



*Government of Malawi*

# **Public Sector Reforms In Malawi: How to Support Successful Implementation of the Economic Recovery Plan**

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*“By three methods we may learn wisdom: first by reflection, which is noblest, second by imitation, which is easiest, and third by experience, which is bitterest.”*

***Confucius***

*“Let everyone be sure he is doing his best, for then he will have the personal satisfaction of work well done and won’t need to compare with someone else.”*

***Galatians 6:4.***

*“Question Authority but raise your hand first’.*

***Anonymous***

***“It is not the strongest of  
the species that survive,  
nor the most intelligent,  
but the one that are most responsive  
to change”***

***Charles Darwin***

## Abstract

*Politics is about power and relationships: resource allocation – who gets what, when, and how.*

*Public Sector Reforms is a political activity. It being a political activity it is fundamentally a field of contestations with enough space and scope for interplay of tactical behaviours whose actors seek to protect their interests, individually or collectively: a game that is played through rules, laws, processes, regulations and structures – Administrative or Institutional.*

*As all Administrative structure is linked to political structure as a door is to a wall (Mostern Marx: 1959) so is politics to economy. For all of us the concern should be about how the architecture of the relationship between politics and economic subsystems is crafted. The crafting of this relationship is the art of public sector reforms.*

*I wish therefore to begin by concluding that the Public Service can support successful implementation of the Economic Recovery Plan by creating macro and micro political and economic subsystems that seek to align the Public Sector structures (inherited from the colonial rulers) and its inherent institutions (the infused institutions); and the public- political expectations and inevitable global externalities that we have to grapple with every day.*

*Public Sector Reforms being a political activity therefore calls for resolute and steadfast leadership: political and technical, that allow for an integrated governance structures attuned with innovativeness, decentralized decision making and managerial autonomy with greater accountability on agreed deliverables. Having identified the five priority areas in the Economic Recovery Plan, it is imperative that appropriate micro-systems delivery support systems are instituted through business processes re-engineering. It is important that the leadership and management stay the course and build on the gains made to date.*

## 1.0 INTRODUCTION

The Government of Malawi has been implementing public sector reforms since independence. I have, for purposes, of this presentation categorized Public Sector Reforms in Malawi into four - generations. The first-generation of reforms are those that were implemented between 1964 and 1980, the second-generation reforms are those implemented from 1980 to 1993; the third generation are these reforms implemented with the advent of multiparty political democracy in the early 1990s till April 2012, and the fourth generation constitutes the post April 2012 reforms including the Economic Recovery Plan to the present day.

### **Drive for Public Sector Reforms**

The Public Sector is that part of state (*service vehicle*) that deals with the production, delivery and allocation of goods and services by and for the government to its citizens. This service vehicle operates in a system based on *acceptable structures and institutions*: traditionally engraved in what is widely known as public administration -which is concerned with delivering services or regulating individual or group behaviour in the public interest (Denhardt et al: 2009)

*Public Sector (service) reforms* presuppose adjusting existing set of institutions and systems that determine successful operations and that invariably demand changes when their functionality fails the mark due to internal or external factors.

The quest for public service (sector) reform initiatives has been driven by the desire of the Government of Malawi to effectively and efficiently deliver quality public goods and services and enable the country mitigate and manage emerging challenges from the fast changing global environment. The main vehicle for delivery of its agenda being the public service, focus therefore

has been to enhance capacity of the Public Service. The Government has had to periodically review its systems and structures to enhance and foster new governance arrangements to raise standards of performance and behaviours of public servants and the public service through new value systems for delivery of quality public services. The challenge, however, has been the ability to create a shared vision and synergies among reform initiatives; and provide a vibrant Public Sector Reform Management Framework.

In this paper, I attempt to present and discuss the status of the Public Sector reform initiatives, the Government of Malawi has undertaken since independence with more emphasis on the fourth generation reforms. I will outline the rationale and context of the reforms (political, social environment, economic and legal factors) that have guided the need for reforms. I will also reflect on the types and strategic foci of each wave of reforms implemented, their conceptualization, and design in relation to the country's development priorities and challenges. In the paper, I will also outline success factors for lack of implementation of the reforms progress, impacts and management strategies being adopted to enhance reform relevance, responsiveness and effectiveness, challenges of implementing reforms and the difference the reforms are making in improving the efficiency and effectiveness of public service delivery, with more emphasis on how these public sector reforms can support successful implementation of fourth generation reforms, particularly the Economic Recovery Plan . I finally recommend the future direction of Public Sector Reforms.

In attempting to discuss the issues above, I recognize the time span over which the reforms have been implemented and varied the reform initiatives since. Therefore, I acknowledge the danger and limitations of not providing an extensive and deep analysis of objectives and emerging

implementation challenges. It is for this reason that I summarize the reforms initiatives focusing on their objectives management issues and track the extent they have been implemented.

## 2.0 CONTEXT OF PUBLIC SECTOR REFORMS IN MALAWI

Public Sector Reforms in Malawi relate to the prevailing socio-economic, political and legal underpinnings within the country and on the global scene at the material time. The national development policy frameworks provide direction on the need and nature of reforms. The national development agenda has been expressed in the Statement of Development Policy, the Vision 2020, the Poverty Reduction Strategy, and the current Malawi Growth and Development Strategy II and currently the Economic Recovery Plan.

