

**TRAINING/REFERENCE MANUAL**

**FOR**

**CONDUCTING PUBLIC EXPENDITURE REVIEWS IN ENVIRONMENT AND DISASTER RISK  
MANAGEMENT SECTORS**



October 2014

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## **Background**

This training/reference manual on how to carry out Public Expenditure Review (PER) of environment and disaster risk management was supported by the joint United Nations Development Programme (UNDP) and the United Nations Environment Programme (UNEP) Poverty Environment Initiative Malawi (PEI - Malawi). PEI Malawi was established to achieve the following objectives:

- to raise awareness regarding poverty-environment linkages and sustainable resource management among key stakeholders mainly by means of strategic studies focusing on the poverty-environment nexus;
- so strengthen coordination mechanisms and improving capacity within the Government and other stakeholders for the integration of sustainable natural resources management into policies, plans and budgets;
- to improve the government's capacity and systems to monitor and develop poverty-environment indicators; and
- to support the Government of Malawi to explore financing mechanisms for sustainable natural resource management, including increasing budget allocations, donor funding, private investment and environmental fiscal reform measures.

## **Users of the Manual**

The manual was prepared to be used by (i) central ministries responsible for financial planning (ii) ministries responsible for and involved in environment and natural resources (ENR) (iii) ministries and departments responsible for disaster risk management and (iv) civil society organizations active in environmental advocacy and other sectors whose programmes and sub-programmes are relevant for environment and disaster risk management.

## **Basis for the Manual**

The content of the manual has been obtained from the PER that was carried out in 2013/14. It also builds upon international practice on public financial management in general. The PER report for environment and disaster risk management in Malawi is a companion and case study to this Manual. The PER is an evolving exercise across the world. Accordingly, this manual should be read in that context. It will be revised in light of improvements of PER in future

## SESSION PLAN COVER SHEET

- SESSION NUMBER** : One
- TITLE** : Introduction to Public Expenditure Reviews
- DURATION** : 3 Hours
- RATIONALE:** In carrying out a study of any nature, the understanding of basic concepts is paramount, therefore this session provides a definitions and meanings of various concepts that will be met when conducting PERs
- TRAINING OBJECTIVES:**
- By the end of the session, participants will be able to:
- define the term ‘public expenditure review’;
  - define terms ‘environment, climate change and disaster risk management’; and
  - explain the term ‘public expenditure’.
- ACTIVITY** : Group work on comparison of tools for public expenditure analysis

## **SESSION 1: DEFINITION OF TERMS**

### ***1.1 What are Public Expenditure Reviews?***

1. In Public Expenditure Reviews (PERs), the allocation and management of public spending is analysed. The objective of a PER is to analyse the extent to which policy priorities are effectively implemented in practice through budget allocation in order to increase the effectiveness and efficiency of public spending. PERs look at both recurrent and development expenditures, and attempt to review the joint impact of both types of spending on budgetary outcomes including economic growth, poverty reduction, and asset maintenance. A PER may also contain an institutional assessment and analyse the whole public expenditure management system. Lessons learned from the PER can inform strategic planning and budget preparation by identifying ways to improve budget allocation to achieve faster progress towards a sector's policy objectives.
2. Public expenditure reviews (PERs) help answer the most fundamental questions around public finance: did the money go where it was meant to go? Was expenditure consistent with policy priorities, and what did it achieve? Expenditure reviews of different types aim to improve expenditure allocation and management decisions made during budget formulation, and strengthen the composition and management of the budget to deliver policy priorities.
3. Whether across the whole of government or focused on a single sector, by examining how public expenditure was allocated and managed, governments and donors are better able to assess not only the impact of their investment, but also the effectiveness of budget planning and execution. PERs are designed to give exactly such insights, examining what previous expenditure has delivered and - increasingly - providing a comprehensive and independent analysis of the systems and frameworks that determine how public money is managed, from the way the budget is set to the way disbursements are made on the ground.
4. A PER should examine the full scope of public expenditure over a multi-year period, identifying not only whether the money was allocated correctly each year but also whether longer-term commitments were adhered to.
5. However, the thinking behind a PER - assessing whether sector expenditures are consistent with sector priorities, and what results were achieved - should also form part of a government's annual budget planning cycle.

### ***1.2 Environment***

6. According to the Environment Management Act (1996), the term environment is defined as the physical factors of the surroundings of the human being including land, water, atmosphere, climate, sound, odour, taste, and the biological factors of fauna and flora, and includes the cultural, social and economic aspects of human activity, the natural and the built environment.

7. Environment can also be defined as “the sum total of all surroundings of a living organism, including natural forces and other living things, which provide conditions for development and growth as well as of danger and damage”.
8. “The natural world, including the land, water, air, plants, and animals, especially considered as something that is affected by human activity<sup>1</sup>”.
9. The selection of areas to be studied in public expenditure reviews would be further guided by the classification of environmental activities as given in the table below:

Table 1.1: Classification of Environmental Activities (CEA)<sup>2</sup>

Environmental Protection		Resource Management	
1	Protection of ambient and climate	1	Management of energy resources
2	Wastewater management	2	Management of timber resources
3	Waste management	3	Management of aquatic resources
4	Protection and remediation of soil, ground water and surface water	4	Management of other biological resources
5	Noise and vibration abatement	5	Management of water resources
6	Protection of biodiversity and landscapes	6	Research development activities for resource management
7	Protection against radiation	7	Other resource management activities
8	Research and development for environmental protection		
9	Other environmental protection activities		

Source: International Monetary Fund

### 1.3 Climate Change

10. Climate change<sup>3</sup> is defined as the change in climate that is attributed directly or indirectly to human activity that alters the composition of the global climate, whereas natural climatic fluctuations from year to year is termed climate variability. Climate change is attributed to an increase in the greenhouse gas (GHG) concentrations in the atmosphere resulting from human-induced activities. The main greenhouse gases of concern are: carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O) and the chlorofluorocarbons. These gases trap outgoing long wave radiation in the lower levels of the atmosphere, thereby resulting in global warming.

<sup>1</sup> MacMillan Dictionary

<sup>2</sup> IMF (2001) Government Financial Statistics Manual

<sup>3</sup> The Second National Communication of the Republic of Malawi to the Conference of the Parties (COP) of the United Nations Convention on Climate Change (UNFCCC)

11. In addition, deforestation contributes to climate change in that it lays the soil surface bare resulting in radiation imbalance. Climate change is manifested through many climatic hazards or calamities, such as: (i) intense rainfall, (ii) floods, (iii) seasonal droughts, (iv) multi-year droughts, (v) dry spells, (vi) cold spells, (vi) strong winds, (vii) thunderstorms, (viii) heat waves, (ix) landslides, (x) hailstorms, (xi) mudslides, (xii) volcanoes, (xiii) earthquakes, and (xiv) epidemics. All these have serious effects on all sectors of economic growth, especially the agriculture sector, which is the engine of growth of the Malawi's economy.
12. The efforts of the ministry responsible for environment in promoting climate change adaptation and mitigation is derived from the Climate Change Policy which aims at contributing to the attainment of sustainable development in line with Malawi's National goals, as outlined in Malawi's Growth and Development Strategy II and Vision 2020. It seeks to achieve this through better adaptation to, and mitigation against, climate change, with a focus on resilience building for Malawi's citizens.

#### **1.4 Disaster Risk Management**

13. According to the Disaster Preparedness and Relief Act (1991), "disaster" means an occurrence (whether natural, accidental or otherwise) on a large scale which has caused or is causing or is threatening to cause-
  - a) death or destruction of persons, animals or plants;
  - b) disruption, pollution or scarcity of essential supplies;
  - c) disruption of essential services;
  - d) influx of refugees into or out of Malawi;
  - e) plague or epidemic of disease that threatens the life or well-being of the community.
14. It is important to note that DRM links very closely with environment, natural resources and climate change. The Malawi National Adaptation Programmes of Action (NAPA) which was developed in 2006 seeks to identify the immediate adaptation measures that need to be taken to reduce the risks posed by climate change and the possible impacts of increased severe weather events on Malawi.
15. 'Disaster risk management' is a collective term that is used to refer to the 'systematic process of using administrative directives, organizations, and operational skills and capacities to implement policies and improve coping capacities in order to lessen the adverse impacts of hazards and the possibility of disasters. This term is an extension of the more general term 'risk management' to address the specific issue of disaster risks. Disaster risk management aims to avoid, lessen or transfer the adverse effects of hazards through activities and measures for prevention, mitigation and preparedness.'<sup>4</sup>

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<sup>4</sup> Draft National Disaster Risk Management Policy (2013)

16. The following terms<sup>5</sup>, which apply to disaster risk management, further delineate the understanding of the concept of the subject:

‘Hazard’ A potentially dangerous event, substance, human activity or condition that may cause loss of life, injury or other health impacts, property damage, loss of livelihoods and services, social and economic disruption, or environmental damage.

‘Disaster’ A serious disruption of the functioning of a community or a society involving widespread human, material, economic or environmental losses and impacts, which exceeds the ability of the affected community or society to cope using its own resources.

‘Disaster management’ as it is used in this policy refers to the organisation and management of resources and responsibilities for addressing all aspects of emergencies, in particular preparedness, response and initial recovery steps.’

‘Disaster risk reduction’ as it is used in this policy refers specifically to the introduction of measures for the application of ‘the concept and practice of reducing disaster risk through systematic efforts to analyse and manage the causal factors of disasters, through, among other things, reduced exposure to hazards, lessened vulnerability of people and property, wise management of land and the environment, and improved preparedness for adverse events.’

‘Vulnerability’ refers to the characteristics and circumstances of a community, system or asset that make it susceptible to the damaging effects of a hazard. There are many aspects of vulnerability, arising from various physical, social, economic, and environmental factors.

‘Resilience’ is the ability of a system, community or society exposed to hazards to resist, absorb, accommodate and recover from the effects of a hazard in a timely and efficient manner, through, among other things, the preservation and restoration of its essential basic structures and functions.

