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**Draft country programme document for Malawi
(2012 – 2016)**

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I. Situation analysis

1. The Malawi Growth and Development Strategy (MGDS) II 2011/12-2015/16 is the overarching operational medium-term strategy for Malawi. Its main objective remains to reduce poverty and achieve the Millennium Development Goals (MDGs). It is organized into six thematic areas: (i) sustainable economic growth; (ii) social development; (iii) social support and disaster risk management; (iv) infrastructure development; (v) improved governance and; (vi) cross-cutting issues of gender and capacity development. Under MGDS I, Malawi has achieved macro-economic stability, economic growth, unprecedented poverty reduction, national food security and a 50 per cent reduction in the prevalence of HIV.

2. According to the 2010 national MDGs report, Malawi remains on track to achieve five out of eight MDGs. The 2010 United Nations country assessment indicated that limited resource availability, ineffective use of resources, insufficient targeting and inadequate national implementation capacity have been inhibiting the achievement of MDGs by 2015. These obstacles have also hampered further progress on goals on which the country is currently on track. The MDGs not likely to be met are: Goal 2 (Achieve universal primary education), Goal 3 (Promote gender equality and empower women) and Goal 5 (Improve maternal mortality). All the indicators show women consistently lagging behind, be this as regards enrollment and completion rates in primary education, share of wage employment or access to political office. National capacity to address gender issues has over the years become heavily fragmented and currently lacks a clear framework for action.

3. Despite a doubling of aid since 2004, and economic growth that has ranged between 6 and 9 per cent since 2006, Malawi remains a resource-constrained country. Given the diverse and pressing needs of the people of Malawi, especially women and youth, it is unlikely that government revenue growth will match pace with the required expansion of social services and of public investment. External development assistance contributes an estimated 18 per cent to the gross domestic product (GDP). Aid management and negotiations continue to be a challenge for the Government of Malawi, despite the adoption in 2008 of the Development Assistance Strategy (DAS) and active participation in the Paris Declaration consultations.

4. An inconsistent national evidence base and lack of capacity to make use of existing data in policymaking and planning, imply that inefficiencies in the development process have not been properly identified and addressed. In addition, the country has been suffering from a chronic lack of human resources at all levels. This is evidenced by low levels of functional literacy and numeracy, as well as by the limited number of professionals such as medical doctors, lawyers, accountants and teachers. Public sector capacity for implementation and service delivery has been chronically under-resourced and, despite progress in recent years, has yet to meet recognized standards of efficiency, effectiveness and accountability.

5. Despite relatively high economic growth, national food security and the 30 per cent decline in poverty in the last 5 years, 39 per cent of the population lives below the national poverty line. The proportion of the population classified as extremely poor has stagnated at 15 per cent, and the share of national consumption accounted for by the poorest 20 per cent of the population has stagnated at 10 per cent. The low impact of growth on vulnerable groups, including women, is a manifestation of the lack of targeted policies and strategies to ensure access by the poor to employment and income. The private sector, key to employment generation and poverty reduction, faces major challenges in accessing innovations, trade opportunities and finances.

6. More than 80 per cent of the people depend directly on natural resources for its livelihood, and 99.7 per cent depend on biomass for energy. Above 80 per cent of Malawi's population live in rural areas, and 95 per cent are involved in subsistence agriculture characterized by low productivity rainfed maize production and declining soil fertility. (An agricultural input subsidy programme pursued since 2005 has, however, resulted in strong growth in smallholder agriculture and improved household food security.) A 2010

report by the Poverty-Environment Initiative of UNDP and the United Nations Environment Programme (UNEP) estimated that unsustainable natural resources management costs Malawi 5.3 per cent of gross domestic product (GDP) annually. With a historic vulnerability to natural disasters, the likely impact of climate change will erode MDG gains by a combination of increased vulnerability to drought and floods, and a weak and uncoordinated national response.

7. As of 2009 Malawi had successfully decreased the prevalence of HIV among pregnant women aged 15 to 24. The decrease was from 24 per cent of this group in 2005 to 12 per cent. Approximately 255,000 Malawians are currently undergoing anti-retroviral treatment. More than 85 per cent of the resources channeled for HIV and AIDS interventions are provided by development partners (DPs). This fact raises concerns about the long-term affordability and sustainability of the national response.

8. Since the first multi-party elections in 1994, Malawi has consolidated its democracy and strengthened the public accountability of its government institutions. The free and credible presidential and parliamentary (PPE) elections in 2009 gave evidence of a successful democratic maturation process. Progress in local-level participatory democracy and decentralization slowed when local government elections scheduled for 2004 and 2010 did not take place.

