activities. The Committee will provide technical guidance on the implementation of the PFEM reform programme. It will comprise Heads of Technical Divisions of all PFEM Institutions. The committee meets once every two months.

#### **g) District Dialogue Mechanisms**

The quarterly Ordinary Meetings of the Councils and the District Executive Committee meetings will be the main fora to discuss issues of development cooperation at district level. Outcomes of

these meetings will be considered in SWGs and intra-government dialogue. Civil society and the private sector will be encouraged to actively participate in district dialogue structures.

#### **h) Non-state actors dialogue groupings**

Non-state actors will establish/strengthen platforms for dialogue to coordinate their positions on development effectiveness, exchange knowledge and information, and agree how best to be represented in other dialogue structures defined in this Strategy. CSOs may spearhead national accountability fora at which beneficiaries of development initiatives can demand accountability from providers/implementers of development projects/programmes such as Ministries, NGOs and DPs.

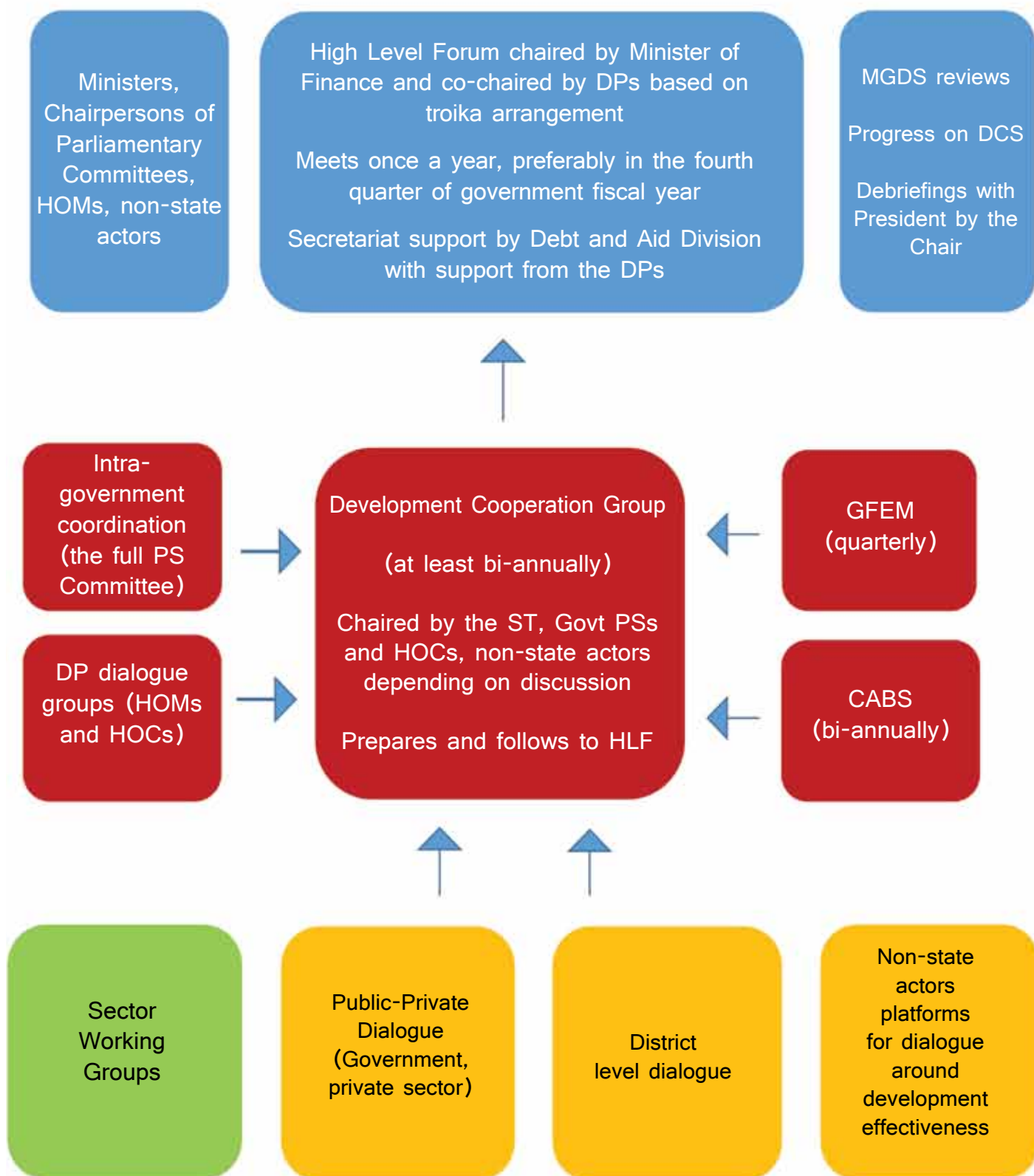
#### **i) Public – Private Dialogue (PPD)**

Public-Private Dialogue (PPD) will be regularly held at a decision making level between key stakeholders in the public and the private sectors (Chief Executives/Managing Directors/General Managers, and Ministers and Principal Secretaries). Development partners may be called to attend the forum if the need arises. The Minister of Industry, Trade and Private Sector Development is the public sector co-convenor of these meetings, and the private sector co-convenor is nominated from the private sector for a period of two years.

The dialogue will be focused on: the development of a vibrant and responsible private sector in Malawi; 'strategic' issues or issues impacting large numbers of businesses; and forward looking issues, resolving problems and taking advantage of opportunities for public and private sectors to collaborate.

PPD will also take place at district level and will include concerned local authorities and private sector representatives.

**Figure 2: Dialogue structures**



# 5. FINANCING ARRANGEMENTS

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This Strategy recognises all forms of development funding on the basis that achievement of the country's development goals depends on joint efforts and investments in addressing development challenges.

While acknowledging the importance of traditional sources of funding, the DCS calls for all partners to take action and facilitate, leverage and strengthen the impact of diverse sources of finance to support sustainable and inclusive development, including taxation and domestic resource mobilisation, South-South and triangular cooperation, private investment, aid for trade, philanthropy, non-concessional public funding and climate change finance.

In terms of Official Development Assistance (ODA), the Government's policy is that as much as possible development support should be in form of grants. Where loans are contracted, they should be concessional with a grant element of no less than the minimum level of concessionality determined from time to time depending on the level of economic development reached.

Over the period of this Strategy, the Government's preferred modalities of aid delivery are budget support and basket funds within Programme-Based Approaches. Project support should be provided where partners have comparative advantage. This will enhance Division of Labour and increase effectiveness of development support. The hierarchy of Government preference of aid delivery modalities, excluding humanitarian support, is as follows:

## a) General Budget Support (GBS)

This is the support provided to Government through the national budget without earmarking to specific activities or projects. The Government prefers that most aid should be delivered in this form to allow flexibility in government spending based on prioritised budget allocations.

## b) Sector Budget Support and Programme-based Support

Another preferred modality of support is sector budget support and programme-based support. The policy of the Government is that in as many sectors as possible, Sector Wide Approaches (SWAPs) should be instituted with the objective of enhancing coordination of efforts and reducing transaction costs associated with implementation of stand-alone projects. In SWAP arrangement, the Government and its cooperating partners formally agree, through a Memorandum of Understanding, to fund a programme of work through a set of agreed aid modalities.

## c) Basket funds/ Trust funds

Where appropriate, the Government and its partners may agree that aid be delivered in the form of basket funds which is an arrangement in which development partners pool their resources for use in a defined sector, programme or activity. Basket funds can be used by themselves or as part of a SWAP arrangement. Trust funds are a similar mode of aid delivery where development partners pool their funding, but involve an additional layer of bureaucracy in the way they are managed.

## d) Project Support to Government

This form of support allows DPs to ensure that funds are being used for intended activities for which they are earmarked. It is preferable that project support is administered by Government,

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**Diverse sources of finance to support sustainable and inclusive development**

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through its own financial and procurement systems (on budget direct project support). The use of Project Implementation Unit (PIUs), and especially parallel PIUs, is discouraged unless the project is very large or of such a technical nature that it could not be mainstreamed into Government Systems (as the implementation of it would be a drain on the capacity of the relevant ministry).

e) **Project support channelled through NGOs or directly administered funds**

DPs also fund projects to the government sector that are administered by Non-Governmental Organisations (NGOs) or by themselves. This support is off-budget since no Government System is used and the funds are not accounted for by Government. Off-budget support should only be considered after joint assessments indicate that the public sector may not dispense aid more successfully to intended target groups. Development partners are required to report this support to the Government through the AMP.

f) **Technical assistance and commodity aid**

Technical Assistance (TA) is mainly support in the form of personnel working in a Government institution. It can be discrete support or embedded within a project. The Government's policy is for increased capacity building support and minimization of TA; where TA is provided, it should respond to capacity needs in institutions. The Government will develop a Technical Cooperation Policy to guide the procurement and management of TA. Commodity aid is support in form of goods and services that have been procured on behalf of the Government. This is not preferred by Government except in cases where immediate support is required to respond to vulnerable situations and meet humanitarian needs. Ideally, development partners should disburse funds to the Government for goods and services to be procured using Government procurement systems. As such, this support should be avoided unless requested for by the Government.

## 6. JOINT RESULTS FRAMEWORK

A high level Results Framework underpins this Strategy and forms the basis for discussion at the HLF with a joint annual review or progress against results. Amendments to the Results Framework will be endorsed at the annual HLF, and results of mutual reviews of progress will be made public.

The results framework consists of two parts as follows:

a) **Development Results Indicators**

These indicators give a snapshot of the development situation in the country to inform policy discussions on progress on development results. The selection is made on the basis of the country's results framework from the MGDS II and related sector plans. The choice of indicators is determined by the MGDS II themes and key priority areas with focus on areas where development cooperation makes (or is expected to make) significant contribution to development results.

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**A high level Results Framework keeps dialogue focused on development results and mutual accountability commitments**

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**Table 1: Development results indicators**

Theme	#	Indicator	Baseline (2010)	Target					Frequency	Data Source
				2013	2014	2015	2016	2016		
Poverty	1	Poverty headcount measured by consumption based on poverty line (%)	50.7 (2011)	44	42	40	38	Five years	NSO	
	2	Extreme poverty headcount measured by consumption based on poverty line (%)	24.5 (2011)	22.5	21.5	20	19		NSO	
Sustainable Economic Growth	3	GDP annual growth rate (at 2010 constant prices)	9.5	5.0	6.1	6.5	7.3	Annual	EPD/NSO	
	4	Proportion of Agriculture exports to GDP	11.6	18	18.8	19.2	18.8	Annual	EPD/NSO	
	5	Share of non-traditional exports to total exports	18.5	21.0	24.9	27.4	32.2	Annual	MoAFS/NSO	
	6	% of land area covered by forest	28	28.5	29	29.5	30	Fiscal year	Department of Forestry	
	7	FDI as % of GDP	1.4	2.3	2.3	tba	tba	Annual	Ministry of Industry and Trade/ NSO/Malawi Investment Trade Centre	
	8	Proportion of Mining to GDP (%)	10	12.5	15	18	20	Annual	Ministry of Mines	
	9	Total Fertility Rate	5.9	5.0	4.5	4	3.5	Five years	MoH/NSO	
Social Development	10	% of HIV and Pregnant women who were on ART at the end of their pregnancy	35	75	78	80	82	Annual		
	11	HIV Prevalence Rate among 15-49 year olds	10.6	10.8	10.4	10	9.9	Annual	NSO/ CHSU / MoH / NAC	
	12	Stunting rate of underweight children (under 5):	12.8	10	8	7	5	Annual	MoH/Department of Nutrition	
	13	Pupil to qualified teacher ratio	91	76	71	68	65	School calendar year	MoEST	
		Survival Rate to STD 8 (girls) (%)	26	52.3	54.8	57.4	59.9	School calendar year	MoEST	
		Survival Rate to STD 8 (Boys) (%)	53.1	59.9	62.9	65.9	68.9	School calendar year	MoEST	
	14	Passing rate by level: (i) PSLCE	62.3	76.7	80.6	84.4	88.3	School calendar year	MoEST	
		(ii) JCE	60.5	70.4	72.4	74.5	76.5	School calendar year	MoEST	
		(iii) MSCE	53.0	60.7	63.6	66.5	69.5	School calendar year	MoEST	
		% of classified road network in good and fair condition							MoTPW	
	Infrastructure development	15	Paved	98	90.0	90.0	90.0	90.0	Fiscal year	
		unpaved	67	70	60	60	65	Fiscal year		
16		% of rail way infrastructure in good and fair condition	31	47	51	56	58	Fiscal year	MoTPW	
17		Proportion of households with access to electricity	10	11	13	15	15	Fiscal year	MoH/NSO	
18		Proportion of population with access to improved sanitation	46	60	65	70	75	Annual	NSO/MoIWD	
Governance	19	Proportion of the population with access to potable water	79	83	85	86	88	Annual	NSO/MoIWD	
	20	Domestic revenue as % of GDP	24.3	24.0	27.1	26.0	26.0	Fiscal year	MoF	
	21	Foreign debt as a % of GDP	18.2	41.5	38.9	37.7	36.4	Fiscal Year	MoF	
	22	Average time taken to process human rights complaints reported (months) by MHRC	-	12	9	6	6	Annual	MHRC	
		Percentage of human rights violations filed against public institutions/servants resolved by MHRC	16	30	38	48	60	Annual	MHRC	
	Freeddom house index	56	60	tbe	tbe	tbe	Annual	Freeddom house		
24	Corruption perception index	3.4	3.5	3.6	3.7	3.8	Annual	ACB, Transparency International		
25	Malawi Gender Development Index Score	0.639	0.8556	0.9278	1	1.0	Annual	MoGCS		



## b) Development Effectiveness indicators

This part of the results framework addresses mutual accountability. It records commitments by Government, development partners and other actors in development cooperation as they relate to achievement of agreed results. The selected set of indicators in the table below includes global Busan indicators requiring country level reporting and country-specific indicators and targets corresponding to specific needs and priorities in Malawi.