The Public Service in Malawi as is the case with most developing countries, has come under pressure especially in the last decade for not being responsive enough to the fast changing domestic and global environment to enable it deliver services as efficiently as required. The advent of democratic dispensation in 1994 increased awareness for the public to demand high quality public goods. The private sector has also increased its voice in demanding a conducive environment critical for sustained private sector growth. *It is not rare to hear the political leadership, the citizens, and development partners and interestingly so some public servants say that the public service is a let down to the realization of the national development agenda.* It has, therefore, become more imperative for the public service to continuously review public service management systems that seek to create institutions capable of delivering the national development agenda and effectively deal with external global challenges that affect the national development agenda. This entails creating an environment of change and innovation infused with creative leadership and

management, recognizing that it is a critical success factor. While there is some consensus that past reforms have had some positive impact on service delivery, there is also wide acceptance that the reforms' intended objectives have not been fully realized. The challenges include multiplicity of reforms without any synergies, lack of a comprehensive public sector management reform programme, limited reforms management capacity, lack of political leadership and sponsorship at certain periods and the absence of shared philosophy on reforms resulting into poor conceptualization vis-a-vis national development agenda and inconsistent implementation strategies. This situation begs the question that has brought us here: **how can the public sector support successful implementation of the Economic Recovery Plan?** The answer probably lies within all of us and can be provided through processes of conceptualization, design and implementation.

### 3.0 TRAJECTORY OF PUBLIC SECTOR REFORMS IN MALAWI

Public Sector reforms in Malawi can be categorized into four generations: the first-generation, implemented between 1964 and early 1980s; the second-generation, implemented from late 1980s to early 1990s; the third generation reforms, that have been implemented from 1993 to 2012, and the fourth, constituting reforms implemented from April 2012, to date. The scope, nature and focus of the reforms have, within the aforesaid timelines have varied from unimodal to multimodal and comprehensive reforms. It is therefore not surprising that their nomenclature has been changing from Civil Reforms to Public Service Reforms. Whatever characteristic, these reforms were and are predicated in the framework of a progressive public administration. Current public sector reforms tend to be contextualized in the New Public Management movement that emerged in the 1990s. The advent of multi-party political system in 1994 did accelerate the reforms agenda, in addition to



other reforms drivers like globalization, and the 21st century financial global melt down. The sudden change of government and the prevailing hard economic situation the country was undergoing pre April 2012, necessitated a new wave of an Economic Reforms Agenda. All these notwithstanding the reforms agenda in Malawi is challenged by a number of issues, key among them being lack of a management framework, relevant institutional capacities and a shared reforms philosophy and limited drivers of change in relevant organizations.

### 2.1. First Generations of Reforms

The period between 1960 and 1980 is described as the period of development in many African countries. The first-generation reforms in Malawi were implemented in this period. These reforms followed the attainment of independence by most African countries including Malawi. In Malawi, the main focus of these reforms, as spelt out in the Statement of Development Policies (1971-1980<sup>1</sup>), was to establish a Civil Service that would serve the needs of the new state. The inherited Administrative structures were seen not suited for spurring development. The Nyasaland Civil Service inherited in 1964 was structured to control and execute the colonial orders, rather than stimulate and manage the social and economic aspirations of the people. As such, there was an urgent need to put in place a public civil service that would help facilitate rapid economic development of the new state and improve the lot of the indigenous people.

The first major attempt at administrative reforms followed the *Skinner Report of the Nyasaland Local Civil Service Commission of Inquiry of 1963* (Skinner Report). The Skinner Commission was a comprehensive review of the Malawi Civil Service (MCS) structure, salaries and other conditions

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<sup>1</sup> There seem to be no single document containing the Policies. However, there are a number of Development Policies

of service. Inevitably, at independence, there was need to indigenize the MCS. However, considering that the pre-independence Civil Service was filled with Expatriates who were enjoying generous UK Civil Service standards of pay and conditions of service, the independent Malawi could not afford to sustain the same. Therefore, the need to develop more appropriate pay, conditions of service, and simpler and more logical grading structure was even more compelling and very urgent.

The Government adopted the Skinner Report and recommended grading structure that was for the administrative common service. The challenge was that the public service was not redesigned to effectively respond to development demands of the liberated people. It only ushered in a new class of local elites. The 1966 Public Service Review by the United Nations Economic Commission for Africa recommended refocusing the Public Service reforms towards the needs of administering the country in terms of leadership, new institutional structure and management arrangements. Government only fully implemented the institutional restructuring of ministries, but did not address the leadership needs. The failure by government to enhance effective leadership reforms are, to some extent, attributed to the pre-occupation by state leadership to consolidate their position by centralizing political and administrative structures. Sadly the president began to enjoy unlimited powers as the Colonial Governor (Msosa: 1998)

## 2.2. Second Generation Reforms: 1980-1993

The second-generation reforms, implemented from 1980 ó 1993, were ostensibly designed to address the shortcomings of the pitfalls of the first generation. The first generation of reform initiatives suffered from lack of comprehensiveness and synergies as they tackled public management issues as a linear, activity-based solution, without addressing underlying causes

(Kamphambe Nkhoma:2001). Globally, the oil price shocks of the early 1980s, coupled with the rising cost of debt servicing incurred to rapid service development and a bloated public service cost were now beginning to bite on the economies of most countries including Malawi. Government had to reinvent new ways of doing business. These second generation reforms coincided with the advent of the New Public Management (NPM) paradigm for public management that emerged in the early 1990s. NPM would have partial influence in the structure and operations of the Public Service in Malawi.