II. Past cooperation and lessons learned

9. The midterm review of the 2008/11 country programme and the 2010 Assessment of Development Results (ADR) for Malawi concluded that close working relations with the Government and civil society have enabled UNDP to technically support new policy frameworks in disaster risk management (DRM), aid effectiveness and management, electoral support, the environment-poverty nexus and the evolution of the MGDS. UNDP has supported efforts to double female representation in the national parliament, and addressed bottlenecks in the public service by updating the internal regulatory framework of the Government.

10. The Government-led evaluation of “delivering as one” (DaO) concluded that United Nations reform in Malawi has improved the United Nations operational efficiency and effectiveness in that country. Joint United Nations support for the national monitoring and evaluation practice, and increased female representation in the national parliament are examples of significant results achieved under UNDP-managed joint programmes. The new United Nations division of labour gives UNDP a lead role in areas where it has traditionally enjoyed an advantage: i.e., governance, climate change, disaster risk management and gender issues, including the management of pooled fund arrangements. The evaluation further suggested that the United Nations system could make improve programmatic coherence and alignment with national priorities by directly addressing the needed investments in growth and employment.

11. The ADR, the DaO evaluation and the new United Nations division of labour all point to the need for programme continuity in those fields where UNDP has been successful in the previous programming cycle. In addition there is a need for a stronger focus on transformative results and for an upfront investment in programme design and institutional arrangements. The need for stronger United Nations engagement on inclusive growth, pro-poor employment and women’s economic empowerment, requires UNDP to develop a leadership role to leverage non-resident agencies such as the International Labour Organization, United Nations Industrial Development Organization and UN-Women in a joint programming environment. To enhance programme focus, UNDP has started divesting itself from previous engagements in ICT for Development, functional literacy and direct support for the National AIDS Commission. UNDP further needs to improve its operational capacities and place more emphasis on timely, focused and quality support to its national implementation partners. Successive problematic rounds of national implementation management audits indicate that UNDP accountability standards need to

be more firmly embedded in national practice and better supported by implementation partners.

III. Proposed programme

12. Two considerations guide the new country programme: first, MGDS II priorities and the United Nations Development Assistance Framework (UNDAF) outcomes, and, secondly, the UNDP corporate strategy and its regional strategy for Africa. These emphasize the continued importance of capacity development, aid effectiveness, poverty reduction and growth, democratic governance, sustainable development, energy and environment, and gender equality. In keeping with the UNDP mandate, comparative advantage and development experience, the country programme is designed to support several strategic and inter-related priority areas: sustainable and inclusive economic growth; climate change, energy and environment and disaster risk mitigation; MDG achievement (gender and HIV/AIDS); democratic governance and public sector management. These areas correspond to UNDAF outcomes (1), (3) and (4).

13. The country programme establishes synergies between capacity development and resource management, as key constraints to MDG achievement. Support to public administration reform will be reinforced by a national results-based management (RBM) practice, further support to aid management and negotiations, and evidence-based planning and policymaking. UNDP will place strong emphasis on partnerships with United Nations agencies and other development partners as a way of increasing the effectiveness, efficiency and impact of programmes. UNDP and other United Nations agencies will uphold the principles of gender mainstreaming, environmental sustainability and rights-based approaches with clear targets and success indicators.

Programme component I: sustainable economic and inclusive growth

14. In response to the transformative growth focus of the MGDS, and in an effort to ensure inclusion of the poor in future prosperity, UNDP will provide financial and technical support for entrepreneurial innovation, inclusive market development, pro-poor business models and financial inclusion. These objectives will be achieved by strengthening capacities of institutions to provide services to small- and medium-sized enterprises and to enable pro-poor business models to link farmers to markets in innovative value chains.

Programme component II: DRM, climate change, environment and sustainable development

15. UNDP support will focus on improved coordination, investment planning, mainstreaming and knowledge management at the national and district levels to ensure low-emission and climate-resilient development. These objectives will be achieved by strengthening the policy environment, improving data and information management, and enhancing capacities for resource mobilization, coordination and monitoring of institutions responsible for climate-change mitigation and adaptation, environment and natural resources management, disaster risk management and energy planning.

16. With 15 per cent of the population living in or on the fringes on flood-prone areas, and with the frequency and severity of natural disasters likely to increase under the influence of climate change, UNDP will expand its efforts in DRM by leveraging its relationships with the Government at the central and district level, as well as with civil society and United Nations agencies. DRM will be mainstreamed in 14 disaster-prone districts.

