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Office of the President and Cabinet

Public Sector Reforms Management Unit

Public Service Capacity Development Project

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**Annual Progress Report**

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**Acronyms**

AWPs Annual Work Plan(s)

DHRMD Department of Human Resource Management and Development

DISTMS Department of Information Systems and Management Services

DPs Development Partners

GoM Government of Malawi

ICT Information and Communication Technology

IP Implementing Partner

MDAs Ministries, Departments and Agencies

MIM Malawi Institute of Management

MGDS Malawi Growth and Development Strategy

NHRS National Human Resource Survey

OPC Office of the President and Cabinet

PA-SWG Public Administration Sector Working Group

PD Program/Project Document

PFEM Public Finance and Economic Management

PSMP Public Service Modernization Program

PSMRCDP Public Service Management Reforms and Capacity Development Program

PSs Principal Secretaries

PSA Public Service Administration

PSCDP Public Service Capacity Development Project

PSRMU Public Sector Reforms and Management Unit

PSRC Public Service Reforms Commission

RCSA Regional Service Center for Africa

RPs Responsible Parties

SFC Skills Focus Consult

SDI Staff Development institute

TRAC Target Resources Allocation from Core

UNDAF United Nations Development Assistance Framework

UNDAF-AP United Nations Development Framework Action Plan

UNDP United Nations Development Program

USAID United States Agency for International Development

**Executive Summary**

Preparation of the 2014 Annual Work Plan (AWP) was largely influenced by the September 2013 financial mismanagement christened as *“cashgate scandal”.* The mismanagement was largely a result of declining ethical values, integrity and professionalism within the public service. In response, the AWP was designed to review past public service reforms against best practices and recommend the way forward. The AWP was also intended to address declining ethical behaviors through carrying out of ethics, integrity and professionalism training for senior officers in the public service as a way of restoring confidence in both the Malawian citizenry and development partners.

A positive development in the year under review was the growing commitment by the new Government to reform the public service and make it more efficient and effective in service delivery. This was demonstrated in the establishment of the Public Service Reforms Commission (PSRC). The year also saw both the Government of Malawi (GoM) and development partners realize the need to come up with a comprehensive approach towards public service reforms and link them to other reforms, especially Public Finance and Economic Management Reforms (PFEM). Furthermore, significant progress was made towards intended targets following support from the Project.

First, a review of the progress on reforms was undertaken supported by the United States Agency for International Development (USAID). For the first time, public service reform issues generated tremendous interest from both the Government and development partners. This led to the development of a draft Public Sector Modernization Program Document. However, the process of finalizing the Document was overtaken by the establishment of the Public Service Reforms Commission tasked to drive the reforms agenda. The Commission has so far put together observations and recommendations which provide the basis for Malawi’s agenda to restore efficiency and effectiveness within the public service. The next step is to come up with an Action Plan.

Second and, as a supplement to the Commissioners’ work, the Office of the Vice President held a Principal Secretaries’ and Head of Constitutional and Independent Bodies Annual Retreat to accord Controlling Officers with an opportunity to strategize on issues affecting the public service. The 2014 Retreat was held five years after the previous one. A recommendation was made to revive this annual event. The theme of the Retreat was: *“Leading for Results: The Critical Role of the Principal Secretary, Head of Constitutional and Independent Body”.*

Third, training of senior public servants on ethics, integrity and professionalism for the public service was conducted at various levels – Training of Trainers; Principal Secretaries and Heads of Constitutional Bodies; and Directors, Senior Accounting Personnel and Systems Analysts with expertize from the Regional Service Center for Africa (RSCA). The training sessions were highly rated by participants.

Finally, as a way of enhancing information technology security within the public service following financial mismanagement, the Department of e-Government contracted Chancellor College to carry out a series of applied training courses. It is widely believed that the mismanagement was largely triggered by senior public servants passing on their passwords to junior staff who, in turn, manipulated the financial systems. It is hoped that with these trainings, there will be more adherence to segregation of duties and responsibilities as well as accountability within the public service.