NPM emphasizes on output control, decentralization of traditional management authority, and applying private sector management ethos (market mechanisms) in providing public services (Hood: 1991). This approach signaled a move away from the traditional bureaucratic culture of running state affairs in favour of private sector management models. Therefore the second generation of reforms focused on changing systems towards the role, size, structure and operational behaviour of the 'public service' (Statement of Development Policies: 1987-1996).

NPM COMPARED WITH TRADITIONAL PUBLIC ADMINISTRATION		
Elements	TPA	NPM
Government organization	Services provided on a uniform basis operating as a single aggregated unit	Break up of traditional structures into quasi-autonomous units
Control of public organization	Control from the headquarters through the hierarchy of unbroken supervision and checks and balances	Hands-on- professional management with clear statement of goals and performance measurement

## NPM COMPARED WITH TRADITIONAL PUBLIC ADMINISTRATION

Control of output measures	Control on inputs and procedures	Stress results and output control rather than procedures
Management practices	Standard established procedures through the service	Using private sector management style
Discipline in resource use	Due process and political entitlements	Check resources demands and do more with less

*Source: Jo Ann Ewalt: 2001*

There is no evidence that NPM was prescriptively implemented, but some of its spirit is prevalent in the Public Service Management Systems associated with the 1994 post-democracy reforms, e.g. outsourcing of services like laundry and ground maintenance.

The major reforms during this period relate to the studies, reviews and initiatives, including the Hebercq Malawi Civil Service Review Commission (1985), and the World Bank Malawi Public Sector Management Review of 1991.

While the focus of the Hebercq Commission (HC) was on the review of the structure of the Malawi Civil Service, the World Bank public sector review was meant to examine selected management issues affecting the Central Government, and to review management of the parastatal sector.

The Hebercq Commission (HC) was necessitated and conducted against the global economic challenges of the early 1980s triggered by the oil price explosion (Hebercq:1985) and the Mozambican Civil war. From independence up to 1979, Malawi enjoyed a period of rapid high

economic growth, with an annual growth rate of 6%, which justified the growth of the Civil Service that was required to facilitate the national development agenda. The escalating oil price led to the early 1980 recession of developed countries, affecting imports from developing countries that experience high import bills, including Malawi. The terms of trade and current account deficit worsened, compounded by high transport costs due to disruption of traditional road and rail import routes in Mozambique. The result was reduced allocation of funds to Government Departments below the anticipated levels of inflation. The impacts of high transport costs were to be felt for years.

The Hebercq Commission Report, therefore, assessed what modifications were needed in the staff structure, career development and grading, and personnel management, so as to efficiently use the available human and financial resources. This would take into account the balance between the responsibilities, rewards, and career development prospects for scarce cadres of professional and technical staff, and consider the introduction of a contributory pension scheme. In addition, the HC assessed the capacity of Malawi's education and training institutions to provide for the needs of the civil service and public corporation against a competitive private sector.

In view of the economic challenges, Government was obliged to seek ways of improving efficiency in resource utilization, through elimination of low priority expenditure and effective use of resources. In Hebercq's argument, such an option was more plausible as it would provide an alternative to cut-back on the range of Government operations and real value on staff pay and also ensure that as the main employer, Government continued to provide employment opportunities. The medium term Stabilization Programme (1981-1986) was a major reform meant to increase agriculture exports and use expenditure restraint to reduce the budget deficit to levels of the mid

1970s. However, the high international interest rates on debt services limited the gains of the programme. Key recommendations of the Hebercq Commission Report included introduction of human resources management and development, accounting and financial management, restructuring of ministries and downsizing the industrial workforce in view of the economic challenges the country was experiencing. Central to the introduction of good human resource management practices were the redefining career paths, and performance management system (open appraisal system). Strengthening of the 'performance' auditing was key in the proposed financial management, if government was to have value for money.

The many recommendations of the 1985 Review were to be implemented in the later years, including restructuring of ministries, review of the general methods and procedures for recruitment and training, discipline, promotion and remuneration. In this respect, Government established the Malawi Institute of Management (MIM), in 1989, to provide training to middle and senior managers. However, the performance of MIM, like many of such management institutions in Africa, has been adjudged to be below the intended objectives (Adamolekun: 1997). Major reforms in the Civil Service, including the pension scheme, have only been made in 2009 (and a contributory pension scheme will only be implemented in line with the legislation of the National Pensions Act (2011).