17. It is important to note that DRM links very closely with environment, natural resources and climate change. The Malawi National Adaptation Programmes of Action (NAPA) which was developed in 2006 seeks to identify the immediate adaptation measures that need to be taken to reduce the risks posed by climate change and the possible impacts of increased severe weather events on Malawi.
18. In defining disaster risk management, the Malawi Risk Management Handbook quotes the United Nations International Strategy for Disaster Reduction as the systematic process of using administrative directives, organizations, and operational skills and capacities to implement policies strategies and coping capacities in order to lessen the adverse impacts of hazards and the possibility of disaster. This term is an extension of the more general term ‘risk management’ to address the specific issue of disaster risks. Disaster risk management aims to avoid, lessen or transfer the

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<sup>5</sup> Draft National Disaster Risk Management Policy (2013)

adverse effects of hazards through activities and measures for prevention, mitigation and preparedness. The study framework is identified by the two definitions.

### **1.5 Social Protection and Disaster Management**

19. It is not always easy to separate social protection from disaster risk management. MGDS II states that social protection aims at improving resilience and quality of life for the poor to move out of poverty and vulnerability. Vulnerability is defined as people's inability to meet their basic needs due to exposure to a hazard and lack of resilience. In Malawi most vulnerable include the elderly, the chronically sick, orphans, and other vulnerable children, persons with disabilities and destitute families. As most rural women depend on men to provide them with means for livelihood, they fall in the category of a vulnerable people in society. These categories of people are vulnerable to risk and lack resilience, which constrains them from engaging in higher economic return activities to enable them move out of chronic poverty and ultimately above the poverty line.
20. Disaster risk management aims at reducing the social, economic and environmental impact of disasters. It involves strengthening capacity for effective preparedness, response and recovery. Malawi faces a number of disasters, both natural and manmade which include floods, drought, strong winds, hailstorms, landslides, earthquakes, pest infestations, disease outbreaks, fire accidents, refugee influx and civil strife. The magnitude, frequency and impact of disasters have been increasing in light of climate change, population growth and environmental degradation.

### **1.6 Definition of Public Expenditure**

21. The Malawi Public Finance Management Act (2003) does not define public expenditure. However it defines public money as "all money, other than trust money, received by the government, including all revenue grants, loans and other moneys, and all bonds, debentures, and other securities received by, or on account of, or payable to, or belonging to, or deposited with the government or any ministry by any officer of Government in his capacity as such or any person on behalf of Government"<sup>6</sup>. This definition is wide open on the sources of money but it treats such money as public money if it is received and kept by pure government ministries and departments.
22. The Public Procurement Act (2003) defines public funds as "any monetary resources appropriated to procuring entities through budgetary processes, aid grants and credits put at the disposal of procuring entities by foreign donors, or revenues of procuring entities"<sup>7</sup>. This definition is rather flexible on the type of entity involved because it focuses on procuring entities, which include parastatals.
23. Since the two pieces of law do not provide a clear straightforward framework, we would further be guided by the New Partnership for Africa's Development (NEPAD) guidelines for conducting agriculture PERs which specify that only net transfers to

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<sup>6</sup> Public Finance Management Act (2003)

<sup>7</sup> Public Procurement Act (2003)

public enterprises operating in the agriculture sector on a commercial basis should be taken into account in such PERs<sup>8</sup>.

24. Based on the two definitions and the NEPAD guidelines, this study considers all expenditures by ministries, departments, local councils and semi and fully sub-vented statutory corporations as public expenditure.
25. Accordingly, the general definition of public environmental expenditure is “expenditure by public institutions for purposeful activities aimed directly at the prevention, reduction and elimination of pollution or any other degradation of the environment resulting from human activity, as well as natural resource management activities not aimed at resource exploitation or production”<sup>9</sup>.
26. No instantaneous literature has been singled out as having defined public disaster risk management expenditure. However, the definition can be construed from the definitions of public expenditure and disaster risk management as follows: expenditure incurred by government and its institutions at central and local levels for purposes of reducing the risk, impact or effects of a disaster or threatening disaster situation.

### **1.7 Group Work**

27. From your experience, what other development tools does the government/public sector use for analysing public expenditures? How are they used? How do they benefit the public? How do they compare with PERs?

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<sup>8</sup> Malawi Public Expenditure Review, Report No. 79865 – MW, World Bank

<sup>9</sup> Auphil Swanson and Leiv Lunderthors (2003)

## SESSION PLAN COVER SHEET

- SESSION NUMBER** : Two
- TITLE** : Regulatory Framework and the PER Process
- DURATION** : 3 Hours
- RATIONALE:** Environment and disaster risk management sectors are governed by a range of laws and policies, so too is financial management. To have a well informed PER, the reviewer needs to comprehend such laws and policies.
- TRAINING OBJECTIVES:**
- By the end of the session, participants will be able to:
- discuss key contents of various environment and disaster risk management laws and policies; and
  - explain the generic phases through which a PER is conducted
- ACTIVITY** : Review of TORs for environment and disaster risk management PER

## SESSION 2: REGULATORY FRAMEWORK AND THE PER PROCESS

### 2.1 Key Laws, Policies and Strategies

28. The Government of Malawi benchmarks key policies and laws for environmental management, the strategic and cooperating institutions in the sector and current knowledge which will inform subsequent PERs. The government of Malawi has formulated several policies on specific aspects of environment and disaster risk management. To give effect to their implementation and enforcement, it enacts laws. In some cases, new policies are being proposed as a basis to revise old laws. The sector derives their obligation to plan and budget for their activities from the laws. In addition, GoM implements several multi-lateral agreements and regional commitments.
29. The table below summarises the key laws and policies that govern the environment and disaster risk management sectors:

Table 2.1: Key Laws, Policies and Strategies

Act/Policy/ Strategy	Year	Description
The Constitution of the Republic of Malawi	1995	Chapter 3, Section 13 (d) calls upon the state to manage the environment responsibly in order to prevent degradation of the environment. Section 13(e) calls upon the state to enhance the quality of life in rural communities and to recognise rural standards in living as a key indicator of the successes of Government policies.
Malawi Growth and Development Strategy	2006, Revised in 2011	The MGDS is the over-arching medium term strategy for achieving socio-economic growth and development priorities for Malawi. MGDS has six priorities, namely; Sustainable economic growth, social protection, social development, management and prevention of nutrition disorders and HIV and AIDS, infrastructure development and improved governance.  The revised MGDS (2011) revised MGDS has three additional priority areas; namely, Climate Change, Natural Resources and Environment Management and these addresses environmental issues directly.
Vision 2020	2000	Vision 2020 is a policy framework for Malawi's development towards a middle income economy by 2020. The vision is that by 2020 Malawi will be secure, democratically mature and environmentally sustainable. It promotes self-reliance with equal opportunities for all, social services, a vibrant culture, religious values and technological advancement.

<b>Act/Policy/ Strategy</b>	<b>Year</b>	<b>Description</b>
Environment Management Act	1996	The Environment Management Act (1996) recognizes the need for living in a clean environment and therefore stipulates enforcement against non-compliance. It defines the rights and responsibilities of individuals pertaining to ownership and management of natural resources and the environment. Mention revised bill?
Disaster Preparedness and Relief Act	1992	An act to make provision for the co-ordination and implementation of measures to alleviate effects of disasters, the establishment of the office of Commissioner for Disaster Preparedness and Relief, the establishment of a National Disaster Preparedness and Relief Committee of Malawi, and for matters incidental thereto or connected therewith.
Forestry Act	1997	Forestry Act of 1997 provides an enabling environment and mechanism for managing trees and forest on customary and public land whilst mainstreaming a rights-based and livelihood approaches for all stakeholders.
Irrigation Act	2001	The Irrigation Act aims at sustainable management of irrigation, including establishment of an irrigation fund, involvement of communities in irrigation development, encroachment issues, application of harmful chemical and substances in irrigation and establishment of national irrigation board.
National Environmental Policy	2004	The overall goal of the NEP is to promote sustainable social and economic development through sound management of the environment and natural resources.
National Land Policy	2002	The National Land Policy of 2002 provides an enabling environment for investment in housing. It recognises the need for equitable land access in rural and urban areas, arrests growth of unplanned settlements and regularises land tenure. The Land Policy proposes transfer of the administration of urban land leases to respective local governments in line with the decentralisation Policy to improve development control and land allocation to reduce illegal development.
National Water Policy	2005	The National Water Policy is meant to address all aspects of water including resource management, development and service delivery. The policy has articulated a new water sector vision of 'Water and Sanitation for All, Always.' The Policy comprehensively covers areas of water resource management and development, water quality and pollution control, water utilization, disaster management and institutional roles and linkages.
National Parks and Wildlife Policy	1998	The National Parks and Wildlife Policy's goal is to promote conservation and management of wildlife resources in order to provide for sustainable utilisation and equitable access to the resources. It also encourages granting of user rights to

<b>Act/Policy/ Strategy</b>	<b>Year</b>	<b>Description</b>
		communities who legitimately use the land on which wildlife occurs, and recognises the importance of equitable distribution of benefits and revenues derived from sustainable use of wildlife resources.
Forestry Policy	1996	The Forestry Policy of 1996 aims at sustainable management of forests in Malawi and it recognises the problem of deforestation and its effects on the environment and people's livelihoods
Fisheries and Aquaculture Policy	2001	The Fisheries and Aquaculture Policy aims at maximising the sustainable yield from the National waters of Malawi and man-made water bodies. The Policy also looks at improving the efficiency of exploitation, processing and marketing of quality fish products.
Decentralisation Policy	1998	The Decentralisation Policy devolves administration and political authority to the district level and promotes popular participation in the governance and development

Source: Revised Decentralised Environmental Management Guidelines

## **2.2 Preparing for a PER**

### **2.2.1 Introduction**

30. The previous chapters have provided the meaning, rationale, and context of PER in Malawi. Here, emphasis is that a good PER is only possible with well thought-out planning. Among others, that includes drawing up the terms of reference (ToR) or scope of work for either a consultant or sectoral team that will be charged with the review. The following categories of activities are illustrative. The detail of carrying them out should be influenced by the depth of the PER.

### **2.2.2. Drawing the ToR to carry out the PER and selection of Review Team**

31. The details of ToRs for a PER can vary but in order to focus the attention of the consultant or the team carrying out the PER, they should be structured in a manner to guide the consultant be focused in the delivery of a good report. The following are among the aspects the ToRs could include:

#### **Background**

32. In this section, mention should be made of the context under which PER is to be carried out; the motivation for it; the period it should cover; and the sector or sub-sectors it should review. It should also highlight the client requesting for it.