Detailed definitions and criteria for each indicator are provided as an annex on the basis of the global monitoring methodology for the Busan partnership agreement and definitions used in the country. The Annex also includes Global indicators that are assessed through global sources and do not require additional data collection in the country. Nevertheless, results for Malawi will be monitored to stimulate in-country dialogue on how to improve the effectiveness of development cooperation on these issues.

Many indicators rely on data from AMP. As the timeliness and accuracy of AMP data reporting determines the quality of information on AMP, the results framework includes an indicator to measure providers' adherence to AMP reporting guidelines.



## Table 2: Development effectiveness indicators

Result	#	Indicator	Baseline (2010)*	2013 Actual	Target 2014	Target 2015	Target 2016	Data Source
Ownership	1	National development strategy in place	Yes	Yes	Yes	Yes	Yes	Government
	2	Number of parallel PIUs	51 (2007); 26 (2010)	18	16	14	12 0 new	AMP Data
Inclusive partnerships Alignment	3	% functioning Sector Working Groups	40	50	70	80	100	MFEFD reports
	4	% development cooperation disbursements for the government sector using country's PFM and procurement systems	50 % PFM; 35 % proc. (2007) 66 % PFM; 62% - proc. (2010)	50	50	65	77	Global indicator based on self-reporting by providers
Focus on results	5	% development cooperation funding to the government sector delivered by GOM agencies ( <i>not through NGOs or by DPs directly</i> )	72	63	67	75	80	AMP Data
	6	% of providers of devt cooperation using country results framework	N/A	N/A	Progress over time	Progress over time	Progress over time	Global Indicator using country Self Reporting by providers (to be piloted)
Domestic Accountability	7	% of development cooperation funding scheduled for disbursement that is recorded in the annual budget approved by parliament.	54 % (2005) ; 64 % (2007); 62 % (2010)	49%	50%	65%	85 %	Global indicator using Government data and self-reporting by providers
	8	<i>Mutual accountability is strengthened through inclusive reviews</i>	Yes, but criteria evolved	Yes	Yes	Yes	Yes - inclusive review in place	Global Indicator Govt. self-reporting based on established criteria
Transparency	9	% of DPs reporting on AMP on-time	33	19	30	50	60	AMP administrative data
	10	% of CSOs that are reporting on AMP	0	0	50	80	100	AMP administrative data
Predictability	11	% of development cooperation funding for the government sector disbursed within the fiscal year for which it was scheduled by providers	58 (2005, 2007); 84 (2010)	84	86	90	92	Global indicator using Government data and self-reporting by providers
	12	Proportion of development cooperation covered by indicative forward spending plans (at least 3 years)	N/a	52	60	70	76	Global indicator using Government data
Aid harmonisation	13	Proportion (%) of Development corporation funding that is provided as part of delegated cooperation	N/A	6	10	12	15	AMP data
	14	Proportion (%) of Development corporation funding that is provided as part of programme based approaches	42 % (2007) 51 % (2010)	45	45	55	66%	AMP data
Aid Fragmentation	15	Average number of sectors per DP (lead and active)	7	6	5	4	3	AMP data

Notes: \* Baseline year is 2010 unless otherwise indicated. Results from the 2007 monitoring of the Paris Declaration are included for reference. \*\* Indicators marked with *italics* are of qualitative nature.

## 7. IMPLEMENTATION AND MONITORING ARRANGEMENTS

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Progress on development results will be monitored through MGDS reviews. The MGDS Annual Review will be led by Government and will be the mechanism to review, discuss and report on overall progress in attaining expected results. The process will include reviews by SWGs and PSs meetings. The outcome is the Annual MGDS review report which will be discussed in Cabinet. It will be presented to Parliament and to the HLF as well as shared with the public. In addition to Annual Reviews there will be mid-term and final reviews of the MGDS.

Development cooperation and partnership efforts will also be monitored as part of the MGDS review process. The MoF will issue an annual Aid Atlas and progress reports on the implementation of this Strategy that will be reviewed in the DCG meetings and in the annual HLF dialogue.

The Strategy is supported by a work plan that includes more specific activities, timelines and responsibilities on the basis of the agreed key priority actions. The work plan will be updated annually in the DCG meetings.

Data on Strategy implementation will be routinely collected through the AMP, EP&D and sector ministries. The MoF will organize a survey at fixed points in time to collect all remaining information. An independent consultant may be engaged to administer the survey at least in the first 2 years of Strategy implementation, so that methodology and data collection tools are fully tested and finalized.

The primary responsibility for monitoring progress on the DCS lies with the MoF, and in particular the Debt and Aid Division. The primary responsibility for the MGDS review lies with EP&D.

While much of the monitoring data is provided by GoM and providers of development cooperation, a wider range of stakeholders – including CSOs, parliamentarians, local authorities and representatives of the private sector – will be encouraged to participate in the development effectiveness dialogue and independently monitor progress. It is expected that participation by different stakeholders will grow over time.

A Division of Labour Matrix will be another tool to support Strategy implementation. This will be organized around the themes and priorities from the national development strategy. The approach improves the results focus of country-level coordination mechanisms like DoL, joint programming, delegated cooperation.

An independent review of the DCS implementation will be commissioned at the end of the five year period. A mid-term review will be conducted after a successor strategy to the MGDS II is put in place, on which basis the DCS and its results framework will be updated.

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**Regular MGDS reviews, Aid Atlas reports and independent reviews of implementation will support monitoring of progress**

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# GLOSSARY OF TERMS

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**Aid Effectiveness:** The effort of the development community to improve the delivery of aid to maximize its impact on development.

**Aid for Trade:** Aid for trade broadly comprises the following six categories: (i) trade policy and regulations; (ii) trade development; (iii) trade-related infrastructure; (iv) building productive capacity; (v) Trade-related adjustment; and (vi) other trade-related needs, if identified as development priorities in partner countries' national development strategies (OECD/WHO Aid For Trade at a Glance reports).

**Budget Support:** Budget support is a method of financing a recipient country's budget through a transfer of resources from an external financing agency to the recipient government's national treasury. The funds thus transferred are managed in accordance with the recipient's budgetary procedures. Funds transferred to the national treasury for financing programmes or projects managed according to different budgetary procedures from those of the recipient country, with the intention of earmarking the resources for specific uses, are therefore excluded.

**General budget support:** Unearmarked contributions to the government budget that is channelled into the general treasury account of a recipient country where, as an integral part of the resources therein, it co-funds the national budget. The support is thus used according to the national public expenditure management rules and procedures.

**Sector budget support:** Sector budget support, like general budget support, is a financial contribution to a recipient government's budget. However, in sector budget support, the dialogue between partners and government focuses on sector-specific concerns, rather than on overall policy and budget priorities.

**Capacity Development:** The process by which individuals, organizations, institutions, and societies develop their abilities individually and collectively to perform functions, solve problems, and set and achieve objectives.

**Climate Finance:** The meaning of climate finance is continually evolving, and there is not a universally agreed definition. In this Strategy, climate finance normally means climate-specific finance, referring specifically to capital flows targeting low-carbon and climate-resilient development with direct or indirect greenhouse gas mitigation or adaptation objectives/outcomes.

**Commitments/Disbursements of Aid:** A commitment is a firm written obligation by a government or official agency, backed by the appropriation or availability of the necessary funds, to provide resources of a specified amount under specified financial terms and conditions and for specified purposes for the benefit of a recipient country or a multilateral agency.

A disbursement is the placement of resources at the disposal of a recipient country or agency.

**Core Support to NGOs, other Private Bodies and Research Institutes:** Core support includes funds that are paid over to NGOs (local, national and international) and other private bodies active in development cooperation (e.g. foundations) for use at the latter's discretion, and contribute to programmes and activities which NGOs have developed themselves, and which they implement on their own authority and responsibility.

Contributions to research institutes (public and private) are also included in this definition. The definition of core support does not cover ODA channelled through NGOs, i.e. administered by NGOs on behalf of the official sector.

**Development Cooperation Funding/ Pro-**

**Providers of Development Cooperation:** Development cooperation funding includes all transactions qualifying as ODA, which include grants or loans of a concessional nature (having a grant element of at least 25%) and whose main objective is the promotion of economic development and welfare. This includes funding that is provided as part of a regional (multi-country) programme and it is possible to identify those activities and disbursements that are specific to Malawi.

Many emerging economies have become important providers of development co-operation. While North-South cooperation remains the main form of development co-operation, South-South co-operation continues to evolve, providing additional resources for development (Busan Partnership document).

**Development Actors:** Development actors, as used in this Strategy, are all those with an interest in the development process in Malawi.

**Development Effectiveness:** Development effectiveness is the achievement of sustainable development results that have country level impacts that have discernible effects on the lives of the poor. It also refers to the capability of States and other development actors to transform societies in order to achieve positive and sustainable development outcomes for its citizens (Thematic Study on the Paris Declaration, Aid Effectiveness and Development Effectiveness).

**Division of Labour (DoL):** DoL refers to streamlining and co-ordinating development assistance, for example by reducing the number of active donors in each sector, area or topic or the number of sectors, areas or topics focused on by any one donor in a given partner country. Donors are urged to specialise in areas where they have a comparative advantage and to work collaboratively, for example through programme-based approaches and delegated co-operation. (International Good Practice Principles for Country-Led Division of Labour and Complementarity, OECD Working Party

on Aid Effectiveness).

**Export-related Transactions/Support to National Private Exporters:** Export-related transactions include official export credits to developing countries and support to national private exporters. Support to national private exporters includes official loans to private exporters or private export credit agencies to partially finance export credits extended by them to developing countries, and subsidies to reduce the interest rate charged on private export credits.

**Export Credits:** Export credits from private banks to developing countries (known as “buyers’ credits”).

**Foreign Direct Investment (FDI):** FDI is defined as an investment made by a resident entity in one economy (the direct investor) with the objective of establishing a lasting interest in an enterprise (the direct investment enterprise) resident in another economy.

“Lasting interest” implies a long-term relationship where the direct investor has a significant influence on the management of the enterprise, reflected by ownership of at least ten per cent of the shares of the enterprise, or the equivalent in voting power or other means of control.

**Foreign Aid/Assistance:** The words ‘aid’ and ‘assistance’ in this Strategy refer only to flows which qualify as Official Development Assistance (ODA) – refer below.

**Grants:** Transfers made in cash, goods or services for which no repayment is required.

**Humanitarian Aid:** Humanitarian aid includes: disaster prevention and preparedness; the provision of shelter, food, water and sanitation, health services and other items of assistance for the benefit of affected people and to facilitate the return to normal lives and livelihoods; measures to promote and protect the safety, welfare and dignity of civilians and those no longer taking part in hostilities

and rehabilitation, reconstruction and transition assistance while the emergency situation persists.

### **Medium-Term Expenditure Framework**

**(MTEF):** MTEF refers to forward medium-term estimates of the costs (integrating recurrent and capital spending) of existing policies and proposed policy changes subjected to explicit aggregate fiscal ceilings.

**Missions:** Donor missions to the field are defined as missions that meet all of the following criteria:

- The mission is undertaken by, or on behalf of a donor, including by consultants commissioned by the donor;
- The mission typically involves international travel, but not exclusively from donor head-quarters;
- The mission makes a request to meet with Government officials including local Government.

The definition does not include missions to attend events (workshops, conferences etc.) that do not involve requests to meet with Government officials.

**Monitoring:** A continuing function that uses systematic collection of data on specified indicators to provide management and the main stakeholders of an ongoing development intervention with indications of the extent of progress and achievement of objectives and progress in the use of the allocated funds.

**Non-state actors:** Non-state actors include a wide range of actors, including, for example, domestic and international non-governmental organisations (NGOs), religious and faith-based organisations, private sector organizations, media, academia, local community-based groups, among others.

## **Non-governmental Organisations**

**(NGOs)/International NGOs:** A non-governmental organisation (NGO) is any non-profit entity in which people organize themselves on a local, national or international level to pursue shared objectives and ideals, without significant government-controlled participation or representation.

NGOs include foundations, co-operative societies, trade unions, and ad-hoc entities set up to collect funds for a specific purpose. NGO umbrella organisations and NGO networks are also included.

An international NGO (INGO) is an NGO organised on an international level. Some INGOs may act as umbrella organisations with affiliations in several donor and/or recipient countries.

### **Official Development Assistance (ODA):**

Official development assistance is defined as those flows to countries and territories on the OECD Development Assistance Committee (DAC) List of ODA Recipients and to multilateral development institutions which are:

- i. provided by official agencies, including state and local governments, or by their executive agencies; and
- ii. each transaction of which:
  - a) is administered with the promotion of the economic development and welfare of developing countries as its main objective; and
  - b) is concessional in character and conveys a grant element of at least 25 per cent (35% in Malawi according to agreements with IMF).

A list of OECD DAC members is available at [www.oecd.org/dac](http://www.oecd.org/dac).

### **ODA Channelled through NGOs and other Private Entities:**

This is ODA administered by NGOs and other private entities on behalf of the official sector, reported under various types of aid. Core contributions to NGOs and other private

bodies are excluded.

**Public-Private Partnerships:** Public-private partnerships (PPPs) are collaborative arrangements between private actors and bilateral/multilateral agencies or governments to address specified developmental issues. A PPP is an operational partnership whose board or other governance structure includes both public officials and private individuals.

**Pooled Funding/Basket Funds:** Pooled Funding refers to funding from multiple development partners that is commingled in a joint account for use against an agreed programme of work.