1. **Situational Background/Context**

The Government of Malawi (GoM) is currently implementing the Malawi Growth and Development Strategy (MGDS II) covering the period 2011 - 2016. However, critical to successful implementation of the Strategy is a strong, ethical and professional public service. Despite its limitations and constraints, the public service remains the main and acceptable instrument for implementation of government policies, and therefore central to the realization of government’s development goals and objectives. To achieve this, in December 2012, GoM and the United Nations Development Program (UNDP) signed the Public Service Capacity Development Project (PSCDP).

The Project was designed from the larger Public Sector Management Reforms and Capacity Development Program (PSMRCDP) Support Document prepared by the Government. Building on past interventions and achievements, this Project seeks to strengthen the capacity of the public service to better manage and deliver services. This is being achieved through review and implementation of policies, rules and regulations that support efficient public service delivery; increasing leadership and management skills, competencies and ethical values to drive the national development agenda; strengthening human resource planning and management capacities in the different ministries, departments and agencies (MDAs) within the public service; and promoting innovative and integrated application of information communication and technology (ICT) within public service. To this end, the Project has five outputs:

* **Output 1:** Public service policies, regulations, strategies and guidelines revised to enhance service delivery;
* **Output 2:** Public service leadership and management skills and competencies, values, ethics and integrity enhanced for efficient and effective service delivery;
* **Output 3:** Human resource planning and management enhanced to improve recruitment and promotion systems within the public service;
* **Output 4:** Information communication technology and e-government policy and standards strengthened for increased public service application; and
* **Output 5:** Project management and coordination.

The Project is well aligned to Themes 5 (Improved Governance), Sub-Theme 4 (Public Sector Management) and Theme 6 (Cross-Cutting Issues), Sub-Theme 2 (Capacity Development) of MGDS II. Under these Thematic Areas, the overall Government’s goal is to deliver services to the public in an efficient, demand driven and effective manner. The Project also contributes to United Nations Development Assistance Framework Action Plan (UNDAF-AP) Outcome 4.2: Public institutions are better able to manage, allocate and utilize resources for effective development and service delivery by 2016, Output 4.2.1: Capacity for public sector management strengthened for effective service delivery.

The overall responsibility of implementing the Project rests with the Office of the President and Cabinet (OPC), specifically, the Public Sector Reforms and Management Unit (PSRMU). However, implementation of specific capacity development strategies and/or activities falls under responsible parties (RPs), which includes Department of Human Resource Management and Development (DHRMD), Public Service Commission (PSC), Department of Information Service Technology and Management Systems (DISTMS), Malawi Institute of Management (MIM), Staff Development Institute (SDI) and The University of Malawi (The Polytechnic and Chancellor College).

Key achievements during the reporting period included conducting ethics, integrity and professionalism training for senior officers to enable all arms of government to interpret code of conduct and apply moral legitimacy in their day-to-day practices within the public service. Through USAID, a review of the past public service reform activities was carried out to inform the new program which aimed at bringing together public service reforms with Public Finance and Economic Management (PFEM) Reforms. Support was also given to PSRC to undertake widespread consultations with stakeholders on the required reform activities. In addition, the Commission undertook benchmarking tour to Uganda, United Kingdom and Singapore to learn from best practices. The end result is a report that will feed into an Action Plan.

The Project also supported a retreat for Principal Secretaries and Heads of Independent and Governance Institutions aimed at providing an update these senior officials on the rationale of the Public Service Reform Program. The theme of the Retreat was: *“Leading for Results:*  *The Critical Role of the Principal Secretary, Head of Constitutional and Independent Body”*.

1. **Assessment of Project Results During the Reporting Period**

**B.1 Progress to Achieving Outputs**

Broadly, the Project met most of its intended targets results during the reporting period. Below is an assessment of progress by output towards results using rating criteria of *fully achieved, partially achieved and not achieved*.

Output 1: Public service policies, regulations, strategies and guidelines revised to enhance service delivery.

* ***Indicator 1:*** Reviewed Public Service Report and Program Document in place with recommendations on the way forward.