### **The goal and objective for PER**

33. The goal would be stated in broader terms but the objectives will be more specific to the key expectations to be satisfied.

### **The scope for the PER**

34. It is important to define the scope or boundary for the PER in the TOR. This is particularly important because environment in Malawi is not only a sector in its own right, but it is also across-cutting issue.
35. The tasks are usually stated in a manner to help the team not miss out reviewing critical issues. They are also phrased to show the linkage to the objectives and goal for the review. To note is that sometimes, the key aspects to be analysed are included among the tasks, and sometimes they are separated. What is important is that the ToR should provide some minimum clues of the analysis to be made. For example, the ToR could request for analysis of expenditure that goes to women or youth dominated enterprises or to ecologically sensitive areas or to the most ecological vulnerable districts.

### **Methodology**

36. Often, the ToR would also include the methodology to be used, and the strategic institutions to be consulted. The institutions are listed because they may be repositories of certain data and information, or have experience and lessons which can inform PER. The reason for outlining methodology is to directly and indirectly influence the quality of the report to be produced.

### **Sources of data**

37. As a person drawing the ToR, one has to know where the basic data should be sought by the review team so that in turn, they are included in the ToR. The sources of data will be dictated by many factors like:
  - a) the scope for the PER;
  - b) the issues of interest emphasised by the government;
  - c) the type of analysis implied by the ToR; and
  - d) the general good practice of PER

### **Outputs or deliverables**

38. At the end of the PER, the review team would need to account for the use of the time and resources. The ToR will normally specify the outputs or deliverables and the time when they should be delivered. Depending on the details required, the client may set the standards of the outputs or deliverables e.g. structure of the report, report size, spacing, fonts, annexes, executive summary, policy brief, press release, etc. The ToR could provide the outline that the PER team should use.

### **Qualities of the PER team**

39. The ToR should list key skills that should come to bear on the quality of the PER outputs. Nonetheless, it can be stated that it would be an asset if the team has a mix of the following skills or disciplines: (i) public accounting and financial management (ii) national economic planning processes (iii) environmental policy analysis and management (iv) organisational assessment and (v) decentralisation.

### **Support to the review team**

40. The support that the review team would be given to the PER team may also be reflected in the ToR. Usually, it includes honoraria, fees, vehicles, office space, background documents, introductory letters or making of appointments.

### **Consultation**

41. It is strongly advisable that the lead person drawing the ToR consults other people for their input. He/she must accept their contributions bearing in mind the other factors like duration of the assignment and funding to carry out the work. Issues that cannot be accommodated should be reserved for comprehensive other studies or reviews.

### **2.2.3 Procurement procedures**

42. If the PER team is to be outsourced, the ToR may include application procedures to be followed. This is particularly relevant where a comprehensive review is to be carried out. Sometimes, failure to plan for procurement delays the review, and its findings may not timely feed into other processes such as national budget. So, it should be borne in mind that procurement has to come early enough. These processes include:
- a) defining the ToR;
  - b) advertising the assignment;
  - c) interviewing the consultant; and
  - d) drawing up the contract.

### **2.2.4. Briefing of the PER team**

43. After the review team has finally been recruited, the client (most likely the finance ministry and the ministries responsible for environment and disaster risk management) should brief it of the expectations from the assignment.

## **2.3 Public Expenditure Review Process**

44. Whilst there are variations in public expenditure review processes the methodology provided below constitutes a generic one:

### **2.3.1 Participatory Approach**

45. The overall approach to this assignment should be participatory with the aim of ensuring ownership of the review results by all the stakeholders. It is important to use a structured questionnaires and a semi-structured for collecting data for the exercise. In particular, the use of semi-structured questionnaires for interviewing key informants helps enhance their participation in the study. The advantage of using semi-structured questionnaires is that they make the interview flexible by enabling the consultant to ask follow-up questions where the response is not clear or detailed information is being sought to a particular question. Most questions are formulated during the interview, allowing both the interviewer and the person being interviewed the flexibility to probe for details or discuss issues.

### **2.3.2 Methodology for Performing the Assignment**

46. To ensure that the consultancy objectives and the TORs are fully realized, a comprehensive phased methodology for this assignment should be implemented. The benefit of adopting a phased methodology is that it enables the consultant determine clear milestones for each phase and, in liaison with the client, ensure that the planned output for each phase has been accomplished. The study could go through the following phases:

#### **Phase 1: Inception Meeting/Initial Discussions**

47. During this phase the reviewer needs to hold discussions with officials from client ministry. The objectives of the meeting would be as follows:
- a) to seek a good understanding of the obligations of both parties;
  - b) to collect relevant literature for the desk review;
  - c) to agree on the objectives and work plan; and
  - d) to agree on logistical and support arrangements to be made available to PER.

#### **Phase 2: Literature Review**

48. The reviewer should critically study the existing relevant documents and reports relating to the assignment. The review of the documents will provide a clear context of the activities in the sectors, the involvement and relationships among various stakeholders. The documents to be reviewed should include the following:
- a) Approved estimates of Expenditures on Recurrent and Capital Budget for the Relevant Financial Years
  - b) Expenditure Reports on Environment and Disaster Management activities by the Government of Malawi, Development Partners and NGOs;
  - c) Budget Statements and highlights;
  - d) Quarterly Aid Disbursements Sector Reports;
  - e) Various laws and policies on environment and disaster risk management; and
  - f) Any other document as would be recommended by the client, the Directorate of Economic Affairs in the Ministry of Finance.

- g) Let's discuss some more on the nature of the review: questions to ask, practical tips, potential pitfall areas, attitudes, etc.

### **Phase 3: Inception Report**

49. Based on the inception meeting and the review of the documents, the reviewer should produce an inception report which should provide our understanding of the assignment's objectives, the refined scope of work, and deliverables. The inception report should also highlight key challenges associated with the project and the proposals to address them. The assignment should start substantially upon the acceptance of the inception report by the client.

### **Phase 4: Development of Data Collection Tools**

50. The review team should develop a structured questionnaire for collecting data on the review. This questionnaire should be developed in such a manner that it should mainly capture quantitative data. Such data will be:
- a) Budgetary provisions for the fiscal years under review for respondent institution involved in environment and disaster risk management activities;
  - b) The actual allocations for the years under review for each respondent institution;
  - c) The actual expenditures on environment and disaster risk management by the targeted responded institution;
  - d) The reasons for any differences between the approved budgets and actual results.
  - e) The different types of expenditure in terms of capital and recurrent and their proportions to total expenditure for the respondent organization, whole govt, GDP;
  - f) The amounts and proportion of personnel costs within the recurrent costs; and
  - g) The distribution between programme allocations (for service delivery) and management/administration allocations;
  - h) The effectiveness of expenditure allocation, disbursement and execution;
  - i) Steps taken towards decentralization of funds to the three sectors;
  - j) Allocation mechanisms and formulas for decentralized expenditures;
  - k) The level of involvement of sectors key to these sectors such as those in the rural cluster in terms of how they have been monitoring budget allocation and execution for their activities and the extent to which this has impacted on the sector objectives;
  - l) The role of established parastatals in financing;
  - m) Uses to which funds have been put; and
  - n) Trends and volatility/stability of expenditures.

51. They should also prepare a semi-structured questionnaire which would help to guide interviews with various officials in the relevant institutions. The advantage of using a semi-structured guide is that it makes the interview flexible by enabling the consultant to ask follow-up questions where the response is not clear or detailed information to a particular question is being sought. The majority of the questions are created during the interview allowing both the interviewer and the interviewee the flexibility to probe for details or discuss issues.

### **Phase 5: Data Collection**

52. Upon getting client approval of the inception report and the data collection instruments, the study team should collect data through meetings with key officials in the identified institutions. The output of this phase should be duly completed questionnaires with quantitative data on financial trends and detailed notes from in-depth interviews. The detail should comprise comments, explanations, remarks, observations, annotations and interpretations regarding most of the items outlined in the Scope of Work for the review (as in phase 4 above ).

### **Phase 6: Data Analysis**

53. The data collected in phase 5 should be analyzed in order to draw conclusions from them. This will involve the use of Microsoft Excel spreadsheet or more advanced packages such as SPSS to analyze:
- a) trends in public expenditure from all sources (domestic and external) as captured in the national budget;
  - b) reasons for existence of variances between budgets and actual results;
  - c) the effectiveness of expenditure allocations to the ENRM, CC and DRM sectors;
  - d) the input mix (including (including balance between recurrent and capital, salary and non-salary and between management overheads and service delivery expenditure;
  - e) the role of established parastatals in financing mechanisms as well as budget allocations and execution for environment management;
  - f) decentralization of financing mechanisms to the ENRM and DRM sectors;
  - g) allocations at local government level;
  - h) the level of involvement of sectors key to those sectors such as those in the rural cluster in terms of how they have been monitoring budget allocation and execution for their activities and to what extent this has impacted on the sector objectives; and
  - i) the kinds of monitoring tools have been used in the ENRM and DRM sectors and what trends have been observed. Good! Why don't do this for the current PEER?
54. The output of this phase would be collated and synthesized information with clear schedules of findings from the study. There would also be lists of common ideas and responses as well as the reasoning behind those ideas and responses.

### **Phase 7: Draft Writing the Draft Report**

55. Over and above the inception report in phase 3, this phase will involve writing of a draft PER report which should be presented at the stakeholders' workshop for discussion. The draft report will include a conclusion on the findings of the PER as well as recommendations for addressing any gaps identified in the study. The client ministry is expected to organize a stakeholders' workshop at which the review team presents the PER report in order to obtain feedback on it. The client would identify the stakeholders and make all the necessary logistical arrangements for the workshop.