Programme component III: MDGs achievement; gender and HIV

17. The UNDP gender focus is on the national capacity to address gender issues: the national gender machinery. As regards HIV, UNDP will focus on providing strategic policy advice on the sustainability of the national response both in financial and institutional terms. With all gender indicators in the MDGs monitoring framework lagging behind, the United Nations is seeking to take transformative action. For its part, UNDP will mobilize national capacities to support new frameworks and action plans. Aligned

with other programme components, UNDP will provide technical and financial support for increasing women's economic and political empowerment.

Programme component IV: governance and public sector management reform

18. The governance sector-wide approach (SWAP) will place justice and democratic accountability institutions under one framework. UNDP will support free and credible national elections and further strengthen the operational, accountability and management capacities of the Malawi Electoral Commission (MEC). In line with the focus of the MGDS on human rights, UNDP will support strategic and capacity development plans for the Malawi Human Rights Commission (MHRC) and for the Ombudsperson, while expanding the reach and coverage of ongoing efforts in human rights awareness and paralegal support. Cooperation on democratic accountability with Parliament will be expanded, making use of pooled fund mechanisms.

19. UNDP will assist the public sector management reform unit to operationalize a SWAP to improve public implementation and service delivery at the central as well as at decentralized levels. This effort will link into a continuity of cooperation with the Government of Malawi and the United Nations Capital Development Fund (UNCDF) to promote decentralization and the emerging policies and strategies of integrated rural development. For the key SWAPs, such as in the areas of health, education and agriculture, synergetic capacity-development plans will be developed with other United Nations agencies. UNDP will also lead the way by developing sector capacity diagnostics tools.

20. Building on past success in aid effectiveness, national planning and monitoring and evaluation (M&E), UNDP will seek to introduce a national results-based management practice, supported by national academic institutions. This will entail continued commitment to the development and expansion of the aid management platform, support to aid negotiations and dialogue, MDGs-based planning and leveraging the national indicator framework to promote planning and policymaking. Due account will be taken of regional success stories and pertinent institutional linkages will be stimulated.

IV. Programme management, monitoring and evaluation

21. The country programme has been formulated in partnership with the Government of Malawi and will be nationally executed. UNDP will be formulating individual programme components with the Government, United Nations agencies and development partners, setting out appropriate institutional arrangements and supporting national execution and implementation. National implementation remains the modality of choice. UNDP and the Government agree that there may be special circumstances when direct implementation or non-governmental organization (NGO) implementation may be appropriate.

22. The United Nations in Malawi intends to undertake an internal capacity assessment in order to benchmark its capability to implement the UNDAF/One Plan. UNDP will actively engage in this exercise to fine-tune its organizational structure. The country programme will be jointly monitored in the context of the UNDAF with other United Nations agencies through semi-annual/annual reviews to be agreed with the Government. Evaluations will be undertaken in accordance with the agreed evaluation plan. Opportunities for joint evaluation and field monitoring with other United Nations agencies and development partners will be pursued.

23. UNDP will actively foster partnerships with key national and international actors, for joint programming, implementation, monitoring and evaluation, and through participation in sector working groups. UNDP will continue to draw on the services of its knowledge networks, including the regional service centres to complement its capacities, and will also contract services that may be required, including national and international United Nations volunteers.

24. Responding to new country programme document design, UNDP Malawi will continue to develop the capacity of its national and international staff. As United Nations agencies have adopted the harmonized approach to cash transfers (HACT), UNDP Malawi will make concerted capacity-development efforts to ensure that pertinent operational and accountability standards are supported by the Government of Malawi.

Annex. UNDP results and resources framework for Malawi, 2012-2016

Resources for 2012-2016: Regular: \$35,457,000; Other: \$133,500,000; Total: \$168,957,000