*This output was fully achieved.* Focus of this output was on the review of the past public service reform reports, programs and documents to come up with recommendations and the way forward. The review was deemed necessary following little impact of past reforms efforts. A Desk Review was carried out and finalized by a consultant hired by United States Agency for International Development. The report concluded that past initiatives did not provide sufficient foundation for implementation of a successful Public Service Reform Programs. These programs lacked robust design and performance management framework that: (i) clearly defined measureable results (performance indicators, targets and baselines), based on objectives to be achieved; (ii) clearly demonstrated logical relationship between high level goals, planned outputs or outcomes, and activities to be undertaken; and (iii) clearly provided plans and prioritization of the different activities.

As a way forward, the review recommended a re-design of the Public Service Reform Program to ensure comprehensiveness -- taking into consideration performance issues and linking it to other reform programs such as PFEM. Following widespread consultations with the development partners (DPs), the academia, private sector, civil society and senior Government Officials, the Consultant developed a draft Public Service Modernization Program (PSMP). It was proposed that the term “modernization” should be adopted as opposed to “reforms” as public service performance improvement is an on-going process of managing issues, methods, systems, tools and circumstances, which are always evolving. Reforms, on the other hand, have had negative connotations because of past experiences and are viewed as a “one-off” activity.

However, the process of finalizing the PD stalled as the new Democratic Progressive Party (DPP) Government, ushered in following the May 20, 2014, established the Public Service Reforms Commission headed by the Vice President. The Commission, established in July 2014, was given six months to come up with priority areas of public service reforms and Action Plan. In identifying critical reform areas, the Project supported Commissioners’ consultations with various stakeholders including private sector champions, representatives of political parties, representatives of workers trade unions, non-governmental organization, civil society organizations as well as faith-based organization. Through South-South Triangular Cooperation, the Project also provided financial and technical assistance to facilitate Benchmarking Tour of the Commissioners to Kenya, United Kingdom and Singapore to learn from best practices. The end result was a report titled *“Looking into the Future: Making Malawi Work: Transforming Malawi’s Public Service”.*

The Report provides some observations and recommendations to improve efficiency and effectiveness of the public service. These recommendations were approved by the President in December 2014. Some notable recommendations include selection of “pioneer” MDAs to champion reforms, reducing the number of PSs from more than 80 to 40, aligning some positions such as Attorney General, Central Bank Governor and Chief Secretary to the Presidential tenure – to mention a few. The Commission is currently validating these recommendations with the view to developing an Implementation Action Plan. PSRMU is also working with the Kenyan School of Government and Singapore School of Excellence to come up with areas of long-term cooperation.

Complementing efforts of the Commission, from December 15 - 17, 2014, the Vice President’s Office, through PSRMU, held Principal Secretaries’ Retreat at Sunbird Nkopola Lodge in Mangochi. The theme of the Retreat was *“Leading for Results:*  *The Critical Role of the Principal Secretary, Head of Constitutional and Independent Body”*. The Government decided to revive the annual event, after five years, in order to accord Controlling Officers with an opportunity to meet and strategize on issues affecting the Public Service. The Retreat was held against a background of renewed vigor, determination and strong political will to move the Public Service forward through, among other measures, reforms aimed at promoting and maintaining efficiency and effectiveness within the Public Service for delivery of quality services. A number of presentations were made by key people, including some who had retired from the public service.

In conclusion, while the process to finalize the PSD was not concluded, the energy and commitment with which the new Government is approaching reforms has brought about renewed interest not only from the Malawian citizenry but other stakeholders including development partners. All stakeholders now agree that public service reforms are a necessary prerequisite if Malawi, as country, is to achieve its MGDS II goals and objectives.

**Output 2:** Public service leadership and management skills and competencies, values, ethics and integrity enhanced for efficient and effective service delivery.