### **Phase 8: Final Report**

56. Upon obtaining feedback on the draft report, the consultants now have incorporate the feedback into the final PER report which would outline the whole consultancy process, the key findings and recommendations

#### ***2.4. Common Challenges Encountered in the PER Process***

57. Defining the boundary for the PER study can be a challenge due to the fact that environment is a crosscutting issue and there are so many definitions and descriptions of environment. Besides, there are so many policies governing environment, climate change, water, land, fisheries, forestry, agriculture and wildlife, all of which are key policies in environment management. A number of these policies contradict one another. In a study such as this it is important to define key institutions in which the review will be conducted. The focus on policies should be on those that regulate each of the key institutions.
58. There is limited financial data in most of the public institutions on actual expenditures in the sectors under review. Some key institutions completely fail to provide necessary data for the review. This calls for reliance on data that you can obtain from central public institutions such as the Accountant General, Ministry of Finance and the Department of Statutory Corporations.
59. Government ministries and departments and their cost centres under review keep changing due to transfers especially during cabinet reshuffles. This should be addressed by focusing the counting of expenditures on environment and disaster risk management cost centres. Further, frequent transfers of accounting and other common service staff renders a loss of institutional memory in most of the stakeholder institutions.

#### ***2.5 Conclusion***

60. In the conduct of the PER it is imperative to familiarise with the above laws and policies because their understanding assists in developing a framework for the study considering the fact that defining these sectors is not easy. There are other studies that have been done whose reports are paramount in such PERs. One of them being the Malawi State of Environment and Outlook study whose aims are to address environment in three ways: first, the report provides a knowledge resource for researchers and the general public. Secondly, it serves as a baseline for monitoring

trends in environmental change in Malawi. Finally, and most importantly, the report is intended to inform policy-makers about the challenges facing Malawi; outline possible future scenarios for the environment and development; and provide policy recommendations to support the country's sustainable growth. The other one is the Economic Valuation of Sustainable Natural Resource Use in Malawi whose primary aim was to provide evidence on the costs and benefits of sustainable and unsustainable natural resources management (NRM) in Malawi for four selected natural resources: forestry resources, fisheries resources, wildlife resources and soils.

61. The session has also covered the generic process for conducting PERs. The processes can vary depending on the scope being studied, required deliverables, sources of data and the methodology adopted.

### **2.6 Group Work on PER Process**

62. Review the ToR for the public expenditure review of the environment and disaster risk management in Annex 1. If the ministry responsible for the review consulted you for input, what changes would you make and why?

## SESSION PLAN COVER SHEET

- SESSION NUMBER** : Three
- TITLE** : Policy Analysis
- DURATION** : 2 Hours
- RATIONALE:** One of the objectives for conducting PERs is to determine if expenditures have been incurred in line with sector policies, hence it is imperative to be able to conduct policy analysis in the course of a PER
- TRAINING OBJECTIVES:**
- By the end of the session, participants will be able to:
- define the term ‘policy analysis’;
  - explain the approaches and models of policy analysis; and
  - describe the policy analysis process
- ACTIVITY** : Plenary discussion on the roles of public institutions in management of environment and disaster risk management

## **SESSION 3: POLICY ANALYSIS**

### ***3.1 Introduction***

63. A set of policies are principles, rules, and guidelines formulated or adopted by an organization to reach its long-term goals and typically published in a booklet or other form that is widely accessible.
64. Policies and procedures are designed to influence and determine all major decisions and actions, and all activities take place within the boundaries set by them. Procedures are the specific methods employed to express policies in action in day-to-day operations of the organization. Together, policies and procedures ensure that a point of view held by the governing body of an organization is translated into steps that result in an outcome compatible with that view.
65. Policy analysis is "determining which of various alternative policies will most achieve a given set of goals in light of the relations between the policies and the goals". However, policy analysis can be divided into two major fields. Analysis **of** policy is analytical and descriptive—i.e., it attempts to explain policies and their development. Analysis for policy is prescriptive—i.e., it is involved with formulating policies and proposals (e.g., to improve social welfare). The area of interest and the purpose of analysis determines what type of analysis is conducted. A combination of policy analysis together with program evaluation would be defined as Policy studies.
66. Policy Analysis is frequently deployed in the public sector, but is equally applicable to other kinds of organizations. Policy analysis has its roots in systems analysis as instituted by United States Secretary of Defense Robert McNamara during the Vietnam War

### ***3.2 Policy Analysis Approaches***

67. Although various approaches to policy analysis exist, three general approaches can be distinguished: the analycentric, the policy process, and the meta-policy approach.
68. The analycentric approach focuses on individual problems and their solutions; its scope is the micro-scale and its problem interpretation is usually of a technical nature. The primary aim is to identify the most effective and efficient solution in technical and economic terms (e.g. the most efficient allocation of resources).
69. The policy process approach puts its focal point onto political processes and involved stakeholders; its scope is the meso-scale and its problem interpretation is usually of a political nature. It aims at determining what processes and means are used and tries to explain the role and influence of stakeholders within the policy process. By changing the relative power and influence of certain groups (e.g., enhancing public participation and consultation), solutions to problems may be identified.
70. The meta-policy approach is a systems and context approach; i.e., its scope is the macro-scale and its problem interpretation is usually of a structural nature. It aims at

explaining the contextual factors of the policy process; i.e., what are the political, economic and socio-cultural factors influencing it. As problems may result because of structural factors (e.g., a certain economic system or political institution), solutions may entail changing the structure itself.

### **3.3 Methodology**

71. Policy analysis is methodologically diverse using both qualitative methods and quantitative methods, including case studies, survey research, statistical analysis, and model building among others. One common methodology is to define the problem and evaluation criteria; identify all alternatives; evaluate them; and recommend the best policy agenda per favor.

### **3.4 Models**

72. Many models exist to analyze the creation and application of public policy. Analysts use these models to identify important aspects of policy, as well as explain and predict policy and its consequences.

#### **3.4.1 Institutional model**

73. Public policy is determined by political institutions, which give policy legitimacy. Government universally applies policy to all citizens of society and monopolizes the use of force in applying policy. The legislature, executive and judicial branches of government are examples of institutions that give policy legitimacy.

#### **3.4.2 Process model**

74. Policy creation is a process following these steps:
- Identification of a problem and demand for government action.
  - Agenda setting
  - Formulation of policy proposals by various parties (e.g., congressional committees, think tanks, interest groups).
  - Selection and enactment of policy; this is known as Policy Legitimization.
  - Implementation of the chosen policy.
  - Evaluation of policy.
75. This model, however, has been criticized for being overly linear and simplistic. In reality, stages of the policy process may overlap or never happen. Also, this model fails to take into account the multiple factors attempting to influence the process itself as well as each other, and the complexity this entails.

#### **3.4.3 Rational model**

76. The rational model of decision-making is a process for making sound decisions in policy making in the public sector, although the model is also widely used in private corporations. Herbert A. Simon, the father of rational models, describes rationality as

“a style of behavior that is appropriate to the achievement of given goals, within the limits imposed by given conditions and constraints”. It is important to note the model makes a series of assumptions in order for it to work, such as:

- The model must be applied in a system that is stable,
- The government is a rational and unitary actor and that its actions are perceived as rational choices,
- The policy problem is unambiguous,
- There are no limitations of time or cost.

77. Furthermore, in the context of policy rational models are intended to achieve maximum social gain. For this purpose, Simon identifies an outline of a step by step mode of analysis to achieve rational decisions. Ian Thomas describes Simon's steps as follows:

- a. Intelligence gathering— data and potential problems and opportunities are identified, collected and analyzed.
- b. Identifying problems
- c. Assessing the consequences of all options
- d. Relating consequences to values— with all decisions and policies there will be a set of values which will be more relevant (for example, economic feasibility and environmental protection) and which can be expressed as a set of criteria, against which performance (or consequences) of each option can be judged.
- e. Choosing the preferred option— given the full understanding of all the problems and opportunities, all the consequences and the criteria for judging options.

#### **3.4.4 Group model**

78. The political system's role is to establish and enforce compromise between various, conflicting interests in society. This policy is formed as a result of forces and pressures from influential groups. Pressure groups are informally co-opted into the policy making process. Regulatory agencies are captured by those they are supposed to regulate. No one group is dominant all the time on all issues.

#### **3.4.5 Elite model**

79. Policy is a reflection of the interests of those individuals within a society that have the most power, rather than the demands of the mass. Elites shape mass opinion on policy questions more than masses shape elite opinion.

### **3.5 Conclusion**

80. Policy analysis provides decision makers with important information on how policies work in practice and their effects on economic, environmental, social and other factors. Policies in environment and climate are many and overlapping because the definition of environment has not been precisely crafted.

### **3.6 Group Work**

81. You are required to study the Environment Management Policy (2004), Climate Change Policy (2012) and the Disaster Preparedness Policy.
- a. Briefly identify what each policy stipulates about the:
    - i. problem intended to be addressed;
    - ii. policy priorities and strategies;
    - iii. institutional framework; and
    - iv. financing and investment strategies
  - b) What is their relationship with MGDs and the MGDS?

## SESSION PLAN COVER SHEET

### SESSION

**NUMBER** : Four

**TITLE** : Public Institutions in ENRM and DRM

**DURATION** : 3 Hours

**RATIONALE:** It is always important to know the institutions in which one is going to conduct a public expenditure review. The cross cutting nature of environment demands that such a study be carried out in a number of ministries, departments and statutory corporations. This session introduces these institutions.

### TRAINING OBJECTIVES:

By the end of the session, participants will be able to:

- identify public institutions that are involved in environment and disaster risk management activities; and

**ACTIVITY** : Group work on planning for a PER

## **SESSION 4: PUBLIC INSTITUTIONS IN ENVIRONMENT AND DISASTER RISK MANAGEMENT**

### **4.1 Introduction**

82. There are a number of institutions that are directly involved in environment and disaster risk management activities in Malawi. There are government ministries, government departments, local councils and statutory corporations. Most of the statutory corporations are in this sector as a result of the objectives that they are expected to achieve. Such objectives can only be achieved with involvement in environmental conservation and climate change mitigation. Some of the parastatals are the academia which has the responsibility of delivering education in the areas of environment and disaster risk management. Environment is a cross-cutting issue and as such it is expected that all public institutions should contribute towards reduction of environmental degradation.
83. Due to frequent changes of names and composition of ministries, especially during cabinet reshuffles, this manual is referring to them in terms of their responsibilities in order to make this document a living one which should be relevant to the users at any time regardless of any alterations that would be effected in future. Similarly, public utility companies as well as public universities have been going through processes of change.
84. Therefore, in conducting the PER, it is important to collect as much budget and expenditure data from these institutions as possible.