The findings of the World Bank **Malawi Public Sector Management Review of 1991**, on the other hand, revealed that key central government office and ministries like the Office of the President and Cabinet, the Department of Statutory Corporation, and Ministry of Finance lacked institutional and management capacities. Its recommendations started being implemented from 1994 through to 2000, under the **Institutional Development Projects I and II**; and later through a successor

project the **Financial Management and Transparency and Accountability Project**. The main areas of reform were:

- *Civil Service Policy and Information Framework: role and responsibilities of OPC from a command structure to a mere coordinating office and cabinet services office*
- *Strengthening of the Department of Personnel Management and Training- outcome being the restructuring and renaming to Department of Human Resource Management and Development and now the Department of Public Service Management*
- *Strengthening of the Ministry of Finance*
- *Strengthening of the training institutions to provide management training with focus on the Malawi Institute of Management*
- *Strengthening of the Department of Statutory Corporation to effectively provide oversight functions over parastatals*
- *Completion of strategic and detailed functional reviews of ministries aimed at downsizing of the public service*

Some outcomes of these interventions are

- ✓ *Introduction of the Medium Term Expenditure Framework and associated budget reforms*
- ✓ *Development of the Privatization Policy and the establishment of the Privatization Commission*
- ✓ *Reorganization of OPC into more of a coordinating office, and is no longer a control centre, thus shedding off some of its line functions. This, to some extent, has negatively reduced its*

*oversight functions as provided for in the Republic Constitution (1994) and the Public Service Act (1994).*

- ✓ *Contracting out of various services through turning departments with commercial orientation into state corporations and privatization of some of the parastatals departments.*
- ✓ *Functional reviews of ministries that led to identifying functions and service that would be delivered through contracting out arrangements, abolishing superfluous functions and reduce the wage bill- temporarily.*

### **The Malawi Civil Service Pay and Employment Study of May 1993**

The World Bank review was followed by another review, **the Malawi Civil Service Pay and Employment Study of May, 1993**. Finding from this review led to a retreat by government from social services like health and education. This has come to haunt Malawians later in terms of lowering quality of education, health services in general. Most parastatals have existed merely as parasites on the tax payers with limited investment and contribution to the economy.

#### **2.3. Third Generation Reforms**

The 1980s have been described as the lost decade of development in terms of development in Africa despite the reform initiatives undertaken. The austerity measures that came with the second wave of reforms accompanied by authoritarian state management caused a lot dissatisfaction and frustration among the public with drastic political implications. These national issues were augmented by the information and technology and the changes on the global platform. The result was a two pronged reform scenario: the first was democratic reforms while the second had to do with achieving efficiency and effectiveness in resource utilization.



The primary objective of the third generation reforms had been to strengthen and improve efficiency and effectiveness of all branches of Government, namely; the Executive, Legislature and Judiciary in the delivery of services to the general public with focus on enhancing accountability and transparency; and the active engagement and participation of the civil society and the private sector in the national development agenda as well positioning Malawi to manage to her advantage global socio-economic, and political challenges. The major reforms are as follows:

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#### Political Reforms

The 1993 National Referendum on the system of government ushered in a multi-party democratic dispensation that saw the end of a thirty year era of one party rule. The change of the political system resulted into the need for the public service to reposition itself if it were to be responsive to the demands of the people in the new political dispensation, and changes on the international scene.

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#### Macro -Legal Reforms

##### *New Republican Constitution*

A new Constitution was promulgated in 1994, *the Constitution of the Republic of Malawi (1994)*, providing for an independent Executive, Legislature and Judiciary. The *Republic of Malawi Constitution (1994)* provides for an independent Executive, Legislature and Judiciary. It also provides for establishment of constitutional governance and rule of law oversight organizations namely the Malawi Human Rights Commission, the Ombudsman, the Law Commission and the Anti-Corruption Bureau.

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#### Legal Reforms Related to Public Service Management

The adoption of the new Constitution had new legal implications on the manner and management of the Malawi Public Service in a democratic dispensation. This called for enactment of relevant enabling laws. Subsequently, the Public Service Management Act was promulgated in 1994 which among other key issues provides for the core functions of the Public Service; the responsibilities and duties of the offices of the Secretary to the President and Cabinet and the Secretary for Human Resource Management and Development; the need for predictability, accountability and transparency of the operations of the public service.

Other legal reforms aimed at enhancing transparency and accountability in the Public Service includes the promulgation of the Public Finance Management Act (2003), the Public Procurement Act (2003) and the Public Audit Act (2003). Other essential acts include the Employment Act. These new pieces of legislation have been accompanied by new regulations and procedures on the management of the public service.

A new way of doing business in the public service had been formed. Hence a new wave of reforms was needed but more importantly a new and better way of managing reforms.

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#### National Development Planning

The major reforms during this period include:

##### *Conceptualization of a National Vision: The Vision2020*

Malawi, like most developing countries embarked on a “National Visioning” exercise from 1994 through 2000 which led to the formulation of Malawi Vision 2020 (National Long Term Development Perspective Study). The development and adoption of the Malawi Vision 2020

had ushered in the imperative to reform the Public Service as was the new democratic dispensation, the Poverty Reduction Strategy (1996-2004) and the Malawi Growth and Development Strategy (2007-2011, 2012-2015). In all these instruments, ***an efficient, effective and transparent Public Service*** is seen as the key factor to the successful realization of democratic, highly developed, socially, economically and politically just Malawi.

#### *Public Policy Formulation and Analysis*

The Public Policy Formulation and Analysis Initiative was intended to build capacity for policy and formulation in the public sector. Change Management Advisory Unit was created in the Vice Presidents Office. The impact of the Change management Unit was limited. A Policy and Research Directorate has therefore been established in OPC and policy formulation process has since been reviewed in order to promote evidence based policy formulation. However, Policy research units are yet to be established in Ministries, Departments, and Agencies (MDAs).