* ***Indicator 1:*** % of public officers (P5 and above) trained in ethics, integrity and professionalism, disaggregated by gender
* ***Indicator 2:*** No of suspected wrongdoings reported and dealt with.
* ***Indicator 3:*** # of learning and exchange programs on ethical issues conducted through South-South Triangular Cooperation
* ***Indicator 4:*** % change in ethical behavior of the targeted trained population (P5 above)

*This output was partially achieved.* Key under this output was the training of senior public officers in ethics, integrity and professionalism in response to the Government’s Action Plan following the *“cashgate scandal”.* The training was one of the activities designed to bring back moral values, ethical behaviour and professionalism within the public service. Prior to the training, a quick survey was conducted aimed at: (i) creating a baseline data that would contribute to ethics and integrity training; (ii) understanding underlying factors to public financial mismanagement; and (iii) recommending ways of strengthening the public service.

The Survey concluded that unethical behavior in the public service, particularly public financial mismanagement, corruption, theft, fraud and bribery, are much higher in the post multiparty period compared with pre-multiparty period. Also, while legal, policy and institutional frameworks do exist to govern ethical behaviors in the public service, there is little or no enforcement of these instruments. Added to this, watchdog bodies entrusted to ensure accountability in the public service are more often under-resourced. Some respondents felt that the unethical behavior in the public service results from poor conditions of service, mainly poor remuneration. These findings provided the basis for the training.

The training was facilitated by two experts from the Regional Service Center for Africa (RSCA), in Addis Ababa, Ethiopia and was organized at three levels: (i) Training of Trainers; (ii) High Level Consultation on Strengthening Integrity and Accountability with Principal Secretaries and Heads of Constitutional Bodies; and (iii) Orientation on Ethics and Integrity for Directors, Senior Accounting Personnel and Systems Analysts. All the three training courses were conducted at the Malawi Institute of Management (MIM) each for two days, from March 4-5, 2014, March 10 – 11 and March 17 -18, 2014, respectively.

Figure 1: Participants to High Level Consultations on Strengthening Integrity and Accountability with Principal Secretaries

A total of 212 participants attended the training courses distributed as follows: 32 TOTs were trained; 44 PSs and Head of Constitutional Bodies; and 134 Directors, Senior Accounting Personnel and Systems Analysts were reached. Of these, 150 participants were men (71%) and 62 were women (29%).

The training validated most of the Survey findings. On ethics, integrity and professionalism, a number of statements were tested to the three groups. Figure 2 shows the responses. Only 37% of PSs totally agreed that the public service is as ethical in the multiparty era as it was in the one party era. Corresponding percentages are 45% for directors/chief accountants/chief systems analysts and 4% for trainer of trainers. Only 30% of PSs consider the public service to be transparent and accountable, with 0% for the other two categories. Regarding professionalism, 57% of PSs viewed the public service as being professional, 35% (directors/chief accountants/chief systems analysts) and 4% (Trainer of Trainers). Percentages for integrity were 30%, 12% and 4%, respectively. The responses above suggest that more needs to be done to bring the public service back to what it was during the one party era.

Figure 2: Responses on Statements on Ethics, Integrity and Professionalism

On suspected wrongdoings reported and dealt with, the fact that some *“cashgate scandal”* culprits are being prosecuted through the courts is a positive development. In addition, an increasing number of Malawians are now demanding accountability for both utilization of public finances and service delivery from the duty bearers. The Benchmarking Tour of the Commissioners already referred to above, under South-South Triangular Cooperation, demonstrate Government’s continued commitment to once more professionalize the public service.

Complementing activities of the Commissioners, the Public Sector Reforms Management Unit organized a Principal Secretaries and Heads of Independent and Governance Institutions Retreat held at Sunbird Nkopola from December 15 – 16, 2014. The Retreat was officially opened by the Vice President who is also responsible for steering public service reforms. The purpose of the Retreat was to update these senior officials on the rationale of the Public Service Reform Program. Specifically, the Retreat looked at managing misconduct and discipline within the public service, performance management, enforcement of rewards and sanctions, and entrenchment of ethics and integrity in a post *“cashgate scandal”* era.

**Output 3:** Human resource planning and management enhanced to improve recruitment and promotion systems within the public service

* ***Indicator 1:***Final National Human Resource Survey Report produced and disseminated.