The funds in the pool are drawn down by Government and used using a single set of PFM/procurement/reporting rules. Pooled funds are commonly, but not always, associated with programme-based approaches.

Basket funds are characterised by common project documents, common funding contracts and common reporting/audit procedures with all donors. A basket may be earmarked to a narrow or wider set of activities (e.g. sector or sub-sector). The two terms are often used interchangeably.

**Programme-based Approaches:** Programme-based approaches (PBAs) are a way of engaging in development co-operation based on the principles of co-ordinated support for a locally-owned programme of development, such as a national development strategy, a sector programme, a thematic programme or a programme of a specific organisation.

Programme-based approaches share the following features: i) leadership by the host country or organisation; ii) a single comprehensive programme and budget framework; iii) a formalised process for donor co-ordination and harmonisation of donor procedures for reporting, budgeting, financial management and procurement; iv) efforts to increase the use of local systems for programme design

and implementation, financial management, monitoring and evaluation.

**Project-type Interventions/ Project Support/ Investment Project Assistance:** A project is a set of inputs, activities and outputs, agreed with the partner country, to reach specific objectives/outcomes within a defined time frame, with a defined budget and a defined geographical area. Projects can vary significantly in terms of objectives, complexity, amounts involved and duration.

There are smaller projects that might involve modest financial resources and last only a few months, whereas large projects might involve more significant amounts, entail successive phases and last for many years. A large project with a number of different components is sometimes referred to as a programme.

Feasibility studies, appraisals and evaluations are also included here (whether designed as part of projects/programmes or dedicated funding arrangements).

Investment project assistance comprises activities primarily designed to augment the physical capital of recipient countries. It includes contributions for local and recurrent costs and investment-related technical co-operation.

Within the project-type category, it is possible to separately identify those qualifying as programme-based approaches (see definition for PBA).

**Project Implementation Unit (PIU):** A PIU is a dedicated management unit designed to support the implementation of projects or programmes. A parallel PIU is accountable to the external funding agency rather than the relevant government institution such as ministries, departments and agencies, whereas in a fully integrated PIU, the government institution takes full responsibility and implements projects using existing structures, procedures and staff.

**Private Flows:** Consist of flows at market terms financed out of private sector resources and private grants (i.e., grants from NGOs and other private bodies, net of subsidies received from the official sector).

**Results Based Management (RBM):** RBM is a management strategy by which all actors on the ground, contributing directly or indirectly to achieving a set of development results, ensure that their processes, products and services contribute to the achievement of desired results. RBM rests on clearly defined accountability for results and requires monitoring and self-assessment of progress towards results, including reporting on performance (United National Development Group RBM Handbook).

**Sector Wide Approach (SWAp):** refers to a partnership between Government and development partners (and NGOs where appropriate) in support of a defined strategy and programme of work. In a SWAp, Government and partners formally agree, through a Memorandum of Understanding, to fund a programme of work, through a set of agreed aid modalities.

**Stakeholders:** Agencies, organizations, groups of individuals who have a role and interest in the objectives and implementation of a programme or project. Stakeholders include target groups, direct beneficiaries, those responsible for ensuring that the results are produced as planned, and those who are accountable for the resources provided to that programme or project.

**South-South Cooperation/Triangular Cooperation:** South-South Cooperation can be defined as an exchange of knowledge and resources in the political, economic, social, cultural, environmental or technical domain, between governments, organizations, and individuals in developing nations. It can take place on a bilateral, regional, sub-regional or interregional basis and can involve two or more developing countries. Triangular Cooperation involves two or more developing coun-

tries in collaboration with a third party, typically a developed country government or organization, contributing to the exchanges with its own knowledge and resources.

**Technical Cooperation/Technical Assistance:** Technical cooperation is the provision of know-how in the form of personnel, training, research and associated costs. Used without qualification, the term technical cooperation (sometimes referred to as technical assistance) is a generic term covering contributions to development primarily through the medium of education and training.

**Transaction Costs:** The direct and indirect costs incurred by aid providers and recipients, which are specifically associated with the management of aid and the aid partnership generally. Costs may be in terms of funds, time, use of resources, efficiency loss, etc. The term is used particularly about the transaction costs on the recipient side.

**Untied/Tied/Partially Tied Aid:** Untied aid is defined as ODA for which the associated goods and services may be fully and freely procured in substantially all countries (i.e all OECD countries and substantially all developing countries).

Partially untied aid is defined as loans and grants which are tied, contractually or in effect, to procurement of goods and services from a restricted number of countries which must include substantially all developing countries and can include the donor country.

Tied contributions: All loans and grants that do not fall under the definition of untied or partially untied aid are classified as tied aid, whether they are tied formally or through informal arrangements.

**Note:** The Glossary of terms is adapted from OECD DAC definitions, Busan Monitoring Guidelines and other international and national sources.







# ANNEXES



**Annex 1: Development Cooperation Strategy Work Plan (2014—2018)**

**Annex 2 Division of Labour Matrix—Engagement in Aid Modalities vis-à-vis MGDS Themes (2014)**

**Annex 3: Development cooperation calendar for Malawi government operations**

**Annex 4: Aid Data Reporting Guidelines on Malawi Aid Management Platform (AMP)**

**Annex 5: Development effectiveness indicators definitions**

## ANNEX 1: DEVELOPMENT COOPERATION STRATEGY WORKPLAN (2014 -2018)

WHAT? (STRATEGY COMMITMENT)	HOW? (ACTIONS)	BASELINE	EXPECTED OUTPUT	WHO? (RESPONSIBLE PARTY)	WHEN? (TIMEFRAME)
<b>1.0 INCLUSIVE PARTNERSHIPS</b>					
<b>Government will:</b>					
1.1 Establish credible and inclusive processes of dialogue	Operationalize the Sector Working Groups (SWGs), CABS dialogue and High Level Forum (HLF) as mechanisms for dialogue	6 SWGs operational (MEPD 2012) 1 HLF meeting in 2011 Bi-annual CABS Joint Reviews	All the 16 SWGs operational by 2016 Annual HLF meetings Bi-annual CABS Joint reviews	MoFEP&D(EP&D) MoFEP&D(DAD) MoFEP&D(DAD)	2014 – 2016 2015 – 2018 2015 - 2018
1.2 Involve non- state-actors in the development and implementation of country's development policies	Organize consultations with non-state actors ( civil society, private sector, academia) during the review of MGDS II and the formulation of the successor strategy	Limited involvement of non-state actors in policy dialogue with government (DAS Review 2011)	Consultations with non-state actors convened	MoFEP&D(EPD)	2014 – 2016
1.3 Stimulate South-South cooperation, knowledge and experience sharing with other developing countries	Actively participate in building blocks and networks for knowledge sharing and experience exchange with other developing countries	Participation at GPEDC high level meetings & building blocks	Malawi well represented in international forums for development cooperation	MoFEP&D(DAD) MoFA, MIT	2014 – 2018
1.4 Ensure that the Development Effectiveness Agenda is understood at all levels	Undertake sensitization activities for officials in Government, CSOs, PSOs, academia, media and MPs	Aid effectiveness agenda not well understood outside MoF (DAS Review 2011)	Sensitization workshops at all levels, publications and online postings	MoFEP&D (DAD)	2014 – 2018
<b>Development Partners:</b>					
1.5 Collaborate with Government to provide core support to NGOs, private bodies, universities and research institutions which contribute to programmes and activities which the latter have developed themselves	Provide financial and technical support for capacity-building initiatives of non-state actors	Non- state actor lack capacity to effectively engage	Capacities of Non – state actors enhanced to effectively engage in the devt. Process	All DPs	2014 – 2018
1.6 Facilitate triangular cooperation	Promote establishment of CSO platforms on development effectiveness Facilitate triangular cooperation	No Platforms on development effectiveness Occasional triangular cooperation	Platforms established, CSOs better organised to engage effectively Triangular cooperation schemes established	All DPs All DPs	2014 – 2018 2014 – 2018
<b>Non-State Actors will:</b>					
1.7 Establish platforms for dialogue on development effectiveness, knowledge exchange and information sharing and actively participate in the development effectiveness dialogue mechanism	Establish CSO platforms on development effectiveness Engage Government through SWGs, Public Private Dialogue and other dialogue mechanisms	No Platforms on development effectiveness Engaged in CABS reviews, PPD, health, agriculture and Education SWGs	Platforms established, CSOs better organised to engage effectively Increased engagement of non-state actors	CSOs CSOs, PSOs, Academia	2014 -2018 2014 - 2018

WHAT? (STRATEGY COMMITMENT)	HOW? (ACTIONS)	BASELINE	EXPECTED OUTPUT	WHO? (RESPONSIBLE PARTY)	WHEN? (TIMEFRAME)
1.8 Promote Evidence based decision making and sustainable development	Conduct research, monitor and evaluate impact of development cooperation Institutionalise evidence policy formulation	Research and evaluations not systematically used to inform policies and development strategies	Capacities to prepare research and evaluation studies strengthened	Academia, CSOs	2014 – 2018
<b>2.0 COUNTRY LEADERSHIP AND OWNERSHIP OF DEVELOPMENT PRIORITIES</b>					
Government will:					
2.1 Exercise strong political will and effective leadership in the design, monitoring, coordination and implementation of national development agenda	Conduct comprehensive review of MGDS II implementation	MGDS reviewed in 2010	Implementation of MGDS II reviewed	MoFEPD/Economic Planning Division	2015
	Lead the formulation of the successor MGDS II Strategy in consultation with all development stakeholders in the country	First MGDS adopted with delays	Successor Strategy to MGDS II put in place through a participatory process immediately after the end of MGDS II	MoFEPD	2016
2.2 Strengthen its leadership role in coordinating development actions and capacity-building at all levels	Align sector plans and district development plans to MGDS	Sector strategic plans exist only in a few sectors, mostly those with some form of sector-wide approach arrangement in place. Only few districts have well-articulated district development plans.	All Sectors and districts introduce plans that are aligned to the national development strategy	MoFEPD/EP&D & MoLGRD	2014-2016
	Improve policy development process in MDAs as per government guidelines and good practice standards	Low capacities in policy formulation and analysis	MDAs are able to develop policies that are coherent, relevant and feasible	OPC (Policy) & MDAs	
2.3 Improve Government planning and budgeting systems	Finalise and implement a Public Sector capacity development programme	Draft Public Sector capacity development programme	Capacities of institutions enhanced to plan, implement and monitor development actions on all levels	OPC, MDAs	2014 - 2018
	Introduce and implement Programme Based Budgeting (PBB)	Output based budget in use	All MDAs are using PBB by 2016	MoFEPD(BD)/MDAs	2014 - 2016
	MDAs to formulate strategic plans that are aligned to MGDS and sector plans	Most MDAs have no strategic plans	All MDAs adopt Strategic Plans	MoFEPD(EPD)/DH RMD/MDAs	2014 – 2015
	Strengthen quality assurance to ensure alignment and consistency across main documents – ministry strategic plans, output based budgets	There are discrepancies between targets in various documents – OPAs, ministry	Plans, budgets and organizational performance agreements are aligned	MoFEPD(EPD), OPC, DHRMD & MDAs	2014-2016

WHAT? (STRATEGY COMMITMENT)	HOW? (ACTIONS)	BASELINE	EXPECTED OUTPUT	WHO? (RESPONSIBLE PARTY)	WHEN? (TIMEFRAME)
	(PBBs in the future) and OPAs	strategic plans, budget documents.			
	Conduct project appraisals, update the PSIP and use it for investment decisions	52% of projects in PSIP with complete information	100 % of projects with complete information	MoFEPD(EPD)	2016
2.4 Further implement public sector reforms and decentralization policy	Formulate and implement the Public Sector Modernization Programme (PSMP)	Public Sector Reform Programme developed but not institutionalized	PSMP adopted and under implementation	OPC(PSRMU)	2014 – 2018
<b>The Government and DPs:</b>					
2.5 Collaborate in building critical capacities to ensure effective institutions and policies for sustainable development	Support the implementation of the PSMP	No pooled or joint donor arrangements in support of public sector reform	DPs support coordinated and aligned with PSMP	MoFEPD/ OPC (PSRMU) / All DPs	2014 - 2018
2.6 Ensure that Technical Assistance (TA) is demand driven and responsive to institutional & human resources capacity needs	Develop Technical Assistance guidelines for procurement and management of TA	No TA guidelines, Weak management of Technical Assistance with the Government possessing little influence over its sourcing and monitoring	Guidelines developed, TA is demand driven	MoFEPD(DAD)/ OPC/DHRMD	2016
2.7 Collaborate to address absorption capacity challenges in public institutions;	Undertake capacity building initiatives and minimise unrealistic conditionality	Absorption capacity is low	Absorption capacity increased	MoFEPD/MDAs/All DPs	2018
<b>3.0 ALIGNMENT TO NATIONAL SYSTEMS AND PRIORITIES</b>					
<b>Government and DPs will:</b>					
3.1. All development cooperation will be based on national development strategies and plans as well as sectoral and district plans	Align all Country Assistance Strategies (CAS) to national Development Strategies and plans	Weak involvement of the Government in the preparation of CAS.	CAS aligned to national priorities and preferences	MoFEPD (DAD,EPD) DPs	2016
3.2 Invigorate efforts to strengthen and use national PFM systems and adopt approaches that aim to manage rather than avoid risk	Operationalize the Economic Governance Sector Working Group Carry out PEFA Assessments and other fiduciary risk assessment Develop and implement a comprehensive public finance management plan Improve capacities for project implementation in MDAs	EGSWG not operational PEFA 2011 DPs use of the country's PFM systems remain limited The number of parallel project implementation units has been reduced but the country	Quarterly EGSWG meetings 2 PEFA carried out PFM systems strengthened and used by DPs Project implementation streamlined in the public service and no new parallel PIUs by	MoFEPD(EAD) MoFEPD /DPs MoFEPD(PFEM) /MDAs MoFEP&D(DAD) / All DPs	2014=2015 2014 - 2018 2016 2014 - 2016
3.3 Parallel project implementation units are eliminated and substantially reduce embedded project implementation units					