#### **4.1.1 Ministry responsible for environment**

85. The ministry coordinates and promotes participation of all stakeholders in the sustainable development, utilization, and management of natural resources, energy and environment for socio-economic growth and development.
86. The ministry strives to achieve the following objectives:
- To promote coordination and collaboration in sound utilization and management of the natural resources, energy and environment in Malawi with full participation of government institutions, the private sector, NGOS, communities and other relevant stakeholders at district, national, regional and international levels;
  - To promote development, implementation and compliance of natural resources, energy and environment policies, programs, legislation and other related instruments;
  - To promote capacity building in environmental education, public awareness and participation in sound natural resources, energy and environmental management practices at all levels;
  - To promote and ensure participatory development and implementation of natural resources, energy and environmental management planning and monitoring tools;

- To provide efficient and responsive weather and climate services including provision of information on climate change that meets national and international obligations and contribute to Malawi's social economic development; and
  - To transform the country's energy economy from one that is overly dependent on biomass to one with a high modern energy component in the energy mix.
87. Due to political or other reasons, the ministry is expected to be changing in composition but working around the following departments, sections or cost centres:
- Environmental Affairs;
  - Forestry;
  - Energy;
  - Mining;
  - Geological Surveys;
  - Fisheries; and
  - Climate Change and Meteorological Services.
88. This ministry is responsible for implementing the National Environmental Policy which aims to promote sustainable social and economic development through sound management of the environment and natural resources. It is also the custodian of the National Climate Change Policy whose overall goal is to promote climate change adaptation and mitigation for sustainable livelihoods through measures that increase levels of knowledge and understanding and improve human well-being and social equity, while pursuing economic development that significantly reduces environmental risks and ecological scarcities. It guides and articulates, among others: a) National vision on Climate Change Management, b) Policy Goals and Objectives for Climate Change Management in Malawi, c) Principles, Strategies and Institutional Framework for effective management of critical Climate Change issues, including capacity building; education, training and public awareness; the Clean Development Mechanism (CDM); Reduction of Emissions from forest Deforestation and Degradation (REDD); adaptation and mitigation in Agriculture, Energy, Industrial processes, Waste management, Forestry, Water resources, and Wildlife sectors.

#### **4.1.2 Ministry responsible for lands**

89. This ministry the custodian of all land in Malawi. The National Land Policy is the key instrument for dealing with all land issues. The policy deals with issues of access to land, tenure security and sustainable environmental management. The key focus for the policy is on issues of land ownership, land use, land registration, national physical development plans and establishment plans and establishing legal framework for land use. To support implementation of the policy, the Government has prepared a land legislation which is yet to be approved by the Government and the Parliament.

90. The MGDS II also recognises land as a basic and important source of livelihood for most Malawians and a basic resource for social and economic development of the country. The MGDS in line with the land policy highlights the need to ensure equitable use of land and land based resources. One of the key strategies proposed is that of 'ensuring the adoption of environmentally sustainable land use practices'. The MGDS also calls for community participation and public awareness of land issues at all levels.
91. The ministry aims at creating an enabling environment for, effective and sustainable provision of land and housing management services to the general public in order to promote and encourage sustainable economic growth and development. The table below shows the total expenditure for the ministry and for environment.
92. The ministry is responsible for implementing the National Land Policy which provides an enabling environment for investment in housing. It recognises the need for equitable land access in rural and urban areas, arrests growth of unplanned settlements and regularises land tenure. The Land Policy proposes transfer of the administration of urban land leases to respective local governments in line with the Decentralisation Policy to improve development control and land allocation to reduce illegal development.
93. For public expenditure review, of more interest are expenditures that are incurred in the management of land than construction of urban housing or chiefs' houses.

#### **4.1.3 Ministry responsible for agriculture**

94. By its nature, this ministry is a key partner in environment and natural resources management. This is so because a significant proportion of the activities in agriculture depend on environment and natural resources. Over 80% of Malawians depend on agriculture as their main economic activity and a major source of livelihood; hence the country's top soil remains an important natural resource. But this resource continues to be degraded at an accelerating speed. According to the National Environmental Action Plan (NEAP), soil erosion is caused by expansion of agriculture, deforestation, overgrazing, and land scarcity leading to people cultivating in marginal and fragile lands<sup>10</sup>.
95. Fisheries would be anchored by this ministry because of the food security component within agriculture. Fisheries resources contribute to the livelihoods of more than 1.6 million Malawians. Tens of thousands of individuals are employed as fishers, and hundreds of thousands are engaged in fisheries-related economic activities<sup>11</sup>. The socio-economic importance of fisheries resources to the national economy, and the threats arising from over-fishing and dwindling stocks, are

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<sup>10</sup> Economic Evaluation of Sustainable Natural Resource Use in Malawi – Ministry of Finance and Development Planning

<sup>11</sup> Economic Evaluation of Sustainable Natural Resource Use in Malawi – Ministry of Finance and Development Planning

relatively well-documented. Fisheries resources are a key source of employment, protein, income, foreign exchange and bio-diversity.

96. Fish used to be the most affordable source of animal protein in Malawi until early 1990s, but rising costs overfishing, decreasing supply, increasing population and increasing fish exports have reduced domestic per capita fish consumption from 9.4 kg to 5.4 kg per capita between 1990 and 2008. The World Health Organization (WHO) recommends average per capita annual consumption of 13kg to 15kg<sup>12</sup>. In addition to vitamins and minerals, the significance of fish as a key protein source among Malawians (especially rural communities) is well-recognised. Fish accounted for over 60% of dietary protein intake and 40% of the total protein supply in Malawi<sup>13</sup>. Horn (1978), as cited in GoM (2008), also reported these estimates, adding that fish constituted 70% of animal protein intake, largely because it was cheaper than its close substitutes (mostly meat) during the 1990s. No known studies have been conducted to explicitly compute the cost of the reduction in per capita fish consumption on the poor, or the cost of replacement protein. To do this requires a tailor-made household consumption assessment, which is beyond the scope of this study.
97. In responding to growing demand for fish consumption, there have been growing efforts to invest in fish farming as an integral part of the routine agricultural activities that households engage in, thereby further speeding up the declining trend in fish resources. The overriding implication is that the declining fisheries resources in the natural water bodies are putting pressure on the households to pursue alternatives that take more time and money to grow like livestock production.
98. The fisheries industry is also a source of employment. The Department of Fisheries reports that the industry directly employs thousands of fishers and indirectly engages hundreds of thousands of people through fish processing, transportation, marketing, as well as boat building and repairs. In total, it is estimated that the sale of ornamental fish (hence biodiversity) and from tourism (such as visitors to Cape Maclear and Lake Malawi National Park). In addition to being the main source of these direct benefits, Lake Malawi is a rich natural resource of interest among researchers, because it is known to stock over 800 fish species, although only 240 of these species are clearly identified. However, no information on the monetary values of these activities is currently available<sup>14</sup>.
99. The ministry aims at promoting agricultural productivity and sustainable management of land resources to achieve food security, increased incomes and ensure sustainable socio-economic growth and development.
100. The ministry implements the following key objectives:
  - Formulate agricultural policies, legislation and regulations with stakeholders and provide relevant policy guidance relating to agricultural production while ensuring quality services.

<sup>12</sup> Annual Economic Report 2009 – Ministry of Economic Planning and Development

<sup>13</sup> Mkoko 1992

<sup>14</sup> Economic Evaluation of Sustainable Natural Resource Use in Malawi

- Attain sustainable household and national food security and improved nutritional status of the population.
- Provide agricultural information and marketing systems that would link farmers and other stakeholders to lucrative markets that would create an environment for increased and diversified agricultural production.

101. The ministry's involvement in environment and natural resources centres on promotion of fisheries as a direct intervention to enhance food security. The ministry is also engaged in environmental conservation and education, land resource management and land resource survey and evaluation.

#### **4.1.4 Ministry responsible for water**

102. The ministry responsible for water strives to ensure that there is sustainable management, development and utilization of water resources for social economic growth and development. However, the mission is to manage and develop water resources for sustainable, effective and efficient provision of portable water, sanitation and irrigation systems in support of Malawi's economic growth and development agenda.

103. In the minds of many people, demand for water is associated with human requirements. It is rare to associate water demand with environmental requirements. However, water determines the carrying capacity of ecosystems, and evaporation is an important link in the hydrological cycle, since it accounts for over 90 per cent of the source of precipitation<sup>15</sup>. Unfortunately, many areas in the country are undergoing an unprecedented rate of deforestation: the removal of natural vegetation due to settlements, cultivation and other activities. Much of the southern and central regions of the country are highly deforested and prone to continued exploitation. Nonetheless, some regions of the country, particularly in the north, still have pristine environments populated with various species of vegetation and fauna. These ecosystems are important biodiversity reservoirs that function to maintain river flows, reduce erosion, minimize flooding and promote groundwater recharge<sup>16</sup>.

#### **4.1.5 Ministry responsible for wildlife**

104. The ministry responsible for wildlife is mandated to oversee wildlife conservation in Malawi. The general objectives are to protect natural habitats of wildlife and conserve wildlife in Malawi.

105. Principally, the institution remains the main player for overseeing the conservation and management of wildlife resources in the protected areas such as gazetted national parks and wildlife reserves. The ministry manages eleven protected wildlife areas in Malawi: 3 in the north, 3 in the centre and 5 in the south.

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<sup>15</sup> Salomão, 1993

<sup>16</sup> Malawi State of Environment and Outlook Report, Ministry of Natural Resources, Energy and Environment 2010

106. The Department is also guided by several international conventions on Trading of Endangered Species, Wetlands Management, Heritage Sites and the SADC Wildlife Protocols. The Department also participates in the activities related to other international conventions, such as CBD and UNFCCC.
107. In the implementation of wildlife policies and programmes, the Government has become increasingly conscious of the need to pursue more participative approaches to managing natural resources, including wildlife. Thus, partnerships formation with all key stakeholders, including communities has taken the centre stage. Areas of responsibility between the state and non-state actors are being closely looked at to promote this partnership in wildlife management. This notwithstanding, the Department remains the authority over all policy and legislative matters.
108. It also coordinates all works of all stakeholders in this sector in tandem with existing policy and legislative frameworks. Considering that tourism is the major source of economic gains from protected areas, the Department is currently working with private sector operators to manage tourist lodges in protected wildlife areas through concessions.