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#### Civil Service Procedures Reforms

The Office of the President and Cabinet in 1996 developed the Civil Service Action Plan (CSAP) which was the first attempt to have a comprehensive framework to guide government and development partners in the resourcing and implementation of reforms. The strategic objectives of the CSPA were on:

- *Institutional Development and Management*
- *strategic planning, restructuring of ministries, and downsizing*

- *Economic, Financial Management , Auditing Reforms: Key financial reforms introduced included the Cash Budget System in 1996; the establishment of a Central Internal Audit Unit; Debt Management System; the Decentralization Fiscal Formula; and the creation of the Malawi Revenue Authority (IDP II World Bank, 2003a, GoM, 2003a and DFID, 2004 for details).*

#### Key lessons from implementing the CPA

- ✓ *Clear vision and strategy are crucial*
- ✓ *Leadership is crucial and political will and commitment cannot be assumed. Weak coordination complicate implementation*
- ✓ *Wrong methodology limits ownership and commitment*
- ✓ *Appropriate design of reforms needs appropriate technical effort.*
- ✓ *Reforms are more effective where an appropriate management structure and capacity; responsibilities and line of accountabilities are clarified from the outset*
- ✓ *Public participation in the reforms agenda is very important including that of the Civil Society and the Private Sector*
- ✓ *Monitoring and Evaluation, Accountability mechanism should be in place*
- ✓ *It is important to have reliable source of funding and consistent flow of funds.*

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#### Sector Reforms

Reforms in the sectors have focused on improving policy formulation, service delivery systems and technical capacities and human resource skills and competencies. While all sectors have embarked on reform initiatives, the health, education, water, roads and agricultures sector have implemented more robust reforms. Key among these is the Health Sector Wide Approach

(HSwap) and more recently the Agriculture Sector Wide Approach (ASWAP). The Health Swap includes an incentive pay structure to curb brain drain. For example there is increased number of trained doctors and nurses with better pay; improved supply of central planners, district managers and field operatives and medical supplies. Other Swaps implemented to date are the Water, and Education Swaps.

There have also been major reform initiatives in the communication and energy sectors as well, for example the change of policy and legal frameworks that allow the private sector to participate in the generation of electricity.

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#### Democratic Governance and Rule of Law Reforms

##### *Decentralization*

The need to revamp the local government system was initially articulated in the Statement of Development Policies (1987-1996). The Local Government reforms got more impetus from the 1994 Republic Constitution which provides for the creation of Local Governments that would entrench the democratization process and increase participation of citizens in development and governance issues. The primary goal of Local Government reforms was to create an enabling environment for local governance and social economic development through a participatory and bottom up approach.

In 1995, the Malawi Government commissioned a capacity assessment and resource needs study of local authorities with a view to identifying functions and services which should be devolved to local authorities, and to work out an institutional arrangement for local government at district council level. The adoption of a National Decentralization Policy in 1998 and the enactment of

the Local Government Act in 1998 signified a major reform in the management and delivery of Public service in Malawi. As a result a formal second tier of government with political and administrative powers over issues local in nature. The policy also provides some taxation powers to local authorities and establishes a decentralization fiscal framework.

There has been partial implementation of the Decentralization Policy bearing mixed results. Some positive results, on one hand, have been the institutionalization of the District Development Planning System and decentralized poverty profiling and Development Plans; devolution of planning and implementation functions from the centre to the Local Governments, direct central government financing of Local Governments based on a Fiscal Formula. The formula takes into account population and poverty indices. On the other hand, partial implementation is that ministries are preoccupied with issues already decentralized and thus still spending a large part of the budget on travel and related costs.

There has also been slow progress on political decentralization due to the absence of elected ward representative - Councilors. This has raised debate as to whether intended political decentralization will ever be achieved and it has also increased role conflict of Members of Parliament and Traditional Authorities as these have to perform functions of Councilors. It is safe to conclude that there seems to be more of deconcentration than devolution (Sikwese: 2003). The implication on the Economic Recovery Plan is potentially consequential.

### *Parliamentary Reforms*

Parliamentary Reforms aimed at improving management of the National Assembly, management of the interface between the Legislature and the Executive, between the Legislature and the

Judiciary, between the Legislature and the Civil Society; and enhancing the capacity of Parliamentary Committees and of Members of Parliament.

### *Judicial Reforms*

The objective of Judiciary reforms is to enhance access to justice delivery systems by most ordinary citizens, creating a framework for traditional justice systems, and introducing frameworks for engaging the non-state actors in alternative dispute resolution mechanism

### *Police Reforms*

A Police Reform Programme commenced in 1995 guided by a strategic plan to guide the reform process. The strategic objective of the Reform Programme is to transform the Malawi Police from being a force to being a service in maintaining Law and Order in an independent and professional manner, with compassion, sound judgment, respecting the sanctity of life and death, never accepting unlawful rewards and demonstrating willingness to change in the face of justified criticisms from the public.

The reform includes the establishment of professionalism in the police service aided by a Police Service Commission that handles recruitment and promotions competitively and on merit (as contrasted with appointments based on in-house influences as was the case during the old political order (Msosa 1998). Another aspect of the reform is the 'civilianization' programme. The police non-core functions like accounting, human resource management, building maintenance, and catering were being performed by Police Officers who had no requisite capacities prior to the reform programme. However, the functions are now increasingly being

performed by civilian personnel. Policemen handling these civilian functions are being redeployed to core police functions.