WHAT? (STRATEGY COMMITMENT)	HOW? (ACTIONS)	BASELINE	EXPECTED OUTPUT	WHO? (RESPONSIBLE PARTY)	WHEN? (TIMEFRAME)
3.4 Development assistance is increasingly disbursed on schedule, in line with the government budget cycle, provided as untied aid, and preferably given within PBAs	Regular dialogue on aid delivery methods. Meet the most critical aid conditions and re-negotiate in some cases	remains short of the 2010 PD target. Support through Govt. systems suspended in 2013 Annual predictability of funding is 84% in 2013	2016 70 % of ODA is delivered using PBAs 92 % of funding is predictable by 2016	MoFEP&D(DAD) / All DPs MoFEP&D(DAD) / All DPs	2018 2014-2016
<b>Development Partners will:</b>					
3.5 Support in a coordinated way Government efforts to strengthen public finance and economic management (PFEM) systems and implement public sector reforms	Establish joint arrangements to support implementation of the Comprehensive Public Finance Management Plan and the PSMP	PFEMRP( 2011 – 2014) and Multi Donor Trust Fund for PFM	Support to PFM and public sector reforms is coordinated	All DPs	2014 – 2018
3.6 Develop and review their Country Assistance Strategies (CAS) in close collaboration with Government	Align the CAS to the DCS requirements		CAS aligned to national priorities and the DCS	All DPs	2014 – 2018
3.7 Respond to improvements in government systems by increasing development support through national systems	Joint monitoring of progress and regular dialogue with DPs on aid modalities	On budget aid is 62% in 2010 and 49% in 2013	Support is increasingly provided through national systems 85 % aid is on budget by 2016	All DPs	2016
3.8 Support Government in national planning and budgeting by increasingly disbursing their assistance on schedule and in line with the government budget cycle and by providing indicative-forward spending plans	Disburse assistance on schedule and in line with the government budget cycle and provide indicative-forward spending plans	52 % of funding is covered by Indicative forward spending plans for at least 3 years	Medium term aid predictability improved – 76 % of aid covered by forward spending plan by 2016	All DPs	2014 – 2016
<b>4.0 FOCUS ON DEVELOPMENT RESULTS</b>					
<b>Government will:</b>					
4.1 Institutionalize results-based management in the public sector	Implement capacity building in Results Based Management (RBM)	No public institution practising RBM (2010)	Public Institutions utilize RBM systems for planning, monitoring and evaluation	MoFEPD/EPD	2014-2016
4.2 Continue to improve the quality of the country results framework to measure	Review MGDS performance indicators and make them more strategic and results focused				

WHAT? (STRATEGY COMMITMENT)	HOW? (ACTIONS)	BASELINE	EXPECTED OUTPUT	WHO? (RESPONSIBLE PARTY)	WHEN? (TIMEFRAME)
achievements under the national development strategy	Implement the national statistical systems strategic plan, and utilise district databases and MASEDA	20% utilization of MASEDA, district database and DMIS	70 % utilization of MASEDA, district database and DMIS	EPD	2016
4.3 Ensure that MGDS and sector reviews maintain a strong focus on results, and reports are discussed in Cabinet and submitted to Parliament	Conduct annual results-focused MGDS review	The preparation of the MGDS Review Report is often delayed and not used to orient priorities of government.	MGDS review is results-focused and reports are prepared and presented on time to inform budget preparation	EPD	2014 – 2016
<b>Government and Non-State Actors will:</b>					
4.4 Assess development partners' country strategies and programs by their contribution to the development results	Conduct research, studies and M&E on the impact of the CAS	No impact Assessment on the CAS	Impact of individual DPs contribution to national objectives development objectives assessed	Government/Non-state actors	2017 - 2018
<b>Development partners and all other relevant actors will:</b>					
4.5 Support Government to deliver the development results articulated in the national development strategy and use the country results framework and M&E systems	Support the strengthening and use the MGDS results framework and M&E system	Parallel results frameworks and M&E systems being used	65 % of DPs and other actors supporting and using MGDS results framework	All DPs and all actors	2018
<b>5.0 MUTUAL AND DOMESTIC ACCOUNTABILITY</b>					
<b>Strengthen the oversight role of Parliament in the development process</b>					
5.1 Engaging MPs in policy dialogue on implementation of Development Effectiveness agenda	PAC and BFC MPs participate in development effectiveness dialogue mechanisms	PAC and BFC participate in CABS reviews	MPs aware of and support development effectiveness agenda	Parliament/MoFEP & D (DAD)/MDAs	2014 – 2018
5.2 Requiring MPs to effectively participate in local authority dialogue structures.	MPs participate in the local governance dialogue structures as per the amended LG Act	No councils in the absence of councillors up to May 2014	MPs aware of local development issues	MPs	2014 – 2018
5.3 Supporting capacity development initiatives for Parliament	Capacity building of PAC, BFC, other committees and the Secretariat	New MPs elected in 2014	Orientation and training for PAC, BFC, other committees and secretariat undertaken	Parliament/MDTF/NAO/MoFEPD	2014 – 2018
5.4 Ensuring that Parliament reviews progress on MGDS implementation prior to the budget session	Engage the MPs in the MGDS Review process and submit progress reports to Parliament before budget discussions in Parliament	MDGS reports shared with Parliament but no discussion held	MPs review MGDS report before budget session in Parliament	MoFEP&D(EPD)	2014 - 2018
5.5 Improving information sharing on development cooperation with Parliament	Submit Debt and Aid reports to Parliament	Aid and debt reports not submitted to Parliament	Annual Aid Atlas, Debt and DSA reports submitted to Parliament	MoFEP&D(DAD)	2014 - 2018
5.6 Improving the recording of all resources in budget documents to improve scrutiny	All ODA scheduled for government sector recorded in the budget documents	62% in 2010 and 49% in 2013	85 % aid on budget	All DPs	2016



WHAT? (STRATEGY COMMITMENT)	HOW? (ACTIONS)	BASELINE	EXPECTED OUTPUT	WHO? (RESPONSIBLE PARTY)	WHEN? (TIMEFRAME)
<b>Support Local Authorities to assume more fully their roles</b>					
5.7 Promoting stakeholder engagement, information dissemination and civic education in the districts	Capacity building for stakeholders at district level	No formal forums for stakeholders	Local participation increased	MLGRD/DCs	2014 -2018
5.8 Ensuring clear linkages between national development plans and District Development Plans (DDP)	Align DDPs to MGDS Strategies and the Public Sector Investment Programme (PSIP) as per the requirements in the district development planning guidelines	No clear linkages between MGDS strategies, the PSIP and DDP	DDPs aligned with MGDS priorities	MoFEP&D(EPD)	2014 - 2018
5.9 Engaging representative organizations of local governments in development cooperation dialogue	MLGRD, NLGFC and MALGA participates in SWGs, and other dialogue mechanisms	Limited involvement of local government representative	Local participation increased	All MDAs	2014 – 2018
5.10 Soliciting input from local government in the formulation of development policy documents	MLGRD and Local authorities consulted and engaged in policy formulation and review	No consultation fora for the local government stakeholders	Local authorities engaged in formulation of policies	MLGRD/DCs/OPC	2014 - 2018
5.11 Working in collaboration with DPs to build capacity of local governance structures	Strengthen existing structures by developing officers capacity	Local governance structures exist with limited capacity	Effective local governance structures	MLGRD/DCs/LGFC	2014 - 2018
5.12 Empowering beneficiaries of development cooperation to demand transparency and accountability	Provide information on development cooperation through publications, AMP public portal and the media. Building capacity of citizen representative organizations to demand accountability	AMP public portal launched 2013, Aid Atlas for 2010/11FY No formal forum for citizen accountability	Dev. cooperation information available & accessible Citizen representative organizations meaningfully demand accountability	MoF/DPs/non-state actors MLGRD/DCs/LGFC	2014 -2018 2014 - 2018
<b>Support and collaborate with CSOs</b>					
5.13 Create an enabling environment that maximizes the contribution of CSOs to development	Support establishment of CSO platforms on development effectiveness	No Platform on development effectiveness	CSO platform established, CSOs contribute to the development processes	DPs/CSOs/MoFEP &D(DAD)	2016
5.14 Promote inclusive and democratic multi-stakeholder dialogue in the country that includes CSOs	Target and engage CSOs and other devt actors engage through SWGs and other mechanisms	Limited involvement of non-state actor	Non-state actors effectively participate in mechanisms for dialogue	CSOs/MoFEP&D(E PD), MDAs	2014 - 2018
5.15 Encourage the CSOs to implement practices that strengthen their accountability and contribution to development effectiveness	Organize training for AMP functionality to CSOs/NGOs Require CSOs to report aid inflows on AMP as per the reporting guidelines	AMP rolled out to 20 NGOs CSOs not reporting on AMP	CSOs are able to use AMP Transparency of funding to CSOs improved	MoFEP&D(DAD) CSOs	2018 2014 - 2018

WHAT? (STRATEGY COMMITMENT)	HOW? (ACTIONS)	BASELINE	EXPECTED OUTPUT	WHO? (RESPONSIBLE PARTY)	WHEN? (TIMEFRAME)
5.16 Encourage district councils to sign MoUs with NGOs operating at district level	Encourage district councils to sign MoUs with NGOs operating at district level	No MOUs with NGOs at district level	NGO activities aligned to district plans	Districts/ NGOs/ Min of Gender	2014 - 2018
5.17 Enforce the legal framework including the Public Audit Act and the NGO Act to effectively regulate and monitor operations of CSOs	Orient the NGOs on the legal framework and related regulations	Legal framework not effectively enforced	CSOs comply with rules and regulations on accountability	NGO Board/ Min of Gender/MoF	2014 - 2018
5.18 Strengthen the partnership with CSOs to monitor development programmes and development partners' country strategies	CSOs participate in development effectiveness surveys and M&E of development financing	Informal arrangements for monitoring	Stakeholders engaged in monitoring of DP programmes and evaluation of their impact	CSOs	2014 - 2018
<b>Collaborate with Academia</b>					
5.19 Engage academia in the formulation of national development strategies and consultations on contractual agreements	Engage the academia in the reviews of MGDS II and formulation of the successor strategy	Academia involvement limited	Academia actively engaged in the MGDS processes	MoFEP&D(EPD)	2014 -2018
5.20 Collaborate with the academia in capacity building initiatives in response to human and institutional capacity needs	Undertake needs assessment and train Government, CSOs, PSOs and media staff as well as establish in country capacities for delivery of training		Relevant capacity building done	Academia/DHRMD	2014 – 2018
5.21 Partner with the academia in promoting research and development	Academia undertakes research on development effectiveness and the impact of development cooperation	Ad hoc reviews	Academia engaged in research	Academia/MDAs	2014 - 2018
5.22 Engage the academia in monitoring and evaluation	Establish coordinating framework and institutional mechanism to foster evaluation capacity	Ad hoc reviews	Academia develops capacity for evaluation of government programmes	MoFEPD ( EP&D), Academia/MDAs	2014 - 2018
<b>6.0 TRANSPARENT AND RESPONSIBLE COOPERATION</b>					
<b>a. Transparency</b>					
6.1 Present comprehensive expenditure reports to Parliament	Submit budget performance to BFC of Parliament	Revised budget submitted to Parliament	Budget performance reported to Parliament	MoFEP&D(BD)	2014 - 2018
6.2 Disclose in transparent, timely and comprehensive manner information on annual expenditure and audit reports to all stakeholders	Publish annual expenditure and audit reports in line with prescribed rules and regulations	Annual audits submitted to Parliament	Audits submitted to Parliament by Dec, regular expenditure reports posted on MDAs websites	NAO/MDAs	2014 - 2018
6.3 Publish the DAD policies and Disclose information on financing agreements	Post the Debt and Aid Management Policies as well as details of loan agreements on the website	Financing agreements not published	Details available and accessible by all stakeholders	MoFEP&D (DAD)	2014 -2018

WHAT? (STRATEGY COMMITMENT)	HOW? (ACTIONS)	BASELINE	EXPECTED OUTPUT	WHO? (RESPONSIBLE PARTY)	WHEN? (TIMEFRAME)
6.4 Provide all development partners and private foundations and international NGOs with online access to the AMP to improve the quality of their reporting	Roll out the AMP to development partners and private foundations and international NGOs Update and validate data in AMP	AMP rolled out to all resident DPs, 5 MDAs and 20 NGOs	AMP rolled out to all MDAs, all resident DPs, private foundations and all INGOs Quality of data in AMP improved	MoFEP&D (DAD) DPs	2014 – 2015
6.5 Improve public access to information on aid inflows to the country and maintain a public portal on AMP	Update information in the AMP and maintain a public portal on AMP	Public portal launched in October 2013	Information on aid flows accessible by the public	MoFEP&D (DAD)	2014 -2018
6.6 Engage the media to disseminate information on public expenditure and corresponding results	Press briefings	Lack of information for citizens to hold government accountable	Domestic accountability enhanced	MoFEP&D (EPD& DB)	2014 -2018
<b>Development partners will:</b>					
6.7 Provide timely, transparent and comprehensive information on aid flows and programme intentions	Provide indicative forward spending plans to support the MTEF	Medium term predictability low	At least 76 % of aid covered by forward spending plans	DPs	2016
6.8 Disclose information on aid flows to CSOs and other non-state actors	Provide information on support to CSOs and other non-state actors	Some DPs do not disclose support towards CSOs/NGO	Off budget aid flows tracked	DPs	2014 - 2018
6.9 Disclose the amount used for financing external experts and consultants	Report on AMP support for external experts and consultants	Some DPs do not disclose support towards TA	Government informed for better decisions	DPs	2014 – 2015
<b>Civil society organizations will:</b>					
6.10 Disclose in a comprehensive manner receipts and expenditures related to development assistance	Comply with the relevant regulations on financial reporting	No domestic accountability for CSOs	CSOs accountability and transparency improved	CSOs	2014 – 2018
6.11 Report through the online AMP externally financed activities as required in the AMP Guidelines	Update the online AMP	Quality and completeness of information a challenge	All CSOs recipient of foreign funding with access to AMP and reporting inflows	DAD, CSOs	2014 – 2018
<b>b. Timely and predictable cooperation</b>					
<b>The Government will:</b>					
6.12 Ensure that all conditions precedent are met	Follow up on all conditions for effectiveness and disbursement	Predictability and disbursement affected by failure to meet agreed conditions.	Government meet conditions precedent	MoFEP&D (DAD) /MDAs	2014 -2018
<b>Development partners will:</b>					
6.13 Refrain from unwarranted conditions	Ensure that all conditions are agreed with	Unpredictable conditions	Timely and predictable support	DPs	2014 - 2018