*This output was fully met****.*** This activity was carried forward from 2013. On July 31, 2014, the Staff Development Institute presented findings from the National Human Resource Survey (NHRS) findings and recommendations at a workshop held at Bingu International Conference Center (BICC). This was the second comprehensive survey of Malawi’s human resource stock since the last one in 1988. Giving some remarks, the Principal Secretary for the Department of Human Resource Management and Development stated that the Survey was designed to guide the Government, private sector, civil society organizations and training institutions on how to invest in critical human resource with the view to contributing growth and employment potential of the country. In her remarks, the Deputy Resident Representative for UNDP stated that with the doubling of the population, increase in scope of the private sector and non-governmental organizations sector, an audit of the available skills was required to move forward Malawi’s development agenda.

A number of recommendations were made for both the public sector and training institutions. Key among them was the need to institutionalize these surveys. Suggestions were made that the Government should have annual update of the available skills and conduct comprehensive surveys every five years. This institutionalization will to prevent the scenario of waiting over two decades to carry out a similar survey. Regarding training institutions, it was agreed that there should be regular reviews of the curriculum to respond to the employment needs of the various sectors. Also, it was observed that Malawi needs more of vocational training as this provides skills that could be immediately utilized.

**Output 4:** Information communication technology and e-government policy and standards strengthened for increased public service application.

* ***Indicator 1:*** Increased application of ICT/e-government in the public service.

*The output was fully achieved.* This Output was included in the 2014 AWP late in July following additional $350,000 funding from TRAC II resources. Realizing that most of public financial mismanagement was related to information technology systems, through the Department of E-Government, the Government contracted Chancellor College to train public servants on a number of IT modules. These included: (i) Systems and Network Security; (ii) Data Management Using MySQL; (iii) Software Development and Best Practices for Software Programming; (iv) Bandwidth Management and Optimization; (v) Customer Care and Ethics; and Networking. These trainings were conducted at the Malawi Institute of Management between September and December 2014. However, the impact of these trainings is likely to take longer than expected.

**B.2 Progress towards Achieving Program Outcomes and Expected Impact**

The year 2014 saw increased citizen engagement in most of the activities under the Project. For example, the Report prepared by the Public Service Reform Commission had extended input from major stakeholders which included the private sector, representatives of political parties, representatives of workers trade unions, non-governmental organizations, faith-based organizations, community based organizations as well as development partners. Such wide range consultations on major policy shift such as public service reforms is critical to ensure buy-in of the citizenry and other stakeholders. If well implemented, these reforms will have ownership and go a long way in improving the efficiency and effectiveness of the public service in delivering its services.

Efforts towards institutionalization of ethics, integrity and professionalism training and proposal by the Government to turn both Malawi Institute of Management and Staff Development Institute into Schools of Government, based on best practices, should guarantee quality training of public servants. Such institutions have been effectively utilized in other countries like Kenya and Singapore. More still, the commitment by the current Government to allocate some funds in all ministries, departments and agencies for training at the two institutions will ascertain that there is continued professional development of the public service.

**B.3 Gender Mainstreaming**

Most of the activities implemented under this Project cut across both genders. During the reporting period, deliberate efforts were made to ensure that more women are represented in leadership training sessions. A case in point is the ethics, integrity and professionalism training. Disaggregated data is collected during the various training sessions. For example and as reported above, a total of 212 participants attended the ethics, integrity and professionalism training courses in 2014. Of these, 150 were men (71%) and 62 were women (29%).

While the focus is on ascertaining that increasing number of women take advantage of the training sessions – especially leadership and management, the Project has little influence in seeing to it that the trained women are accelerated into leadership positions within the public service. This notwithstanding, the trainings provide a launch pad for women to assume more challenging responsibilities. That said, it is estimated that about 30% of leadership positions in the public service are occupied by women.