### *Prison Reforms*

The focus was on functional review of the Prison Service, development of Strategic Plan and review of the Prison Act to be consistent with the human rights provision of the Constitution of the Republic of Malawi (1994).

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## Economic and Financial Reforms

Through the *Capacity Building Programme for Economic and Financial Management*, government sought to strengthen economic and financial management capacity for key institutions. The initiatives have resulted in the restructuring and strengthening of the Ministry of Finance, the Auditor General, and the Malawi Revenue Authority.

### *The development of Debt and Aid Management Policy and Development Assistance Strategy*

The new Development Assistance Strategy provides potential platform for coordinating aid effectively. As a result there is increased budgetary support as opposed to discreet project funding by development partners.

### *Doing Business Reforms*

Government has embarked on improving the regulatory environment in which the private sector operates; and strengthening the institutions that protect private property rights, and allow speedy and low cost business setting up facilitation. It has also strengthened capacity of private



sector development support institutions and services in order to improve the quality and volume of services delivered.

Government has been enhancing Public Private Partnership (PPP) with focus on developing an enabling policy and legal framework to promote and regulate PPP.

#### *Procurement Reforms- child born out of NPM*

Promulgation of the Public Procurement Act of 2003 and the establishment of the Directorate of Public Procurement resulted in the liberalization of the public procurement functions and allowing the out sourcing of goods and services

#### *Parastatals Reforms*

The Parastatal Sector has been subjected to a number of reforms with major ones implemented from 1998 when government approved privatization of some parastatals providing of services and goods which the private sector had a comparative advantage. The privatization of some parastatals was implemented within the context of the economic management framework that government adopted that entailed reduced state role in the economy and allowing for liberalized market economy.

The Report of the Study on the Rationalization of Parastatals (2008) further recommended the dissolution and merging of more parastatals on account of their continued poor performance and increasing government subvention and overlapping mandates. The reform has also resulted in the establishment of new parastatals to help government meet emerging challenges. For

example, increased demand for tertiary education has resulted in the establishment of more public universities. However, twenty ónine parastatals are being merged.

#### 2.4. Fourth Generation of Reforms

I have put the baseline of the Fourth Generation of Reforms as April 2012 it being the period when the Malawi experienced the ushering in of a new government following the tragic death of incumbent State President midway tenure of office. The change of government happened in an environment of political tensions and economic meltdown manifested in mass demonstrations; industrial strikes (workers demanding increased wages to offset the eroded purchasing powers)

While economic growth was impressive two years prior to 2012, it significantly deteriorated, leaving the economy extremely fragile. Malawi faced a number of macroeconomic challenges. These included reduced Gross Domestic Product (GDP), resulting from reduced disposable incomes due to poor tobacco revenues; scarcity of foreign exchange; rising commodity prices, fuel shortages, and power disruptions. Consequently, economic performance slowed down, and GDP grew by only 4.3 per cent, opposed to 6.9 percent, projected in the MGDS II. The severe shortage of foreign exchange had negative impact on imports of strategic commodities including fuel, medical drugs and industrial raw materials thereby compromising the health of Malawians and crippling large parts of the private sector. This situation was exacerbated by an over-valued official exchange rate and tight administrative regulations.

This is the period Government was reviewing Malawi Growth and Development Strategy I (MGDSI) and preparing the successor Malawi Growth and Development Strategy II (MGDSII). Achieving economic recovery in the short run and making Malawi less aid dependent in the long

run has therefore been a principal reform priority, hence the introduction of the Economic Recovery Plan (ERP), which came into effect in 2012.

#### Political Reforms

The major political reforms that have been undertaken include the effort by the current administration to restore diplomatic relationship with the British Government. The restoration of this relationship was key to accessing the much needed foreign exchange. The decision to devalue the kwacha with about 49% and allow the for a floating exchange regime were other key political decision tough inherently economic.

#### Legal Reforms

The major legal reforms related to the Economic Recovery Plan are to do with creating a conducive Doing Business Environment ó Doing Business Reforms. Key among the legal reforms has been the enactment of the following:

Act and Status	RATIONALE
1. Investment and Export Promotion Act 2012 <i>Parliament passed the Bill in May, 2012. The Bill was assented to. Regulations are yet to be developed</i>	The Act merged the Malawi Investment Promotion Agency and the Malawi Export Promotion Council and provides a legal framework for the operationalisation of the new institution (Malawi Investment and Trade Centre) by repealing the Investment Promotion Act (39:05) and the Export Promotion Act (39:03)
2. <b>Business Registration Act, 2012</b> <i>Parliament passed the Bill in June, 2012. The Bill was assented to. Regulations are yet to be developed.</i>	The Bill seeks to enact a new legislation in place of the Business Names Registration Act (Cap 46:02) and provides a legal framework for a new computerized business registration system at the Office of the Registrar General
3. <b>Malawi Bureau of Standards (Amendment) Act, 2012</b>	The Act updated the MBS Act (51:02) to make it consistent with international best practices