#### **4.1.6 Ministry responsible for environmental health**

109. Environmental health is the branch of public health that is concerned with all aspects of the natural and built environment that may affect human health. Environmental health addresses all the physical, chemical, and biological factors external to a person, and all the related factors impacting behaviours. It encompasses the assessment and control of those environmental factors that can potentially affect health. One of the programmes under the ministry is environmental health where public health laws are enforced and national food quality and hygiene, water quality and sanitation, health and safety, disease and vector control programmes are coordinated and implemented. Environment and health have a close relationship. Environmental degradation has increased incidences of floods, pollution and poor sanitation and hygiene especially in the rural areas. In urban areas, high rates of rural-urban migration have resulted in overcrowding and high populations living in slum like situations which are not provided with water and sanitation facilities. This has created an environment conducive for communicable diseases such as malaria, cholera etc. These diseases are among the major causes of admission in hospitals and deaths especially among under-five children.
110. Biodiversity is essential for human health in a developing country like Malawi because it provides adequate food and nutrition, avoidance of diseases, clean and safe drinking water, clean air, energy for heating, cooking, traditional medicine for primary health care especially for rural communities<sup>17</sup>.

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<sup>17</sup> Malawi State of Environment and Outlook Report – Environment for Sustainable Economic Growth - 2010

#### **4.1.7 Ministry/department responsible for disaster affairs**

111. The draft National Disaster Risk Management Policy presents the aspirations of the Government of Malawi in ensuring that disaster losses and impacts are sustainably reduced. The policy has identified key challenges that presently hinder proper disaster risk management in the country and outlines the direction that Malawi intends to take in order to address these challenges. The policy recognizes that there are already a number of policies where clear linkages exist with this policy. However, the policy focuses on areas where gaps and challenges have been identified in the other policies.
112. The policy is aimed at ensuring that Disaster Risk Management (DRM) is mainstreamed in development planning and policies of all sectors in order to reduce the impact of disasters and ensure sustainable development in the country. Reduction of poverty through sustainable economic growth is the objective in the development strategy of the Government of Malawi, which is set to be achieved through economic growth and infrastructure development. However, the increasing impact of disasters on lives, livelihoods, and economic and environmental assets continue to pose a significant threat to the nation's ability to come out of poverty.
113. The policy has been developed to guide disaster risk management mainstreaming in the country by providing policy strategies that would achieve the long term goal of reducing disaster losses in lives and in the social, economic and environmental assets of communities and the nation as envisioned in theme three "Social Support and Disaster Risk Management" in the Malawi Growth and Development Strategy.
114. The policy is aligned to the Hyogo Framework for Action (HFA: 2005-2015) adopted by the United Nations World Conference on Disaster Reduction in 2005 of which Malawi is a signatory, the Millennium Development Goals (MDGs), the United Nations Framework Convention on Climate Change, the Africa Regional Strategy for Disaster Risk Reduction and the SADC Disaster Risk Reduction Strategy.
115. The development of the policy is a major step towards achieving sustainable development through ensuring that disaster risk management is integrated in development planning by all sectors in the country. The policy will also facilitate the effective coordination of disaster risk management programmes in the country. It highlights a set of key priority areas and strategies for making Malawi a nation resilient to disasters. It also provides a common direction to all government, non-governmental organisations, private sector organizations, media and development partners at national and local levels on how to effectively implement disaster risk management programmes and activities.
116. The Policy was formulated through participatory consultation with various stakeholders in, government, local and international NGOs, United Nations agencies, development partners, civil society organizations, local leaders, communities and individuals. Funding and Technical assistance was by United Nations Development Programme (UNDP).

117. The implementation of this policy is centrally coordinated by the department of Disaster Management Affairs. The actual implementation is carried out by different stakeholders at national, district and local/ community levels. These stakeholders include the police, the national defence, agriculture and health institutions, development partners, district councils and civil society organisations.
118. The following are the disaster risk management objectives in Malawi:
- To direct and coordinate Disaster Management Programs and operation Guideline
  - Enhance mainstreaming of DRM in development planning and programming in order to integrate DRM into sustainable development;
  - To ensure the effective monitoring and evaluation of Disaster Risk Management programmes by working with relevant stakeholders.
  - Enhance coordination in the implementation of DRM programmes by various stakeholders in the country;
  - Ensure adequate budgetary processes which will allow DoDMA to effectively implement disaster risk management programmes in order to fulfil its core mandate of achieving enhanced disaster resilience; and
  - Promote enforcement of buildings and other infrastructure standards which will lead to a reduction in disaster losses.
  - Provide awareness on Disaster Risk reduction policy at National, District level and civil educate the masses on DRM, provide support to affected victims.
119. It is not always easy to separate social protection from disaster risk management. MGDS II states that social protection aims at improving resilience and quality of life for the poor to move out of poverty and vulnerability. Vulnerability is defined as people's inability to meet their basic needs due to exposure to a hazard and lack of resilience. In Malawi most vulnerable include the elderly, the chronically sick, orphans, and other vulnerable children, persons with disabilities and destitute families. These categories of people are vulnerable to risk and lack resilience, which constrains them from engaging in higher economic return activities to enable them move out of chronic poverty and ultimately above the poverty line.

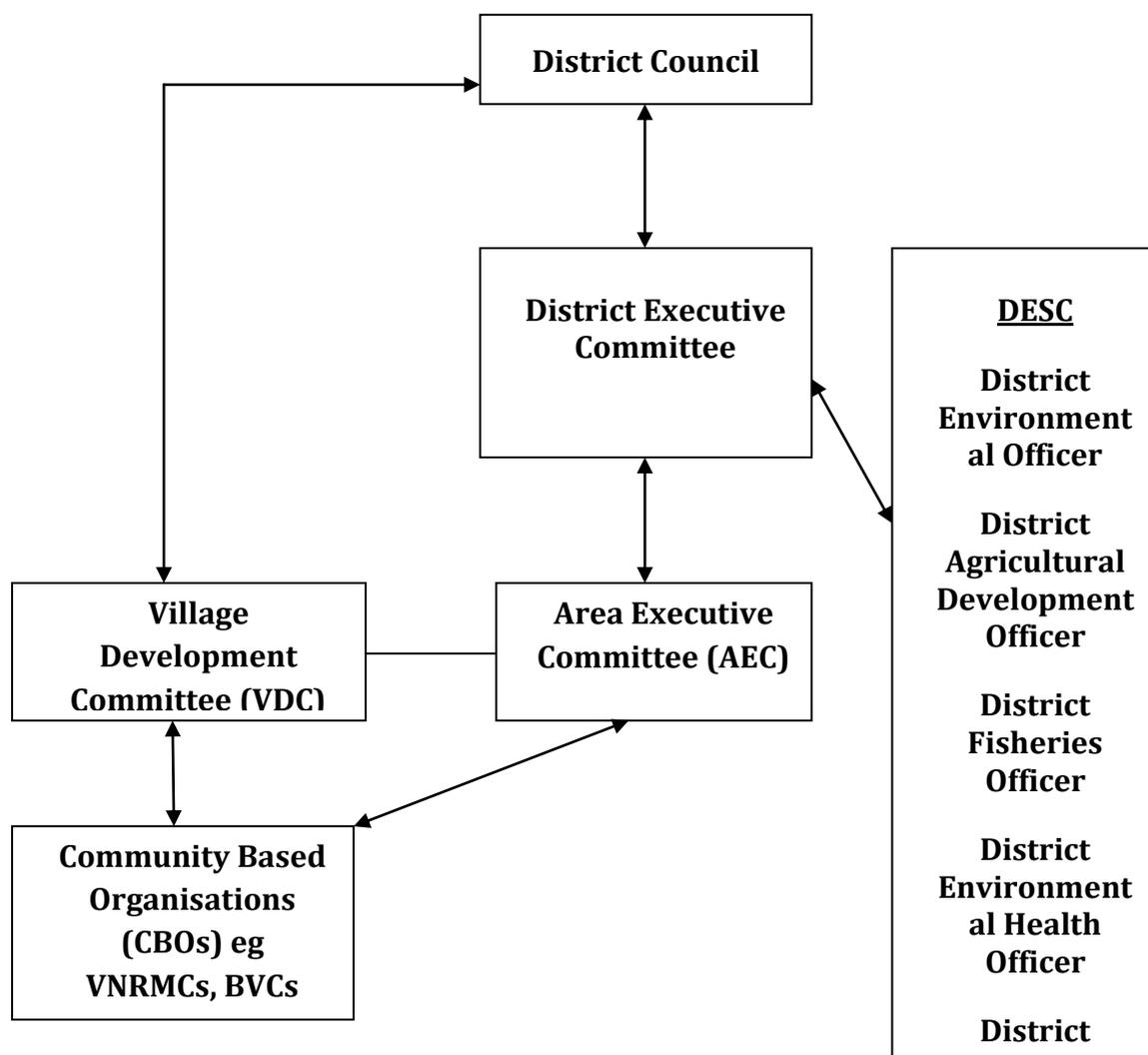
#### **4.2 Semi-Autonomous Bodies**

120. The semi-autonomous bodies carry out various activities in environment hence the expenditures relating to these activities should therefore be reviewed in the process of conducting the PERs. Such institutions are public utility companies in the areas of electricity generation and distribution, water boards and public universities which engage in provision of education in environment and disaster risk management.