**B.4 Status of key Partnerships and Inter-Agency/Departmental**

**Collaboration in the Area of the Outcome**

This Project addresses key functional areas of the entire public service. As a result, there is collaboration and complementarities with almost all other projects within UNDP as well as other UN Agencies. The training on ethics, integrity and professionalism and the Retreat for PSs benefitted all those in leadership positions.

For the first time, USAID came in as an emerging new partner by leading the process of developing the revised PD. The revised PD attracted a lot of interest from a number of DPs including the World Bank. However, these efforts were not completed following the establishment of the Public Service Reform Commission charged to lead the reform process.

## Financial Status and Utilization

The Project had a 2014 total budget of $1,000,000 fully funded by UNDP. Originally the Project had a budget of $650,000 from TRAC I. An additional $350,000 was released from TRAC II in July 2014. By end-December 2014, total expenditures were $989,969, i.e. representing a delivery of 99%. *Annex II* shows expenditure by Output.

1. **Lessons Learned**

A major lesson is that successful public service reforms need to be comprehensive and, at the same time, linked to other reforms. For more than a decade, Malawi’s public service reforms have been piecemeal, discreet and disjointed. For example, UNDP has over the last decade been the only development partner involved in providing substantive support towards public sector management and capacity development. The majority of other DPs have been supporting PFEM reforms. The *“cashgate scandal”* has revealed the need for these reforms, i.e. Public Service Reforms (PSR) and Public Finance and Economic Management (PFEM) Reforms to be closely linked and implemented in a more complementary and synergetic approach. The Government, in collaboration with DPs, is working on how to come up with comprehensive PSR and PFEM Reform programs with full buy-in from all stakeholders including Government MDAs, DPs Private Sector, CSO’s, Academia and the citizens at large.

The report by Public Service Reform Commissioners has shown that there have been many attempts to reform the public service in the past, albeit with little success. This was largely due to lack of political commitment. By giving the responsibility of public service reforms to the Vice President’s Office to champion public service reforms, the new Government has shown strong commitment.

## Conclusion

In conclusion, it is evident that bringing the public service back to its pre-multiparty status, that of being ethical and professional, may take quite a while. However, 2014 developments in this sub-sector are a good start and give some ray of hope. The establishment of the Public Service Reform Commission, the work done so far towards galvanizing support for reforms from all stakeholders including the citizenry, and the hands-on leadership and direction being championed by the Vice President to change Malawi’s way of doing business provides an unparalleled opportunity for the Malawian citizenry and development partners to rally around and support the reform efforts.

## Future Work Plan

A decision has been made that future work by UNDP Country Office in the area of public service reforms area will be contingent upon the participation of other DPs in providing support towards the reforms. Further to this, it will also depend on whether UNDP will have the coordination role. This decision was made considering the past experience whereby UNDP has been the sole financial provider albeit with limited resources and yet considerable funding is needed if reforms are to have the desired impact.

**Annexes:**

1. Financial Report

**Annex II:** Expenditure by Output

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Activity | Budget | Expenditure | Balance | Delivery Rate |
| **Output 1:** Public service policies, regulations, strategies and guidelines revised to enhance service delivery. | TRAC: **$202,790** | **$198,798** | **$1,106** | **98.0%** |
| OTHER |  |  |  |
| **Output 2:** Public service leadership and management skills and competencies, values, ethics and integrity enhanced for efficient and effective service delivery. | TRAC**: $270,486** | **$270,362** | **$0** | **100%** |
| OTHER |  |  |  |
| **Output 3:** Human resource planning and management enhanced to improve recruitment and promotion systems within the public service. | TRAC: - | **-** | **-** | **-** |
| OTHER |  |  |  |
| **Output 4:** Information communication technology and e-government policy and standards strengthened for increased public service application. | TRAC: **$82,236** | **$76,541** | **$5,695** | **93.1%** |
| OTHER |  |  |  |
| **Output 4:** Project management and coordination. | TRAC: **$444,990** | **$444,269** | **$0** | **99.8%** |
| OTHER |  |  |  |
| TOTAL | TRAC: **$1,000,000** | **$989,969** | **$6,801** | **99.0%** |
| OTHER |  |  |  |