<b>Act and Status</b>	<b>RATIONALE</b>
<i>Parliament passed the Bill in June, 2012. The Bill was assented to. Regulations are yet to be developed.</i>	
<b>4. Companies (Amendment) Act, 2012</b> <i>Parliament passed the Bill in November, 2012. Meanwhile the whole Companies Bill has been amended.</i>	The Act amended the Companies Act (46:03) and streamlines the processes, time and cost of incorporation in Malawi by making the use of a common seal optional
<b>5. Business Licensing Act, 2012</b> <i>Parliament passed the Bill in November, 2012. The Bill was assented to. Regulations are yet to be developed.</i>	The Act repealed the Businesses Licenses Act (46:01) and aims at improving the framework for licensing sale of goods and services by way of business and for carrying out certain businesses. For instance, the Bill seeks to simplify the regime of starting a business in Malawi by introducing a single business license, among others
<b>6. Export Processing Zones (Amendment) Act, 2013</b> <i>Parliament passed the Bill in May, 2013. The Bill was assented to. Regulations are yet to be developed.</i>	The Act amends the Export Processing Zones Act (39:06) and thereby enhancing the effectiveness of Export Processing Zones (EPZs) as a means to the expansion of private investment capital, increased value addition and growth of export trade
<b>7. Insolvency Draft Bill (2013)</b> <i>The Bill was tabled in Parliament in June, 2013 but it was referred back to Committee of Parliament for further scrutiny.</i>	This is a new Bill and it is still at drafting stage. The Bill seeks to consolidate the written laws relating to insolvency and winding-up of companies and bodies corporate, the written laws relating to the insolvency and bankruptcy of individuals, and other written laws bearing on those two subject matters
<b>8. Personal Property Security Act 2013</b> <i>Parliament passed the draft Bill in June, 2013. The Bill was assented to. Regulations are yet to be developed.</i>	This Act consolidates the regulations for using movable property such as plant and machinery as collateral. It also provides for a legal framework for establishing an electronic property registry at the Registrar General's Department.

Act and Status	RATIONALE
<b>9. Companies Amendment Act, 2013</b> <i>Parliament passed the Bill in June, 2013. The Bill was assented to. Regulations are yet to be developed.</i>	The Act updates the Companies Act with the view to modernize it.

## Public Sector Reforms Management Reforms

A number of public service management reforms have been approved by government in support of improved service delivery as well as support to the Economic Recovery Plan. Key among these is:

### *a. Public Service Management*

- Introduced Organisation Performance Assessment (OPA) that was officially launched in February 2013. The objective of OPAs is to hold Controlling Officers accountable for the delivery of agreed targets. The OPAs are signed between the Chief Secretary to Government and the Controlling Officers and witnessed by the responsible Minister.

An Independent Committee comprising retired public servants, academicians has been established.

- Government has in 2013 embarked on reviewing the Public Procurement Act (2003), the Public Finance Management Act (2003).

### *b. Doing Business Administrative Reforms*

- Government has since the 2012/13 Financial Year approved implementation a number of administrative reforms that will ease doing business in Malawi and make Malawi more competitive in attracting and retaining investors. These administrative reforms are in most cases consistent and complimentary to the Legal reforms.

- A Doing Business Reforms Directorate has been established in the Public Sector Reforms management Unit (OPC) to enhance coordination of critical reforms that seek to enhance the business environment. Focus has , among others, (Details in Annex II) been on :
  - Fast tracking business registration by rolling out the on-line business registration platform
  - Ensure that permits are issued within 21 days from date of application: work in progress.
  - Registering Property: reduce the stamp duty to below the 3%. This was done and gazzeted
  - Access to Land: more industrial sites/Special Economic Zones to be opened.

*c. Parastatal Reforms Programme*

The establishment of the *Malawi Investment and Trade Centre* (MITC), and *the Small Enterprise Development Institute* (SMEDI) have been completed as part of the Parastatal Reforms Programme.

Detailed reforms on enabling MITC to be a one stop service centre for investors and exporters are underway.

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## Financial and Economic Reforms

As outlined in the ERP, focus has been on enhancing Economic Governance and Fiscal prudence. Critically the reforms aimed at restoring relations with multilateral and bilateral development partners namely the International Monetary Fund and the British Government. Notably so

- The Exchange rate Adjustment reforms were undertaken; restrictions on the foreign exchange bureau market were removed with the aim of realigning the exchange rate regime-creating a market that is credible to all market players.
- The Kwacha was devalued against the country's major trading currencies and adopted a flexible exchange rate regime.
- The Zero Deficit Budget was abandoned and adopted the No Net Domestic Financing that calls for maintaining a tight fiscal policy, primarily avoiding expenditure overruns. This reform enables government not to borrow and thus overcrowding the private sector: creating an enabling environment for a private sector led growth. Government is further reviewing its Integrated Financial Management Information System to increase prudence in financial management.

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## Sector Reforms

Most of the Sector Reforms related to the ERP have been outlined under the Doing Business Reforms. It is important, though to mention other critical reforms have been in the mining and energy sectors. Government reintroduced the Automatic Pricing Mechanism with the objective of removing subsidies on fuel. This was expected to boost the Price Stabilization Fund and eliminate the accumulated deficits.

The Ministry of Mining was created to give the mining sector the prominence it deserves as it is one of the key priority areas in the economic recovery endeavours. Policy and legal reforms in the mining sector have since been undertaken.