#### **4.3 Local Authorities**

121. At district level there are structures that suit an efficient delivery of ENRM and DRM services. These structures are DECs, ADCs, VDCs, DFRDCs which reach the most grass-root populations in the country as depicted in the structure below:

Figure 4.1: District Level Structures for ENRM



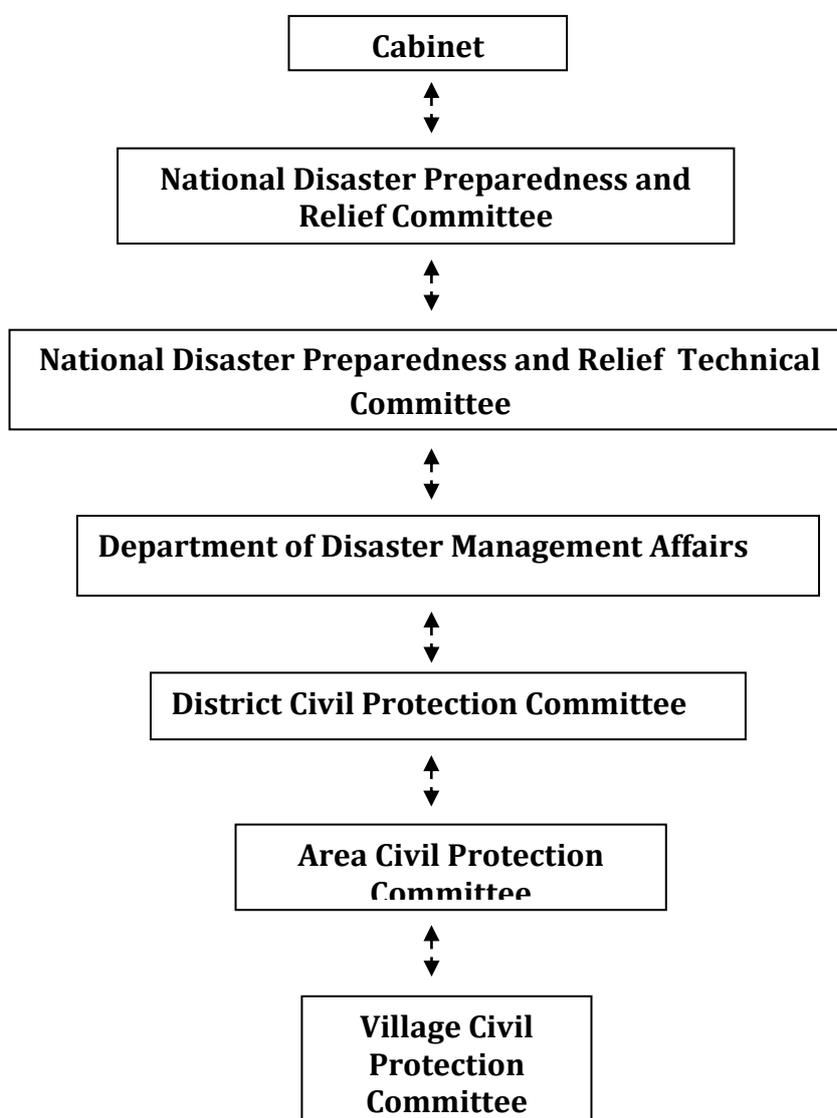
122. The District Executive Committee (DEC) is the technical arm of the District Council composed of representatives from all government ministries and departments, NGOs represented at the district and co-opted members. It is responsible for implementation of all aspects of the District Development Planning System (DDPS). The District Commissioner or in his absence the Director of Planning and Development chairs this committee.
123. The District Environment Sub-Committee (DESC) is the DEC focal point on issues of the environment. It acts as a multi-disciplinary forum for environmental management and comprises environmental and NRM sector district officers. The Director of Planning and Development chairs the DESC with secretarial services provided by the District Environmental Officer.

124. The Development Advisory Team (DAT) is responsible for supervising the implementation of projects and programmes while the District Training Team (DTT) is responsible for conducting all training required at the district.
124. Area Development Committee (ADC) under the current (ongoing) institutional structure, decision-making institutions are located at area level (at the level of the Traditional Authority). Development decision-making bodies comprise the Area Development Committee (ADC). The ADC has the following environmental management tasks:
- Identification and prioritization of environmental issues that need immediate mitigation actions.
  - Development of EAPs (at TA level) and subsequent micro-projects.
  - Facilitate formation of VDC Environmental working groups.
  - Collate and approve VDC EAPs.
  - Mobilize community resources and solicit funds.
  - Monitor SOE and implementation of EAPs.
126. Village Development Committees (VDCs) are at the village levels (i.e. at the level of the Group Village Headman). The advisory executives are the front line staff at VDC level.
127. The VDC has the following environmental management tasks:
- Organize NRM meetings in the villages;
  - Lead the EAP process at village level;
  - Co-ordinate CBNRM activities with the ADC and communicate feedback from ADC;
  - Formulation of micro-projects addressing environmental issues and solicit funding for such activities through the DDP;
  - Facilitate the mobilization of community resources for CBNRM self-help projects;
  - Supervise and monitor SOE and implementation of NRM micro-projects at VDC level.
128. In cities and municipalities the functions undertaken by VDCs are performed by Community Development Committees (CDCs) under one neighbourhood led by an elected chairperson.
129. Area Executive Committee (AEC) is the technical body of the ADC. It comprises frontline staff and plays the advisory role to the ADC. As executive body, it is responsible for day- to-day technical advice on projects within the area and even lower to the VDC. The AEC has the following environmental management tasks:
- Facilitate the SOER and EAP processes at area level.
  - Facilitate the process to develop micro-projects.
130. Community Based Natural Resources Management Committees - at community level environment and natural resources management is done by several community based natural Resources management committees (CBNRMCs) some of which include Village Natural Resources Management Committees (VNRMCs), Beach Village

Committees (VBCs), Catchment Protection Committees, Water Point Committees and Village Health and Sanitation Committees (VHSC), Civil Protection Committees.

131. Similarly for DRM, the use of local structures would be the most economically efficient way to deal with disasters. Decentralisation offers a better mechanism for reducing bureaucracy, ensuring quality, timely and equitable provision of services and enhancing transparency and accountability.
132. The institutional structure of the National Disaster Risk Management for Malawi is presented in the figure below:

Figure 4.2: Institutional Structure of National Disaster Risk Management for Malawi



133. The National Disaster Preparedness and Relief Committee (NDPRC) provides policy directions to the Department of Disaster Management Affairs on the implementation of DRM programmes. The committee comprises principal secretaries of line ministries/departments, the Inspector General of Police, the Commander of Malawi

Defence Force, and civil society representatives. The committee is chaired by the Chief Secretary to Government. The NDPRC operates in accordance with terms of reference, stipulated in the Operational Guidelines for DRM.

134. The National Disaster Preparedness and Relief Technical Committee (NDPR TC) is a multi-stakeholder committee. It serves as an advocate of disaster risk management; provides advice and technical support; and is the coordinating mechanism for mainstreaming disaster risk management into sustainable development policies, planning and programmes. It aims at contributing to the establishment and development of a comprehensive Disaster Risk Management System for Malawi.
135. The NDPR TC is chaired by the Secretary and Commissioner of the Department of Disaster Risk Management Affairs, and functions in accordance with terms of reference, stipulated in the Operational Guidelines for DRM. The NDPR TC is composed of designated senior representatives who are formally appointed to serve on the NDPR TC as the disaster risk management focal points for their government line ministries and departments, civil society organisations, scientific and academic institutions, the private sector, UN agencies, donor community and the mass media. The NDPR TC serves as the National Platform for Disaster Risk Management.
136. The Department of Disaster Management Affairs has the primary responsibility for managing and coordinating the implementation process of the policy. It is, therefore, critically important to ensure that it has adequate and suitably qualified human resources as well as the necessary infrastructure and equipment to enable it to fulfil its responsibilities. DoDMA serves as the Secretariat for the NDPRC, NDPR TC, and chairs the NDPR TC.
137. At district level, there are District Civil Protection Committees (DCPCs), Area Civil Protection Committees (ACPCs) and Village Civil Protection Committees (VCPCs). The District Commissioner coordinates implementation of DRM activities at district level through these committees.
138. So it can be seen that the most efficient way in which environmental service delivery can take place is through the district level. It is necessary for government to commission a study to find ways in which the multitude of activities, as contained in so many national policies, at the local level can find their way into the national budgets.

#### **4.4 Contribution of Development Partners**

139. Since independence in 1964, Malawi has been dependent on foreign aid in form of grants and loans. The country attracts a substantial amount of assistance from development partners, which is used to implement its growth and development strategies. These inflows reflect the confidence that the international community has in the policies of the government<sup>18</sup>.

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<sup>18</sup> Approved 2011/12 Financial Statement – Budget Document No. 3 – Ministry of Finance

140. A significant proportion of donor support to Malawi is deemed to be extra budgetary. Extra budgetary projects are those whose finances are not directly managed by a government institution. Project support to Malawi may involve government to differing extents, specifically:
- a) The government directly manages all project activities and implementation, as well as directly managing all its financing issues;
  - b) The government directly manages project implementation and procurement, but not payments, which are made by the donor organization;
  - c) The government manages only the project implementation, while procurement and payments are managed by the donor organization;
  - d) The government manages neither project implementation nor project financing which are managed by a non-governmental organization or by the donor organization itself.
141. Support to Malawi is deemed extra budgetary if it falls into categories b, c or d above. These forms of aid delivery represent a deviation from accepted best practices in development cooperation, as resolved in the Paris Declaration on Aid Effectiveness (2005).
142. This happens when the government and the development partners have agreed to have some systems within government improved, so extra budgetary support is meant to provide comfort when these systems are being worked on. In other cases, based on their assessment, when donors feel that the capacity in government is lacking, they prefer extra budgetary means of supporting the government.

#### **4.5 Exercise**

143. In groups or pairs, develop a work plan for a Public Expenditure Review on Environment and Disaster Risk Management. Please indicate all the inputs, number of days for each phase, outputs and the stakeholders to be consulted in the review process.

## **Annex 1: Terms of Reference**

# **TERMS OF REFERENCE**

## **Request for Proposal**

### **Joint Public Expenditure Review of Malawi's Environment and Disaster Risk Management Sectors.**

#### **1. BACKGROUND**

Government of Malawi, with support from United Nations Development Programme (UNDP) and United Nations Environment Programme (UNEP) through National Climate Change Programme (NCCP) and Poverty and Environment Initiative (PEI), aims to enhance the contribution of sound environmental management to poverty reduction, sustainable economic growth and achievement of the Millennium Development Goals. Led by the Ministry of Finance (MoF) in collaboration with Ministry of Environment and Climate Change Management (MoECCM) and the Department of Disaster Management Affairs (DoDMA), the intended outcome for the Malawi PEI and NCCP is the integration of environment and climate change into national policy and district planning, policy and budget process in the implementation of District Development Plans, and the country's Mid Term Plan, the Malawi Growth and Development Strategy II (MGDS II, 2011 – 2016) towards the realization of the development blueprint – the Vision 2020.