WHAT? (STRATEGY COMMITMENT)	HOW? (ACTIONS)	BASELINE	EXPECTED OUTPUT	WHO? (RESPONSIBLE PARTY)	WHEN? (TIMEFRAME)
	Government, tied to implementation progress, based on the national development agenda and monitored through national M&E systems				
6.14 Provide timely and reliable three-to-five year indicative forward estimates and commitments	Provide indicative forward spending plans to support the MTEF	Medium term predictability low	Strategic planning and budgeting enhanced	DPs	2014 – 2018
6.15 Release aid in a timely and predictable fashion in relation to the Government budget cycle	Disburse support in line with the budget cycle and estimates provided to Govt.	annual predictability of funding is at 84 % in 2012/13 FY	DPs improve annual predictability of funding to 92 % by 2016	DPs	2014 – 2018
6.16 Adhere to guidelines for reporting information on AMP	Request for fresher and orientation sessions on AMP reporting	Incomplete information on AMP	Timely information for decision making	DPs	2014 – 2018
<b>7.0 HARMONIZATION AND SIMPLIFICATION OF DEVELOPMENT PARTNER PROCEDURES</b>					
Government and development partners will collaborate to:					
7.1 Improve the Division of Labour by defining core areas of support not exceeding 3 depending on competencies and expertise and determine development partners' comparative advantages and on how to achieve complementarities	Establish appropriate levels of funding per sector and mix of aid modalities and types of assistance required	DoL Study done in 2010	Aid fragmentation reduced and diversity managed	MoFEP&D(DAD)/ All DPs	2014 – 2018
7.2 Utilize development partners' respective comparative advantages at sector level and agree on partner/s to lead the co-ordination of programs, activities and tasks	Develop TORs for a leading , delegating and withdrawing partner in a sector	SWG guidelines define co-chairs	Better coordination and harmonization of DP support	MoFEP&D(DAD)/ All DPs	2016
7.3 Ensure that the impact of a Division of Labour process on the overall volume of development cooperation funding to the country is neutral	Encourage DPs to embrace delegation in highly subscribed sectors	Some DPs plan to delegate dialogue and finances (DoL Study 2010)	Reduced fragmentation and duplication of efforts	MoFEP&D(DAD)/ All DPs	2014 - 2018
	Capacity building for conducting negotiations	Limited negotiation capacity confined to MoFEP&D (DAD)	Capacity for negotiations in MDAs	MoFEP&D(DAD)/ All DPs	2014 – 2018
7.4 Implement and strengthen Program-Based Approaches	Adopt Programme Based Approaches	Pooled funding used by some DPs (DoL study)	Better coordination and harmonization of DP support	MoFEP&D(DAD)/ All DPs	2014 – 2018
	Implement reforms to strengthen PFM systems and institutions	PFEM RP (2011 – 2014)	Credible Government PFM systems	MoFEP&D(PFEM)	2014 – 2018
7.5 Improve the use of project support as an aid delivery mechanism:	Set minimum requirements including amounts for standalone project	No limitation on the size of projects	Manageable size and high impact projects	MoFEP&D(DAD)	2016

WHAT? (STRATEGY COMMITMENT)	HOW? (ACTIONS)	BASELINE	EXPECTED OUTPUT	WHO? (RESPONSIBLE PARTY)	WHEN? (TIMEFRAME)
Development partners will:					
7.6 Inform Government of their comparative advantages and how to achieve complementarities amongst themselves.	Consult Government in the assessment of their comparative advantage	High Aid fragmentation in some sectors	Aid fragmentation reduced and diversity managed	DPs	2014 – 2018
7.7 Make more use of delegated cooperation	Use delegated authority in areas of no / less comparative advantage	Low delegated cooperation	Reduced aid fragmentation	DPs	2014 – 2018
7.8 Make greater use of joint missions and analytical work including fiduciary risk assessment.	Conduct joint reviews and analytical work	CABS and sector reviews, HoCs joint Country Analysis 2012	Greater coordination and harmonization of DP activities	DPs	2014-2018
7.9 Harmonize reporting requirements by using existing reporting formats and data in the government system, and implementing common arrangements for M&E and reporting.	Support and use Government M&E reporting systems	Parallel M&E systems being used	Pressure of multiple reporting on the limited HR reduced	DPs	2014-2018
7.10 Actively participate in and support country coordination mechanisms	Support the adoption of PBAs and participate in SWGs	Uncoordinated DP support.	Better coordination of DP activities	DPs	2014 – 2018
<b>8.0 PRIVATE SECTOR AND DEVELOPMENT</b>					
Government will:					
8.1 Ensure a sound policy and regulatory environment for private sector development, increased foreign direct investment, and public-private partnerships.	Implement the Public Private Partnership (PPP) Law	PPP Law enacted	Institutional frameworks in place to promote private participation	MIT	2014 – 2018
8.2 Engage business associations, trade unions and others to improve the legal, regulatory and administrative environment for the development of private investment	Provide an opportunity for state owned enterprises to partner with the private sector in service delivery	PPP Law enacted	Institutional frameworks in place to promote private participation		
8.3 Enable the participation of the private sector in the design and implementation of development policies and strategies to foster sustainable growth and poverty reduction	Engage the private sector to improve the environment for public sector investment	Doing business ranking-171 (2014) and 161 (2013)	Country ranking in WB - doing business and Global competitiveness index improved	MIT	2014 – 2018
8.4 Enforce the existing legal frameworks to enhance public-private partnerships	Strengthen the Public Private Dialogue (PPD) and consultation with the private sector	PPD active	Private sector contribution to developed increased	MIT/MoFEP&D(EP D)	2014 – 2018
Government and development partners will collaborate to:					
	Implement the Public Private Partnership (PPP) Law	PPP Law enacted	Institutional frameworks in place to promote private participation	MIT	2014 – 2018

WHAT? (STRATEGY COMMITMENT)	HOW? (ACTIONS)	BASELINE	EXPECTED OUTPUT	WHO? (RESPONSIBLE PARTY)	WHEN? (TIMEFRAME)
8.5 Improve the use of development cooperation funding to leverage additional sources of financing for sustainable development	Provide credit access to the private sector	PSO have limited access to credit	Development cooperation supports credits schemes for PSO PSOs	MIT/MoFEP&D(DA D)/DPs	2014 – 2018
8.6 Promote Aid for Trade as an engine for sustainable development	Promote a two way trade and investment with other developing countries and developed countries	Aid for trade has been limited	Aid for trade promoted	MIT/MoFEP&D(DA D)/DPs MIT/DPs	2014 – 2018
<b>Private sector will:</b>					
8.7 Mobilize itself to actively participate in development process including mechanisms for dialogue at national and local levels	Participate in the development process and dialogue mechanisms at national and local levels	Limited involvement in development processes	PSOs involved in the development and dialogue processes	PSOs	2014 -2018
8.8 Invest in initiatives to enable it to seize investment opportunities as they arise	Undertake capacity building initiatives	PSOs unable to seize investment opportunities	PSOs have capacity to seize investment opportunities	PSOs	2014 – 2018
8.9 Abide by their social responsibility commitments and standards, and ensure that activities are aligned with national and district development plans	Carry out the corporate social responsibility	Some PSOs not investing back into society	PSOs invest back into society	PSOs	2014 – 2018
8.10 Invest in human resource capacity building	Provide support to training institutions to deliver training to staff	Limited PSO support for capacity building	Training institutions supported	PSOs	2014 – 2018
<b>9.0 DOMESTIC RESOURCE MOBILIZATION</b>					
<b>Government and DPs will, therefore, collaborate to:</b>					
9.1 Support the strengthening of taxation systems sustained by a broader tax base and progressive structure	Review Taxation Legislation	Taxation Legislation	Taxation Act as well as Customs and Excise Act reviewed by 2016	MoF(RPD)/MoJ	2018
	Explore options for widening the tax base and embark on public sensitization on taxation	Large and increasing informal sector	Tax base expanded by 5%	MoFEP&D(RPD)	2018
	Raise awareness on the importance of citizen complying with tax regulation	Awareness and orientation targets large tax payers	Tax compliance rate improved	MoFEP&D(RPD) /MRA	2014 - 2018
9.2 Strengthening and development of an inclusive domestic financial sector	Implement the Financial Sector Development Strategy	Financial Sector Development Strategy	Greater mobilization of local financial resources towards productive activities	MoFEPD(EAD) /RBM /MIT	2014 -2015
	Raise awareness on the importance of citizen participating in the financial market	Participation in the market by corporate citizens	Private individuals to make use of market information	MoFEPD(EAD) /RBM	2014 - 2018

WHAT? (STRATEGY COMMITMENT)	HOW? (ACTIONS)	BASELINE	EXPECTED OUTPUT	WHO? (RESPONSIBLE PARTY)	WHEN? (TIMEFRAME)
9.3 Enhance international cooperation and information exchange between countries on tax matters and provide expertise, TA and capacity building on fiscal matters	Build capacity in tax collection and administration	Capacity gaps exist	Cost of revenue collection reduced from 3% to 2.5 %	MoFEPD(RPD) /MoFA / DPs	2018
9.3 Sustainably manage natural resources and governance of extractive industries	Implement the Extractive Industries Transparency Initiative (EITI) Standards	Not signed up to EITI	Attain EITI candidate status	MoFEP&D (RPD)/ Min of Energy	2014 – 2018
9.4 Develop innovative financial mechanisms to mobilize private finance for shared development goals	Manage and administer the Innovations Challenge Fund	Innovations Challenge Fund launched	Resources available to finance viable projects	UNDP / DFID	2014 – 2018
9.5 Strengthen non - tax revenue collection	Improve performance of parastatals	6 Parastatals paying dividends	All Parastatals pay dividends	MoFEP&D(PERMU)	2014 - 2018
	Improve accountability of revenue collecting institutions		Accountability of revenue collecting institutions improved		2014 - 2018
<b>The Private Sector and citizens will:</b>					
9.6 Ensure compliance with existing tax legislation	File tax returns and make correct transaction declaration	Tax evasions and avoidance using old treaties	Domestic revenue increased from 60% to 75% as proportion of budget	PSOs / Citizens	2018
	Avoid requesting for exemptions not provided in the law	Increasing requests for exemptions	Domestic revenue increased from 60% to 75% as proportion of budget	PSOs/Citizens	2018
9.7 Participate in the financial market	Make use of market information	Participation in the market by corporate citizens	Private individuals fully participate in the market	PSOs/Citizens	2018
<b>10. CROSS CUTTING ISSUES</b>					
<b>a. Climate change financing</b>					
10.1 Support national climate change policy development and implementation	Develop and implement a Climate Change Policy	No Policy	Climate change policy under implementation	OPC/Min of Energy	2014 -2018
10.2 Improve coherence among climate change financing and other development cooperation funding;	Track all resilience related support through the AMP	Resilience related support not tracked	Systematic tracking of support to climate change	MoFEPD(DAD)/Min of Energy	2014 – 2018
10.3 Explore opportunities to integrate external finance into national budget to address climate change while using aid to leverage other domestic resources;	Integrate the AMP in the budget system to bring out off budget financing	Integration Assessment done	Efficient expenditure allocations facilitated	MoFEP&D(DAD)/B D/DPs	