NATIONAL PRIORITY OR GOAL: Improved governance					
CP/UNDAF OUTCOME 4: National institutions effectively support transparency, accountability, participatory democracy and human rights. Outcome indicator: The public holds duty bearers accountable. Related strategic plan focus areas: Democratic governance.					
GOVERNMENT PARTNER CONTRIBUTION	OTHER PARTNER CONTRIBUTIONS	UNDP CONTRIBUTION	INDICATOR(S), BASELINE(S) AND TARGET(S) FOR UNDP CONTRIBUTIONS	INDICATIVE COUNTRY PROGRAMME OUTPUTS	INDICATIVE RESOURCES BY OUTCOME (\$)
Government is developing a governance SWAP,	DPs, including UN agencies, will provide technical and financial support to formal and informal justice sub-sectors, civic education, decentralization and national elections, while civil society organizations are involved in community mobilization.	Financial and technical assistance for operationalization of governance SWAP, strategic institutions, elections, and sub-national participatory democracy and decentralization.	Voter turn-out. Baseline: 70% PPE (2009); Target 90% (2014). % increase of devolved sectors. Baseline: 63% (2010); Target 85% (2016). Number of stakeholders aligning support to sector funding mechanisms. Baseline: 0; Target: 8.	Governance SWAP, national investment and capacity-development plan; strategic & capacity development plans for Parliament, Ombudsman, MHRC, MEC.	Regular: 9,137,269
					Other: 30,758,400
Government pursues public sector management reforms	DPs focus on public financial and economic management support and capacity development, emphasizing health, education and agriculture.	Support to public sector management reform, capacity development plans, and RBM practices to enhance aid effectiveness and the MGDS.	% of senior public servants trained in leadership and management. Baseline: 30% (2008); Target: 70% (2016). % of aid reported on national budget. Baseline: 55% (2009); Target: 75% (2016). % of ministries with functional M&E systems. Baseline: 60% (2010); Target; 90% (2016).	Public sector management reform strategy implemented; aid management strengthened; RBM practices in place.	Regular: 9,137,269
					Other: 30,758,400
NATIONAL PRIORITY OR GOAL: Sustainable economic growth					
CP/UNDAF OUTCOME 1: National policies, local and national institutions effectively support equitable and sustainable economic growth and food security by 2016. Outcome indicator: Proportion of land covered by forest (baseline 36.2%; target 32%). Related strategic plan focus areas: Energy & environment; crisis prevention and recovery					
Pursues management of climate change (CC), environment, and natural resources (ENR),	DPs support the national CC programme, DRM, and resilience programmes at	Develop national capacity for coordinating CC, ENR and DRM at national	Total investment in Malawi. Baseline: 2010 = \$3.8million; Target: 2016 = \$7.8million. Contribution of renewable energy to national energy mix. Baseline: 2010: 0.2%; Target: 2016: 6%.	Effective coordination at national and district levels; CC, ENR and	Regular: 9,137,269 Other: 30,758,400

and energy in MGDS II and coordinates DRM.	community level. Non-state actors implement community based CC, ENR and DRM projects at local level.	and district levels.	<i>Average days to start assistance after onset of a disaster.</i> Baseline: + 14 days (2008); Target: < 7 days.	DRM mainstreamed in national and 14 district development plans.	
CP/UNDAF OUTCOME 1 (given above). Outcome Indicator: Proportion of people below the poverty line (less than \$1/day). Baseline: 39% (2009); Target: 25% (2016). Related strategic plan focus areas: Poverty reduction and Millennium Development Goals achievement.					
The MGDS gives priority to export-led economic growth and integrated rural development (IRD) including private sector development.	DPs, international financial institutions and UN agencies support financial sector reform, private sector development; agro-based processing and private investment.	Support capacity development for financial literacy, rural banking, public-private partnerships including women's economic empowerment.	<i>% of citizens accessing microfinance.</i> Baseline: 3%; Target: 15%. <i>% of non-traditional exports in total exports.</i> Baseline: 10.7%; Target: 30%. <i># of district assemblies implementing development plans guided by IRD strategy.</i> Baseline: 0; Target: 12.	National capacity for microfinance institutions, inclusive finance products expanded; new business-to-business opportunities for Malawi products.	Regular: 3,659,162 Other: 21,533,550
NATIONAL PRIORITY OR GOAL: Reduce gender inequalities and prevent the spread of HIV infection.					
CP/UNDAF OUTCOMES 1 and 3: Government policies, local and national institutions effectively support transparency, accountability, participatory democracy and human rights. National response to HIV/AIDS scaled up to achieve universal access to prevention, treatment, care and support. Outcome indicator: HIV rate. Baseline: 12% (2010); Target: 10% (2016). Related strategic plan focus areas: Poverty reduction and Millennium Development Goals achievement.					
MDGS II positions gender as a cross-cutting theme, emphasizing mainstreaming, planning and action. National response on HIV/AIDS is critical to the overall efforts on MDGs.	DPs provide technical and financial support to gender and HIV/AIDS, through local and global mechanisms. UN agencies provide strategic support and implementation responsibilities.	Mobilize national capacities to support gender action plans; technical and financial support for increasing women's economic and political empowerment. Support HIV/AIDS to focus of national response.	<i>% of sector strategies with gender specific target.</i> Baseline: 10%; Target: 90%. <i>% of national budget to HIV/AIDS prevention treatment and care.</i> Baseline: ≤ 3%; Target: ≥ 5%.	National platform for action on gender operationalized; HIV/AIDS national response strengthened.	Regular: 4,386,031 Other: 19,691,250