There are number of different Economic Instruments which can be utilized by the Government to influence the understanding and behavior towards the ENRM, CC and DRM sectors in Malawi. These include the Public Expenditure Reviews (PERs) that involve the analysis of allocation and management of public expenditures and may cover all government expenditure of focus on a few priority sectors such as agriculture, water, land infrastructure, etc.

Information gleaned from PERs is used to provide key guidance to strategic planning and budget preparation and to identify ways in which to improve the efficiency and effectiveness of resource allocations. Increasingly, PER processes are applied to expenditure management systems and institutions, since institutional framework, organizational capacity, and everyday expenditure management practice of government determines the allocation and management of public expenditures.

One of the key areas of this undertaking is to analyse the budgetary process and ensure that budget allocation is guided by key sector priorities identified through a participatory process that draws consensus from pertinent stakeholders. Budget allocation will, in a significant measure, be influenced by public expenditure review (PER) which provides an independent assessment of the adequacy, appropriateness and effectiveness of spending on the ENRM, CC and DRM sectors as well as addressing these sectors' issues in other sectors such as Agriculture, Health, Energy and Industry. This will then inform any future revisions of sector plans, the preparation of the sector Medium Term Expenditure Framework (MTEF) / budgets and the accounting and auditing functions within MoECCM, DoDMA, MoEM, MoAFS, and many more.

The expenditure analysis and recommendations are intended to demonstrate how GoM and donor resources are currently used, and to recommend how to improve resource utilization for realization of the MDGs, MGDS II, Vision 2020 and overall sustainable development. The exercise will serve as a tool to enable MoF, MoECCM, DoDMA, MEPD and other related Government institutions to improve prioritization, efficiency and effectiveness of all public resources in support of these sectors. Information from PERs may also be used as baseline for development programmes.

## 2. OBJECTIVE

The objective of this exercise is to conduct a PER which will help to jointly evaluate the appropriateness in the use of funds and investments in the environment and natural resources management (ENRM) and disaster risk management (DRM) sectors.

The PER will provide a baseline for future trend analysis in budget allocation and execution and effectively monitor progress on the contribution of these sectors towards sustainable development, the achievement of MDGs targets and Vision 2020.

Trends and issues to be analyzed will follow the major standard PER themes of public expenditure trends, public expenditure composition, efficiency of public spending, poverty targeting of expenditure and public expenditure management.

The review should be extensive and cover the period 2006-2012.

It is against this background that MoF through PEI and NCCP is looking for a **qualification firm or team of consultants comprising nationals and internationals** to undertake the activities outlined below.

## 3. SCOPE OF WORK

3.1 The firm or team of consultants will report directly to the directorate of Economic Affairs in the Ministry of Finance and will be supported by the PEI and NCCP teams during the period of this assignment.

### 3.2 Responsibilities:

3.2.1 The PER should cover public expenditure for the ENRM, CC and DRM sectors on an annual basis for the period 2006-2012. This encompasses all spending by central government institutions, and all local administration expenditure at Regional, District and Local Authority levels on these sectors. To the extent possible, the PER should include economic analysis of the impact of investments in promoting sustainable environment and disaster risk management on human wellbeing at household level and the overall contribution to national revenue.

The following broad areas should be explored in the PER

### 3.3 *Analysis of Past Trends (2006-2012);*

3.3.1 Overview of allocations and trends in public expenditure from all (domestic and external revenue) captured in the national budget;

- 3.3.2 Analysis of the trends in priority given to the ENRM, CC and DRM sectors within the overall national budget and comment on intra-sectoral allocations within the sectors.
- 3.3.3 Analyse the effectiveness of expenditure allocation, disbursement and execution;
- 3.3.4 Outline reasons for any differences between approved budgets vs actual disbursements and expenditures. Explain implications in linkage to policy objectives.
- 3.3.5 Analyse input mix (including recurrent vs capital, salary vs non-salary, balance between management overheads and service delivery expenditure);
- 3.3.6 Evaluate performance of Malawi in relation to regional and international benchmarks. Cross country comparison should be made wherever possible throughout the report. Identify lessons from international best practice;
- 3.3.7 Evaluate marginal social benefits vs marginal social costs on environment and natural resources and disaster risk management interventions in Malawi where possible;
- 3.3.8 Provide thorough and clear commentary and analysis on moves taken towards de-centralisation of funds;
- 3.3.9 Analyse and comment on allocations at local government level. Evaluate current allocation mechanisms and formulas for de-centralised expenditures and provide suggestions on how this could be improved using available data;
- 3.3.10 Provide a commentary on the progress and trends of government spending of ENRM, CC and DRM;
- 3.3.11 Provide a clear analysis of the role of established parastatals (autonomous and semi-autonomous government agencies) in the financing mechanisms as well as budget allocation and execution for environment management. Evaluate efficiency of fund allocation with regard to the agencies and whether establishments have had a value added to these sectors in terms of financing and execution;
- 3.3.12 Analyze the level of involvement of sectors key to these sectors such as those in the rural cluster in terms of how they have been monitoring budget allocation and execution for their activities and to what extent this has impacted on the sector objectives. What kind of monitoring tools have been used and what trends have been observed. Discuss lessons that have been gleaned from countries with similar challenges to inform PER process in Malawi;

#### ***3.4 Forward-Looking Analysis and recommendations***

- 3.4.1 Highlight areas for efficiency savings. Compare current and projected unit costs to other developing and Sub Sahara African countries. Identify possible areas for cost savings and improvement in efficiency with reference to best practice surveyed in other developing countries.

- 3.4.2 Identify implications of Government decentralization process for ENRM, CC and DRM sectors. Provide recommendations on pathy way for future decentralization of funds;
- 3.4.3 Identify key recommendations in improving public financial management and draft an action plan relating to the requirements for the line ministries. This should be provided in the form of a matric of issues and suggested responsibilities;

#### **4. METHODOLOGY**

During the assignment, the firm or team of consultants shall come up with an appropriate methodology to be used.

#### **5. DELIVERABLES**

During the Assignment, the firm or team of consultants will deliver:

- 5.1 An inception report after five (5) working days
- 5.2 Draft PER to be discussed with stakeholders in Workshop and through other consultations, latest 2 months after commencing the assignment;
- 5.3 Final and approved Public Expenditure Report at the end of the assignment, maximum 4 months after commencing the assignment. This should include:
  - 5.3.1 Summary report: the consultant is also required to produce a clear and well written at least five page summary bringing out the main findings and recommendations from report; and
  - 5.3.2 PER Training and Reference Manual: A user friendly training and operational (reference) manual including tools (checklists, formats, etc.) that will guide government staff and development partners to conduct PER targeting the budget allocation to environment and natural resources and disaster risk management;

#### **6. QUALIFICATIONS**

**Candidates from the firm or team of consultants must demonstrate the following qualifications and experience:**

##### **6.1 Team Leader**

- 6.1.1 At least Master degree in a relevant field such as Development Economics, Environmental Economics, Public Finance Management and any other related fields from a recognized University.
- 6.1.2 Minimum of five (5) years' work experience in related fields such as public Finance Management, Poverty Reduction, Monitoring and Evaluation and strategic planning;
- 6.1.3 Significant experience in budgetary and PER processes and review and proven record in informing and influencing such processes;

- 6.1.4 Proven understanding of ongoing processes such as national development strategies, public budgeting process, and District Development Planning System (DDPS)
- 6.1.5 Minimum of three years' work experience in poverty focused data analysis and management; Minimum of three (3) years' work experience in institutional coordination and harmonization;
- 6.1.6 Experience in environment and disaster risk management related field will be an added advantage; and
- 6.1.7 Fluency in English

## **6.2 Team Members**

The team composition should have a mixture of members with:

- 6.2.1 At least Master's degree in a relevant field such as Development Economics, Environmental Economics, Public Finance Management, Environmental Science, Natural Resources Management, Disaster Risk Management and any other related fields from a recognized University;
- 6.2.2 Minimum of three (3) years' work experience in related fields such as Disaster Risk Management, Poverty Reduction, Monitoring and Evaluation, strategic planning, poverty focused data analysis and management;
- 6.2.3 Minimum of three (3) years' work experience in institutional coordination and harmonization
- 6.2.4 Fluency in English and functional use of Chichewa

## **6.3 Competency and Skills**

- 6.3.1 Strong interpersonal skills with ability to work under pressure and to establish and maintain effective work relationships with people of different backgrounds;
- 6.3.2 Ability to take initiative and to work independently, as well as part of a team;
- 6.3.3 Proven capacity to organize and facilitate workshops and meetings;
- 6.3.4 Ready to travel extensively in rural areas and districts;
- 6.3.5 Organizational skills and adherence to deadlines;
- 6.3.6 Excellent communication and reporting skills, with ability to express ideas clearly, concisely and effectively, both orally and in writing;
- 6.3.7 Computer literacy in full Microsoft Office Package and web browser capability;

## **7. OTHER CONSIDERATIONS**

The successful firm or team of consultants shall start the assignment as soon as possible following the completion of the selection process.

Submissions shall be acceptable from firms or teams of consultants composed of Nationals and Internationals only.

The work is for 60 man days spread within four months.

## 8. SUBMISSIONS

Qualified Consultants are invited to submit their clearly marked 'Joint Public Expenditure Review of Malawi's Environment and Disaster Risk Management Sectors' (containing both technical and financial proposals in separate envelopes) by 2 April 2013, 14:00 hours, local time, in the tender box at the Reception, addressed to:

**The Chairman  
Internal Procurement Committee  
Ministry of Finance,  
P.O. Box 30049  
Capital City, Lilongwe 3,  
Malawi**

Attention: Mrs Roslyn Mwenye  
E- mail address: [finance@finance.gov.mw](mailto:finance@finance.gov.mw)  
Telephone: 01 789355

Please note that submissions should be made **in person** or by **mail**. Submissions by **e-mail** or **facsimile WILL NOT BE ACCEPTED**. Opening of the bids will be done on 2 April **2013**, at **14:00** hours, local time in the Ministry of Finance Main Conference Room.