WHAT? (STRATEGY COMMITMENT)	HOW? (ACTIONS)	BASELINE	EXPECTED OUTPUT	WHO? (RESPONSIBLE PARTY)	WHEN? (TIMEFRAME)
10.4 Upgrade AMP's functionality in order to track all resilience related support.	Track all resilience related support through the AMP	Resilience related support not tracked	Systematic tracking of support to climate change	MoFEPD(DAD)/Min of Energy	2014 – 2018
<b>b. Gender equality and women's empowerment</b>					
10.5 Government and DPs will integrate targets for gender equality and women empowerment in all development cooperation programmes;	Systematically track allocations for gender equality and women empowerment and make it public	No allocation tracking system	Gender equality focused budget information publicly available	MoGWCA	2014 – 2018
10.6 Government will strengthen the statistical system to collect and make available data disaggregated by sex;	Implement the National Statistics System Strategic Plan (NSSSP)	NSSSP	Availability of gender disaggregated data	NSO/MGWCA	2014 – 2018
<b>c. Combating corruption and illicit flows</b>					
10.7 Government will implement fully its commitments to fight corruption,	Continue to implement the Ant-Corruption Strategic Plan	Anti-Corruption Strategic Plan (2012 -2017)	Reduced levels of corruption	ACB/MoJ	2014 – 2017
10.8 Government will strengthen efforts to combat illicit financial flows	Financial institutions report all suspicious transactions	Not all suspicious transaction reported (2014 forensic Audit)	Financial institutions comply with rules and regulations	FIU/Financial Institutions	2014 -2018
<b>d. HIV and AIDS</b>					
Government will:					
10.9 Analyse investment approaches and present an investment case for the HIV/AIDS National Response	Undertake a National HIV and AIDS Response Efficiency study	No efficiency study done	More lives saved and more deaths averted	MoH(NAC)	2014 -2018
10.10 Develop and adopt an effective and sustainable resource mobilization strategy for the National HIV and AIDS Response	Adopt a resource mobilization strategy / health financing strategy	Options Paper/ health financing developed and yet to be adopted	Additional resources for the National Response mobilized	MoH(DNH)	2014 -2018
10.11 Ensure effective and efficient governance, administrative & management systems for the HIV and AIDS Response	Implement the NAC Strategic Plan	NAC Strategic Plan (2013 - 2018)	National Response efficient and effectively managed	MoH(NAC)	2014 -2018
10.12 Increase accountability and transparency in the use of resources	Audit HIV and AIDS Grant recipients and report their performance	Periodic audits done and reports produced	HIV and AIDs funds used for intended purposes	MoH(NAC)	2014 -2018
<b>11. Monitoring and evaluation</b>					
Government and DPs will:					
11.1 Ensure monitoring of the DCS and work plan	Undertake monitoring of the implementation of the DCS including surveys and mid-term and end-term evaluation	DAS review from 2012	Successful implementation of the DCS	MoFEP&D (DAD & EPD)/ DPs	2014 - 2018





# ANNEX 2: Division of Labour Matrix - Engagement in Aid Modalities vis- a - vis MGDs Themes (2014)

Division of Labour Matrix - Engagement in Aid Modalities vis- a - vis MGDs Themes (2014)																									
Development partner (DP)	MGDS themes				Theme 1: Sustainable Economic Growth				Theme 2		Theme 3: Social Dev.			Theme 4: Infrastructure Dev.			Theme 5: Governance		Theme 6	Total Sectors - Aid Atlas FY 10/11	Total Sectors exiting ( future)	Total Sectors delegating ( future)			
	General budget support	Sector budget support	Pooled funding	Discrete/Project support	1. Agriculture	2. Integrated Rural Development	3. Environment, Lands & Natural Resources	4. Tourism, Wildlife & Culture	5. Water, Sanitation & Irrigation	6. Trade, Industry & Private Sector Development	7. Vulnerab., Disaster & Risk Management	8. Health	9. Education	10. Gender, Youth & Sports	11. Roads, Public Works & Transport	12. ICT & Research and Development	13. Energy & Mining	14. Economic Governance	15. Democratic Governance				16. Public Administration		
<b>CABS Development Partners</b>	x	x	x	x							EX 2014														
AfDB	x				A	A	A		A							FAE	A				11	10	1	0	
European Union (EU)	x	x			A	ACC			A			FAE					A	A			8	9	0	0	
World Bank	x	x	x		A	A	A		L							L	A				13	11	0	0	
<b>Other Development Partners</b>																									
AusAid			x																			1	0	0	0
CDC			x								A											1	1	1	1
CIDA			x								EX 2015														
DFID	x	x	x		A	A	A		A	ACC	ACC						A	A	A		14	10	0	0	
Flanders			x		A					A	EX 2015											3	2	2	0
Germany			x															EX 2014							
Global Fund			x							A	A						A				6	5	2	0	
ICEIDA			x								A										1	1	0	0	
Ireland			x								ACC	ACC									3	3	0	0	
India			x								ACC	ACC									9	12	0	0	
JICA			x		A	N*	A		A								A				3	3	0	0	
Netherlands			x								ACC	ACC					FAE				10	8	0	0	
Norway	x	x	x								A										0	1	0	0	
P.R. China			x																		8	8	0	0	
USAID			x		L	A	A		A	A	L	ACC**					FAE	FAE			2	2	0	0	
<b>ARAB DPs</b>																					11	9	0	0	
Abu Dhabi																						0	1	0	0
BADEA								A													3	3	0	0	
Kuwait Fund																						1	1	0	0
OPEC Fund																						9	0	0	0
Saudi Fund																						0	2	0	0



# ANNEX 3: DEVELOPMENT COOPERATION CALENDAR FOR MALAWI GOVERNMENT OPERATIONS

ACTIVITY	MONTH
<p><b>ACTIVITY 1: Produce Annual MGDS II Review Synthesis Report</b>  <a href="#">Brief Description</a>            EP&amp;D will consider comments from PSs, DPs and all stakeholders consulted on the draft MGDS review report and produce the final report. The report will inform preparation of upcoming Fiscal Year's budget.            In addition to annual MGDS review, there will be a mid-term review of the MGDS II.  <a href="#">Responsible party</a>            EP&amp;D, Sectors</p>	January
<p><b>ACTIVITY 2: Publish Mid-Year Fiscal Performance for mid-year economic and fiscal update</b>  <a href="#">Brief Description</a>            The Government will conduct mid-year budget review in order to assess the performance of Budget implementation to Mid Year as well as projections to the end of the financial year. The review document will be the basis of discussion during the Mid Term Budget session of Parliament  <a href="#">Responsible party</a>            MoF, EP&amp;D</p>	January-February
<p><b>ACTIVITY 3: Establish Development Partners' (DPs) funding commitments for the Medium Term Expenditure Framework (MTEF) and confirm annual projections for upcoming Fiscal Year's budget with sector ministries</b>  <a href="#">Brief Description</a>            Debt and Aid Management Division (DAD) will coordinate with DPs to reconfirm their MTEF commitments and provide Part 1 projections for 2014/15FY.  <a href="#">Responsibility party</a>            DAD/MoF, DPs</p>	January-February
<p><b>ACTIVITY 4: Circulate Budget Guidelines and issue Treasury Circular on budget ceilings</b>  <a href="#">Brief Description</a>            MoF will develop and circulate budget guidelines and also inform sector ministries and assemblies of indicative budget ceilings in order for them to prepare development and recurrent budgets as well as revenue estimates.  <a href="#">Responsible party</a>            BD/MoF</p>	January
<p><b>ACTIVITY 5: Publish budget documents in readiness for submission to Parliament</b>  <a href="#">Brief Description</a>            The Ministry of Finance will consolidate and finalize all budget documents (Economic Report, Financial Statement, Budget Statement, Output- Based Budget, and Detailed Budget) which are submitted to Parliament  <a href="#">Responsible party</a>            MoFEP&amp;D, NSO</p>	April- May

<p><b>ACTIVITY 6: Present National Budget in Parliament, Parliament approves the Budget and issue General Warrant</b>  <a href="#">Brief Description</a>  The National Assembly scrutinizes the National Budget which is presented by Ministry of Finance before approval. Local government budgets not covered in the National Budget are also submitted to the National Assembly for noting.  <a href="#">Responsible party</a>  MoF</p>	May-June
<p><b>ACTIVITY 7: Debt Sustainability Analysis (DSA)</b>  <a href="#">Brief Description</a>  Ministry of Finance conducts annual Debt Sustainability Analysis (DSA) with the aim of assessing the sustainability of Malawi's public external and domestic debt in the post Heavily Indebted Poor Countries (HIPC) period. The results of the DSA will be used to update the Medium-Term Debt Management Strategy (MTDS).  <a href="#">Responsible Party</a>  DAD/EAD/MoF, EP&amp;D, RBM, NSO</p>	March
<p><b>ACTIVITY 8: Quarterly joint DP/Govt. portfolio monitoring and review meetings</b>  <a href="#">Brief Description</a>  Government will be meeting DPs supporting various projects with the objective of discussing pertinent issues affecting the projects in order to improve disbursement rate and absorption capacity. DAD/MoF will be producing portfolio review reports.  <a href="#">Responsible party</a>  DAD/MoF, DPs, Line Ministries</p>	March  June  September  November
<p><b>ACTIVITY 9: Joint High Level Forum on Development Effectiveness and Development Cooperation Group (DCG) meetings</b>  <a href="#">Brief Description</a>  The High Level Forum (HLF) on Development Effectiveness is expected to deepen policy dialogue around MGDS II and implementation of DCS. The HLF will be attended by high level representatives of Govt., DPs, private sector, civil society and academia. The DCG is the technical arm of the HLF responsible for preparing the work of the HLF, agreeing on topical issues for discussion and providing analytical input, and following up on action points from the HLF.  <a href="#">Responsible party</a>  DAD/MoF, DPs</p>	April    February  November
<p><b>ACTIVITY 10: Mid-year and Annual Debt and Aid Reports</b>  <a href="#">Brief Description</a>  The mid-year and annual debt and aid reports provide useful data and information on the volume, distribution and effectiveness of foreign aid to Malawi. The report also provides information on the public external and domestic debt portfolios.  <a href="#">Responsible party</a>  DAD/MoF</p>	February  September
<p><b>ACTIVITY 11: Silent Period for all missions (Mission free period)</b>  <a href="#">Brief Description</a>  The silent periods for missions are periods when Govt. does not expect development partner missions as it is busy with the budgeting process, IMF, and/or CABS review meetings. To ensure adherence to this, DPs are expected to provide Government with an indicative schedule of planned missions.  <a href="#">Responsible party</a>  DAD/MoF, DPs</p>	March  May- June  September - October  December

<p><b>ACTIVITY 12: Issue Public Sector Investment Programme (PSIP) Circular to Ministries, Departments and Agencies (MDAs)</b></p> <p><a href="#">Brief Description</a> The EP&amp;D will prepare and circulate PSIP Circular which highlights concepts, principles and indicative ceilings of PSIP with guidelines and templates for the next fiscal year. Thus, advise MDAs on the preparation and submission of PSIP project proposals.</p> <p><a href="#">Responsible party</a> Development Division/EP&amp;D</p>	September
<p><b>ACTIVITY 13: PSIP Proposal Submission and Appraisal</b></p> <p><a href="#">Brief Description</a> MDAs submit all proposals with necessary information by October of each year for projects to be considered for the next fiscal year. Development Division will appraise all new and on-going project proposals after accessing and analyzing implementation progress of PSIP projects. The projects undergo first appraisal in November and a second appraisal in early January of the following year.</p> <p><a href="#">Responsible party</a> Development Division/EP&amp;D</p>	October - January
<p><b>ACTIVITY 14: Approval of PSIP by Cabinet</b></p> <p><a href="#">Brief Description</a> After completing the PSIP appraisal process, the PSIP is submitted to Cabinet for approval. Once approved, PSIP document is printed for presentation at Parliament together with Budget Documents.</p> <p><a href="#">Responsible party</a> Development Division/EP&amp;D</p>	April
<p><b>ACTIVITY 15: Joint Common Approach to Budget Support (CABS) Review Meetings</b></p> <p><a href="#">Brief Description</a> Government and CABS Development Partners undertake two reviews each fiscal year with the aim of assessing progress under the CABS partnership, including progress on agreed Performance Assessment Framework (PAF).</p> <p><a href="#">Responsible party</a> DAD/MoF/DPs</p>	March October
<p><b>ACTIVITY 16: High-Level Meetings of the Global Partnership for Effective Development Co-operation.</b></p> <p><a href="#">Brief Description</a> The event is an inclusive ministerial-level gathering intended to bring together the full membership of the Partnership to promote learning and accountability around implementation of the commitments made in Busan (2011). It also presents an opportunity for the international community to examine how effective development co-operation agenda can be advanced in the context of the post-2015 development agenda.</p> <p><a href="#">Responsible party</a> MoF/GoM &amp; UNDP</p>	DPEDC Secretariat to advise
<p><b>ACTIVITY 17: Group on Finance and Economic Management (GFEM) and Public Finance and Economic Management (PFEM) Steering Committee meetings</b></p> <p><a href="#">Brief Description</a> GFEM meeting is a Government-DP forum for discussing progress on implementation of the Public Finance and Economic Management (PFEM) agenda. The PFEM Steering Committee, comprising PSs and Heads of PFEM Institutions is the highest level intra-government dialogue structure for providing strategic policy guidance and direction on the implementation of PFEM Reform Programme.</p> <p><a href="#">Responsible party</a> DAD/MoF, PFEM Institutions, DPs</p>	February May August November

<p><b>ACTIVITY 18:</b> Sector Working Group (SWG) quarterly meeting and production of quarterly sector reports</p> <p><a href="#">Brief Description</a> SWGs represent sectors' management structures with the mandate of reviewing progress against Sector Strategies and discussing policy issues affecting sectors. Participation in each SWG should include senior representatives from Government, development partners, and non-state actors.</p> <p><a href="#">Responsible party</a> MoF, EP&amp;D, OPC, SWGs</p>	<p>Mar/April</p> <p>May/June</p> <p>Aug/Sept</p> <p>Nov/December</p>
<p><b>ACTIVITY 19:</b> Annual Joint Sector Reviews</p> <p><a href="#">Brief Description</a> Annual Joint Sector Reviews (JSRs) aim to evaluate sector performance in the face of jointly agreed indicators and targets. JSRs are expected to feed into the MGDS Annual Review. All sectors will produce and submit Sector Progress/JSR Reports to EP&amp;D by end-September.</p> <p><a href="#">Responsible party</a> SWGs, EP&amp;D</p>	<p>August – September</p>
<p><b>ACTIVITY 20:</b> Consolidate Sector Progress/JSR reports and brief Principal Secretaries, development partners and non-state actors on MGDS review findings</p> <p><a href="#">Brief Description</a> The MGDS Annual Review is the mechanism to review, discuss and report on overall progress in delivery of national development results. It includes reviews by sector working groups. EP&amp;D will consolidate quarterly and annual sector reports for the MGDS Review report. Once draft report is produced, it will be presented to relevant stakeholders for commenting before printing.</p> <p><a href="#">Responsible party</a> MoEPD</p>	<p>Oct/November</p> <p>Nov/December</p>
<p><b>ACTIVITY 21:</b> Quarterly monitoring of development projects</p> <p><a href="#">Brief Description</a> The Ministries of Finance and Economic Planning and Development will conduct quarterly physical monitoring of government funded and externally-financed projects with the aim of assessing implementation progress vis-à-vis financial utilization and MGDS development goals. EP&amp;D will be responsible for monitoring of Public Sector Investment Programme (PSIP); DAD will be responsible for monitoring of externally-funded projects while Budget Division will monitor Government financed projects.</p> <p><a href="#">Responsible party</a> EP&amp;D, DAD&amp;BD</p>	<p>January</p> <p>April</p> <p>July</p> <p>October</p>
<p><b>ACTIVITY 22:</b> Submit audit reports to Parliament and publish Public Expenditure Review (PER) report</p> <p><a href="#">Brief Description</a> National Audit Office (NAO) is mandated to audit public accounts and present the audit findings to Parliament for scrutiny. The Ministry of Finance conducts annual PERs with the aim of examining how public expenditure was allocated and managed, to be able to assess not only the impact of development investment, but also the effectiveness of budget planning and execution.</p> <p><a href="#">Responsible party</a> BD/EAD/AGD/MoF, NAO</p>	<p>December</p>
<p><b>ACTIVITY 23:</b> Formulate Development Cooperation Calendar + Review of outgoing Calendar</p> <p><a href="#">Brief Description</a> Review the existing Development Cooperation Calendar and publish new calendar</p> <p><a href="#">Responsibility</a> DAD/MoF</p>	<p>November/December</p>

# ANNEX 4: AID DATA REPORTING GUIDELINES ON MALAWI AID MANAGEMENT PLATFORM (AMP)

## 1.0 Introduction

In 2008 the Government of Malawi (GoM) and its Development Partners (DPs) committed themselves to a system of monthly reporting as a means of institutionalising improved information flows between donors and the Ministry of Finance and Economic Planning and Development (MFEPD).

Since 2008, information on Malawi's ODA at first was maintained by means of a monthly template reporting system, but has since progressed to Development Partners entering information directly into the Aid Management Platform. These processes are maintained by the Debt and Aid Division (DAD) within the MFEPD.

The information is stored and analysed within the GoMs Aid Management Platform (AMP) and plays a central role in the GoM budgeting process as well as in the MFEPD's efforts to monitor and analyse donor behaviour across all sectors of the economy. The quality and timeliness of donor disbursement reporting plays a key role in the ability of the Government to effectively manage and analyse aid flows. Every time a donor does not report or reports late, it erodes the quality of GoMs fiscal management. It does this by compromising the quality of monthly information DAD/MFEPD is able to provide to Economic Affairs Division, as part of the monthly budget monitoring cycle. It also creates inconsistencies with what is reported under the GoMs donor obligations such as through the Common Approach to Budgetary Support (CABS) process and to the International Monetary Fund (IMF).

Starting in 2014, GoM reached out to Non-Governmental Organizations (NGOs) to start filling in the funding gaps in the AMP. NGOs are expected to be entering in information for funding sources received from NGO Headquarters, and other sources not currently tracked in the AMP. NGOs will also help verify project information for which they are implementing agencies as indicated by development partners.

The AMP is aimed at:

- Supporting GoM in management of Official Development Assistance (ODA) in accordance with the Budget process and the Development Cooperation Strategy (DCS) by:
  - Facilitating reporting of donor commitments/projections and actual disbursements on all ODA (to Government and non-state actors) to MFEPD, increasing accuracy and data quality ('visibility' incentives of donors to report on time).
  - Allowing required reports on aid to be predefined and generated on demand, including on project/program results and outputs.
  - Meet monitoring and reporting needs on the DCS and Global Partnership Indicators.
- Increasing transparency and accountability by introducing broad access to a data repository on ODA-funded projects/programs by:
  - Making ODA data visible online to all stakeholders through the public portal, as well as providing specified users a deeper dive into the data through predefined access rights to AMP.
  - Increasing the analytical capacity of both donors and Government on the volume, distribution and effectiveness of ODA.
  - Seeking to capture the involvement of implementing partners and non-state actors in implementing ODA funds and programs and facilitate their integration into planning processes.
- Facilitating further progress on promoting a more efficient Division of Labor amongst GoM's, DPs and NGOs through sectoral/donor based aid mapping. As well as promoting a better



alignment of aid through improved mapping of aid resources against Malawi Growth and Development Strategy (MGDS) priorities.

- Enhancing government-led coordination of development initiatives, allowing the government to take even more control of their own development process.

## 1.1 Access

The Aid Management Platform is a web-based system that is accessible through a public portal and via login for internal access provided to Government, DPs and NGOs. The site can be found for users with logins at ***amp.finance.gov.mw*** and publicly at ***malawi.aid.finance.gov.mw*** without including (<http://www>). DP and NGO focal agents for aid reporting in AMP have individual logins and have the ability to edit and update their individual profiles. Read-only logins have also been granted to DPs and specified line ministries in order for users to access data visual dashboards, mapping, and reporting capabilities. Users who have lost their login information can contact their specified point of contact at the MFEPD.

## 2.0 GoM, DP and Other User Roles and Responsibilities under new AMP System

Donor, NGO and MFEPD roles and responsibilities for maintaining the AMP system are clearly defined below. Other Users have access to the Malawi National Workspace and are able to create reports, and use the dashboards and aid maps as desired. If errors in the data or system are found, users should contact the relevant Ministry of Finance and Economic Planning and Development through the address indicated in Section 5.0. The main scheduled outputs, for the budget, annual, mid-year and quarterly aid portfolio reports are the responsibility of the Debt and Aid Division of the MFEPD. However, AMP reports may be produced by any party. Routine reports for specific purposes can be produced by any user of the AMP in each workspace to which they have access. All users will be granted reporting access through the Malawi National Workspace which included all validated activities in the AMP. This means they will be able to design reports but not to edit any activities created by other users.

### 2.1 MoF/DAD Responsibilities to AMP Inputs and Outputs

The list below relates the key activities to be undertaken by GoM to ensure that AMP continues to be accurately and comprehensively populated with information. Many of these roles and responsibilities have already been established under the existing template reporting system, however are re-articulated here to ensure a transparent division of responsibilities is established between GoM and DPs/NGOs under the new decentralised system.

MFEPD/DAD staff are responsible for:

1. Setting up new user workspaces and individual log-ins for each DFA.
2. Conducting group training sessions on using the AMP system and providing 'as-needed' training sessions for individual DPs/NGOs following the introduction of new staff or to deal with DP/NGO specific issues in the data entering process.
3. Cross-checking actual disbursement information entered by DPs for General and Sector Budget Support aid modalities with bank statements from Reserve Bank of Malawi within 10 working days after the transaction data has been entered. Any discrepancies are to be followed up with DPs by MoF/DAD.
4. Ensuring AMP data meets the requirements for inclusion in the International Aid Transparency Initiative's (IATI) Aid Data standard. This includes assigning each new DP/NGO activity a unique project code in accordance with the standards set under the IATI process.

5. Verifying all information entered by Development Partners and NGOs on a quarterly basis and seeking clarification where necessary.
6. Update exchange rates in AMP using official exchange rates compiled by the Reserve Bank of Malawi on a monthly basis.
7. Compiling a monthly summary report on donor disbursements for Economic Affairs Division as input into budget monitoring and IMF reporting cycles. This report is to be compiled on the 25th day of each month – or the next working day after this date.
8. Compiling summary of predicted disbursements for upcoming fiscal year from AMP and circulating information to DPs/NGOs for confirmation before amounts are included in upcoming budget numbers.
9. Monitoring DP/NGO compliance with aid reporting commitments and compiling a compliance table each quarter to show the extent to which development partners are adhering to data provision requirements. This table is to be shared across GoM, DPs and NGOs and published in the Quarterly Aid Disbursements Sector Report.
10. Producing summary reports on DP/NGO aid portfolios which are to be shared across GoM agencies, DPs, NGOs and the public. These include Quarterly Aid Disbursements Sector Report, Annual Debt and Aid Report, Annual Aid Atlas.

## 2.2 Development Partner Responsibilities to AMP Inputs and Outputs

The list below describes the key activities to be undertaken by Development Partners to ensure that AMP is accurately and comprehensively populated with information during each fiscal year. The timing of key annual and semi-annual reporting requirements is designed specifically to fit in the requirements of both the Budget and PSIP process.

Development partners are responsible for:

- Identifying a single Data Focal Agent (DFA) within each of their agencies to act as the primary authority on entering and extracting information from the AMP.
  - Only DFA's which have completed the MFEPD/DAD AMP user training sessions will be given log-ins allowing them to enter information into the system.
- Entering all disbursement information for the previous month into the AMP by the 20th day of each month. This includes information on all aid modalities within the all AMP sections e.g Identification, Planning, Funding Information, Sectors etc.
  - DP and MFEPD/DAD shall liaise over the viability of entering additional information into the system including Aid Effectiveness Indicators.
  - Disbursement information is to be provided in the currency that funds are disbursed with MFEPD/DAD responsible for updating exchange rates within the system.
- Entering annual and multiannual activity projections into AMP for on- and off-budget activities according to the schedule provided below.
  - As noted in the DP Reporting Task List Annual MTEF Projections for the following fiscal year are to be provided by the 28th February. Alterations to Projections which can be entered into the Mid-Year Budget Review shall be entered in by the 30th December of the current fiscal year.
  - MFEPD will use all MTEF projections entered in by the 28th February for the following fiscal year's Budget Preparations.
  - MTEF projections for the following two years should also be entered by the 28th February, to be updated on an annual basis per the schedule outlined above.

## 2.3 NGO Responsibilities to AMP Inputs and Outputs

The list below describes the key activities to be undertaken by NGOs to ensure that AMP is accurately and comprehensively populated with aid information. The timing of key reporting requirements is designed specifically to fit in the requirements of both the Budget and PSIP process.

NGOs are responsible for:

- Identifying a single Data Focal Agent (DFA) within each of their agencies to act as the primary authority on entering and extracting information from the AMP.
  - Only DFA's which have completed the MFEPD/DAD AMP user training sessions should be given log-ins allowing them to enter new information into the system.
  - Entering all project information for projects funded by NGO HQ or other funding sources not currently tracked in the AMP. Updates will take place quarterly and new projects and updates should be entered into the AMP by the 20th day of each month following the end of the quarter.
  - NGOs will only enter projects where funds come from NGO HQ or other sources not currently tracked in the AMP – not already reported by DPs.
  - For DP funded projects where the NGO is the implementing agency, data will be entered and updated by the DP that is in charge of handling the funds.
  - NGOs will be able to see the projects they are the implementing agency for, but will not be able to edit. If certain projects are missing or have incorrect information, the NGO can either contact the DP DFA directly or work with the MFEPD/DAD to liaise with the DP to correct the discrepancy.
  - For projects where funding comes from both DPs and NGO HQ (joint funding arrangement), the NGO will work with the DP and MFEPD who will first enter the NGO HQ as a funding agency, which will then provide the NGO with the rights to update funding information on a quarterly basis.
  - Disbursement information is to be provided in the currency that funds are disbursed with MoF/DAD responsible for updating exchange rates within the system.
- Entering annual and multiannual activity projections into AMP for all activities according to the schedule provided below.
  - As noted in the Reporting Task List, Annual MTEF Projections for the following fiscal year are to be provided by the 28th February. Alterations to Projections which can be entered into the Mid-Year Budget Review shall be entered in by the 30th December of the current fiscal year.
  - MoF/DAD will use all MTEF projections entered in by the 28th February for the following fiscal year's Budget Preparations.
  - MTEF projections for the following two years should also be entered by the 28th February, to be updated on an annual basis per the schedule outlined above.
- Maintaining the quality and accuracy of project information of all activities according to the guidelines established in the Annex.

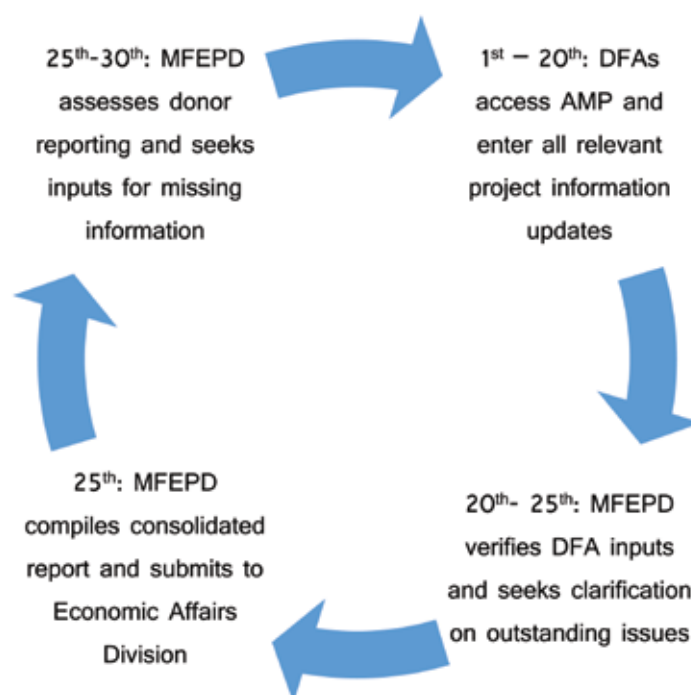
## 3.0 AMP DATA REPORTING SCHEDULE

Donor Partners are expected to update the AMP with new projects and projects disbursements on a monthly basis per the reporting cycle below.

NGOs are expected to update the AMP with new projects and project disbursements on a quarterly basis per the reporting cycle on the following dates:

- Update in April for Jan-March
- Update in July for Apr-Jun
- Update in October for Jul-Sep
- Update in Jan for Oct-Dec

## AMP Data Reporting Cycle



### Donor and NGO Reporting Timeline and Annual Task List

Date	Task
July 20th	DP disbursement update for June; NGO disbursement update for Apr-Jun
August 20th	DP disbursement update for July
September 20th	DP disbursement update for August
October 20th	DP disbursement update for September; NGO disbursement update for Jul-Sep
November 20th	DP disbursement update for October
December 20th	DP disbursement update for November
December 30th	Mid-year Budget Review Update to Current Year Annual Projections*
January 20th	DP disbursement update for December; NGO disbursement update for Oct-Dec
February 28th	Annual and Multi-Annual MTEF projections and Planned Disbursement for following Fiscal Year**
February 20th	DP disbursement update for January
March 20th	DP disbursement update for February
April 20th	DP disbursement update for March; NGO disbursement update for Jan-Mar
April 30th	Submission of counterpart funding requirements for donor projects for following Fiscal Year***
May 20th	DP disbursement update for April
June 20th	DP disbursement update for May

\* Mid-year Budget Review provides Government with an opportunity to review its revenue projections and adjust planned expenditures for the second half of the fiscal year. All donor updates to projected annual expenditures for the current fiscal year which have been entered into AMP by December 30th will be incorporated into these revisions.

\*\* Whilst Annual Projections can be updated in AMP during the Fiscal Year as new information comes to hand it these initial projections that will be entered into the Budget and as such shall be used as the basis for monitoring aid predictability.

\*\*\* Only required for those donors with projects requirement Counterpart (Part 1) funding contributions from Government.

#### 4.0 Staff turn-over and change of positions among DPs

Operations manual (user guide) will be provided to each of the donor/NGO Data Focal Agents responsible for inputting data into AMP. In addition, the MFEPD/DAD commits itself to conducting training sessions to discuss any key issues with the system and to address underlying issues of AMP users. MFEPD/DAD officers will also be available on demand basis throughout the year to discuss any technical issues and to provide advice on entering of specific information. Also donors/NGOs will be responsible to report officially to MFEPD/DAD in the case of new staff working on AMP to enable old staff to be removed in the system and to register the new staff.

#### 5.0 Contacts for Support

Further information on how to enter data into the AMP, and for technical issues on use of the system should be directed to:

**Ministry of Finance**

Debt and Aid Management Division,  
P.O. Box 30049.  
Lilongwe 3.  
Tel.: 01 789 355  
e-mail: dad@finance.gov.mw

# ANNEX 5: DEVELOPMENT EFFECTIVENESS INDICATORS DEFINITIONS

INDICATOR	DEFINITION
NATIONAL DEVELOPMENT STRATEGY IN PLACE	Malawi Growth and Development Strategy or similar overarching strategy
% FUNCTIONING SECTOR WORKING GROUPS	<p>Numerator: Number of Sector Working Groups that are functioning Denominator: Total number of Sector Working Groups</p> <p>The extent to which a Sector Working Group is functioning is assessed against criteria like:</p> <ul style="list-style-type: none"> <li>- There is a ToR guiding the SWG operations</li> <li>- The SWG has an established Secretariat</li> <li>- The SWG has established Technical Working Groups (TWGs) which meet frequently</li> <li>- The sector has a medium term plan, joint sector strategy or a similar framework.</li> </ul> <p>(These criteria are being further refined).</p>
% DEVELOPMENT COOPERATION DISBURSEMENTS FOR THE GOVERNMENT SECTOR USING COUNTRY'S PFM AND PROCUREMENT SYSTEMS	<p>Numerator: Development cooperation flows using country systems ( average of a, b, c, and d)</p> <p>Denominator: Total development cooperation flows for the government sector where:</p> <p>a = Development cooperation funding disbursed for the government sector using national budget execution procedures; b = Development cooperation funding disbursed for the government sector using national financial reporting procedures; and c = Development cooperation funding disbursed for the government sector using national auditing procedures. d = Development cooperation funding disbursed for the government sector using national procurement systems.</p>
A) USE OF NATIONAL BUDGET EXECUTION PROCEDURES	<p>Providers of development co-operation use national budget execution procedures when the funds they provide are managed according to the national budgeting procedures established in the legislation and implemented by government. This means that programmes supported by providers of development co-operation are subject to normal country budgetary execution procedures, namely procedures for authorisation, approval and payment. Providers of development co-operation are invited to review all their development co-operation activities with a view to determining how funding for the government sector meet three out of the four criteria below (anything less does not qualify):</p> <ol style="list-style-type: none"> <li>1. Are your funds included in the annual budget approved by country legislature? (Y/N)</li> <li>2. Are your funds subject to established country budget execution procedures? (Y/N)</li> <li>3. Are your funds processed (e.g. deposited &amp; disbursed) through the established country treasury system? (Y/N)</li> <li>4. You do NOT require the opening of separate bank accounts for your funds? (Y/N).</li> </ol>

INDICATOR	DEFINITION
<b>B) USE OF NATIONAL FINANCIAL REPORTING PROCEDURES</b>	<p>The legislation provides for specific types of financial reports to be produced as well as periodicity of such reporting. The use of national financial reporting means that providers of development co-operation do not impose additional requirements on government for financial reporting. In particular providers of development co-operation do NOT require: i) maintenance of a separate accounting system to satisfy the provider of development co-operation's reporting requirements, and ii) creation of a separate chart of accounts to record the use of funds from the provider of development co-operation.</p> <p>Providers of development co-operation are invited to review all their development activities with a view to determining how much funding for the government sector meet BOTH criteria below (anything less does not qualify):</p> <ol style="list-style-type: none"> <li>1. You do NOT require maintenance of a separate accounting system to satisfy your own reporting requirements? (Y/N)</li> <li>2. You ONLY require financial reports prepared using country's established financial reporting arrangements? (Y/N)</li> </ol>
<b>C) USE OF NATIONAL AUDITING PROCEDURES</b>	<p>Providers of development co-operation rely on the audit opinions, issued by the National Audit Office, on the government's normal financial reports/statements as defined above. The use of national auditing procedures means that providers of development co-operation do not make additional requirements on government for auditing.</p> <p>Providers of development co-operation are invited to review all their development activities with a view to determining how much development co-operation funding for the government sector meet BOTH criteria below:</p> <ol style="list-style-type: none"> <li>1. Are your funds subject to audit carried out under the responsibility of the National Audit Office? (Y/N)</li> <li>2. You do NOT under normal circumstances request additional audit arrangements? (Y/N)</li> </ol> <p>AND at least one of the two criteria below:</p> <ol style="list-style-type: none"> <li>3. You do NOT require audit standards different from those adopted by the National Audit Office? (Y/N)</li> <li>4. You do NOT require the National Audit Office to change its audit cycle to audit your funds? (Y/N)</li> </ol>
<b>D) USE OF NATIONAL PROCUREMENT SYSTEM</b>	<p>Providers of development co-operation use national procurement systems when the funds they provide for the implementation of projects and programmes are managed according to the national procurement procedures as they were established in the legislation and implemented by government. The use of national procurement procedures means that providers of development co-operation do not make additional, or special, requirements on government for the procurement of works, goods and services. (Where weaknesses in the national procurement system have been identified, providers of development co-operation are expected to work with government in order to improve the efficiency, economy, and transparency of implementation).</p>
<b>% DEVELOPMENT COOPERATION FUNDING TO THE GOVERNMENT SECTOR DELIVERED BY GOM AGENCIES</b>	<p>Numerator: total volume of development cooperating funding to GoM government sector  Denominator: % delivered by GoM agencies  Funding is delivered by GOM agencies when the primary implementing agency is a government agency (not an NGO or the DP themselves).</p>

INDICATOR	DEFINITION
<p><b>% OF PROVIDERS OF DEVT COOPERATION USING COUNTRY RESULTS FRAMEWORK</b></p>	<p>Numerator: Number of development cooperation providers in Malawi that are using country's results frameworks</p> <p>Denominator: Total number of development cooperation providers in Malawi</p> <p>The use of country results frameworks is assessed against the following dimensions:</p> <ol style="list-style-type: none"> <li>1. The extent to which a provider of development co-operation uses the objectives and targets from the National Development Strategy as a reference to deliver and assess the performance of its own country programme.</li> </ol> <p>(Could be measured through examination of the provider's Country Assistance Strategy, sector agreements with government or project documents)</p> <ol style="list-style-type: none"> <li>2. The extent to which a provider of development co-operation uses the country's Results Framework (MGDS results framework, sector plans and other country-owned frameworks) and its associated M&amp;E systems, including national statistical systems, to monitor the progress of its programme and projects.</li> </ol> <p>(Could be measured through the use of the country's indicators, national statistics and M&amp;E systems as reflected in actual reporting processes associated with Country Assistance Strategies, sector agreements, loan and grant agreements, project documents)</p> <ol style="list-style-type: none"> <li>3. The extent to which a provider of development co-operation's country programme is aligned with the country's programmes.</li> </ol> <p>(Could be measured through the importance of development co-operation funding delivered through programme-based approaches such as projects delivered in support to SWAps, basket/pooled funds or budget support)</p>
<p><b>% OF DEVELOPMENT COOPERATION FUNDING SCHEDULED FOR DISBURSEMENT THAT IS RECORDED IN THE ANNUAL BUDGET APPROVED BY PARLIAMENT.</b></p>	<p>Nominator: Development cooperation funding recorded in annual budget for year n</p> <p>Denominator: Development cooperation funding scheduled for disbursement in year n by providers of development cooperation and communicated to Government at the outset of year n</p>
<p><b>MUTUAL ACCOUNTABILITY IS STRENGTHENED THROUGH INCLUSIVE REVIEWS</b></p>	<p>The indicator measures progress in undertaking mutual assessment reviews. At least four of the five criteria below should be met:</p> <ul style="list-style-type: none"> <li>• Existence of an aid or partnership policy that defines a country's development co-operation priorities</li> <li>• Existence of country-level targets for effective development co-operation for both government and providers of development co-operation</li> <li>• Assessment against these targets undertaken jointly by government and providers at senior level in the past two years</li> <li>• Active involvement of local governments and non-executive stakeholders in such reviews.</li> <li>• Comprehensive results of such exercises are made public</li> </ul>



INDICATOR	DEFINITION
<b>% OF DPS REPORTING ON AMP ON-TIME</b>	Numerator: Number of DPs reporting on-time on AMP Denominator: Total number of DPs required to report on AMP Donor reporting timelines are defined in the aid data reporting guidelines on AMP (see annex 4).
<b>% OF CSOS THAT ARE REPORTING ON AMP</b>	Numerator: Number of domestic and International NGOs and Foundations reporting on AMP Denominator: Total number of NGOs and foundations that the MoFEPD has contacted and trained for reporting on AMP
<b>% OF DEVELOPMENT COOPERATION FUNDING FOR THE GOVERNMENT SECTOR DISBURSED WITHIN THE FISCAL YEAR FOR WHICH IT WAS SCHEDULED BY PROVIDERS</b>	Numerator: Development co-operation flows reported by provider as disbursed in year n Denominator: Development co-operation flows scheduled for disbursement by provider in year n  Development co-operation flows scheduled for the reporting year of reference n are considered to have been “scheduled for disbursement” when notified to government within the reporting year of reference n-1; it includes development co-operation funding scheduled for disbursement in agreements entered during year n.
<b>PROPORTION OF DEVELOPMENT COOPERATION COVERED BY INDICATIVE FORWARD SPENDING PLANS (AT LEAST 3 YEARS)</b>	MoFEPD determines whether, on the basis of its records, a forward expenditure plan is available for each co-operation provider covering each of the next three years. In order to score “Yes”, the plan must meet ALL THREE of the following criteria: <ul style="list-style-type: none"> <li>• Made available by the provider of development co-operation in written or electronic form;</li> <li>• Sets out clearly indicative information on future spending and/or implementation activities in the country;</li> <li>• Amounts are presented (at least) by year using the country’s fiscal year.</li> </ul> Additionally, for each year, to answer “YES” the information provided must meet BOTH of the following criteria: <ul style="list-style-type: none"> <li>• Comprehensive in its coverage of known sectors, types and modalities of support; and</li> <li>• Amount and currency of funding is clearly stated.</li> </ul>
<b>PROPORTION (%) OF DEVELOPMENT CORPORATION FUNDING THAT IS PROVIDED AS PART OF DELEGATED COOPERATION</b>	An arrangement where one development partner devolves responsibility to another development partner. This can be across a range of aspects of sectoral activity, but particularly in terms of financing and/or dialogues functions. A delegating DP therefore devolves responsibility, usually for implementation, to another DP, provides finances or else according to an agreed framework between the DPs.
<b>PROPORTION (%) OF DEVELOPMENT CORPORATION FUNDING THAT IS PROVIDED AS PART OF PROGRAMME BASED APPROACHES</b>	See Glossary of terms for definition of programme-based approaches
<b>AVERAGE NUMBER OF SECTORS PER DP (LEAD AND ACTIVE)</b>	The indicator shows how many sectors each DP is working in. It assists in measuring and tracking fragmentation based on the number of DPs, as well as the number and financial size of projects within a sector assistance portfolio. A sector is considered to be highly fragmented if it receives assistance from a large number of partners with a large number of projects of comparably small financial size.





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