The approval and launch of the National Export Strategy is seen a major milestone in the drive to promote export diversification.

#### 4.0 CONCEPTUALIZATION AND DESIGN OF REFORMS: HOW TO SUPPORT SUCCESFUL IMPLEMENTATION OF THE ECONOMIC RECOVERY PLAN

The conceptualization and design of reform initiatives are dictated largely by the prevailing political, socio-economic situations. The drivers of reform initiatives in Malawi have over the years included the following: political, fiscal pressures, legal, environment, technology; citizen expectations, good governance, the global economy and market forces; and development partners aid policy objectives. The Public Sector has the responsibility to ensure that these factors are always in sink and that the various stakeholders are involved in the process of reforms as appropriate.

The trajectory of reforms bears testimony to the fact that until 1994 and more so after 2004, most reforms were reactive and largely influenced by development partners who were designing and financing these reforms, and indeed transplanting reforms implemented elsewhere for adoption in Malawi without recourse to prevailing local situations. The fluidity of the reforms is more troubling in a developing country like Malawi because of frequent unstable economy and yet to mature democratic system. In view of the economic fluidity there is limited self financing of desired



reforms. Public Sector reforms frameworks, if any at all<sup>2</sup>, are highly influenced by western scholars for part because public management ethos have evolved from the West and their scholars and practitioners have over the years sought ways in which to improve performance of governments, and part because developing countries have to get financial support from bilateral and multilateral partners and therefore amenable to their influence.

The public sector in Malawi has to systematically re-invent (reform) itself for it to be relevant to the society it serves. The challenge with the public (service) reform agenda in most cases and specifically in Malawi is that it has been characterized and inhibited by lack of self inventing mechanisms that is the ability to transform public systems and structures to create dramatic increase in their effectiveness, efficiency, adaptability. The operation management systems are generically applied across Ministries, Departments and Agencies.

The post April 2012 were reactive and imperative for the economic platform was overly burning (shortage of fuel and foreign exchange and the associated effects on commodities), and the political environment was heating up negatively. Therefore, effective public sector reforms need to be responsive to a burning need and should be based on a shared vision, supported by realistic reforms management framework. It is, therefore important that the conceptualization and design of reforms be as consultative as possible in order to create a common understanding and a shared vision. Key factors in successful reforms include the need for change of organizational culture; capacity development; leadership and management competencies; governance, decentralization and local

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<sup>2</sup> PhD Draft Thesis, Luckie Sikwese: Interrogating the Relevance and Applicability of Public Service Reforms Management Frameworks in Developing Nations: the Case of Malawi Public Service Management Reforms

governance; effective communication strategy, and information communication technology. Guy Mhone augments this position that *“issues of public sector and civil service reform should be located in a broader framework that addresses the nexus of the problems related to governance and democratization and sustainable development”* (Mhone 2003a:19).

In Malawi the nexus of the socio-economic and environmental problems as well as aspirations for good governance have provided the burning platform for reforms. These burning platforms need to be defined in the National Development Frameworks: historically the Statement of Development Policies (1987-1996; Poverty Reduction Strategy Paper 1996-2004; Vision 2020, Malawi Growth Development Strategy I (2007-2011) and the Malawi Growth Development Strategy II (2012-2015). The preparation of these national frameworks has largely been consultative and need to be widely and consistently disseminated in order to create a culture of ownership. There is general consensus, however, that internalization of the national development goals and objectives and therefore the requisite reforms by key stakeholders and the citizens has not been effective due to poor or lack of an effective communication strategy that continually creates and sustains a shared vision.

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#### Political Factors

The one party rule that persisted for thirty years till 1994 and the multi party political dispensation ushered in 2004 have had an impact on the nature and level of success of the reforms which Malawi has embarked on. The pre-1994 period was one of a predominant Public Service that had the monopoly of knowledge and expected to provide everything for its citizens: service subsidization. The current political and technical championship is pro-reforms and thus enabling those entrusted

with managing public organisation to lead processes and build consensus on key areas that require reforming.

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#### Governance Factors

Governance issues gained more prominence after 1994 and well articulated in the fifth thematic area of the MGDS that provides for the need for a vibrant public service if the national development agenda is to be realized and sustained. This thematic area outlines Good Governance as “good public sector management, absence of corruption and fraud, decentralization, justice and rule of law, security, good corporate governance, democratization and information communication and technology”. The Government of Malawi further recognizes that successful achievement of the objectives of the MGDS (II) is more likely if the country has an efficient Public service. Public sector reforms should be driven by the following issues; Anchoring on the prerequisite of good governance within which there is a sound economic environment, high quality service delivery, effective institutions and rule of law, an efficient and effective public sector, and reduction in corruption. To that end the current reforms agenda in the short to medium term is focusing on having: a legal and policy frameworks that will support the development agenda, an affordable, highly motivated, results oriented and productive public service.

#### **4.1 MANAGEMENT OF PUBLIC SETOR REFORMS IN MALAWI**

Review of the reforms initiatives in Malawi as outlined, for example, in the Public Sector Reform Report of May 1996 (Wamalwa: 1996), the Public Sector Reform Management Programme (2002-2006) revealed that the major challenge to successful implementation of reforms was absence of lead institution to champion and coordinate the reform initiatives (Rugumyamheto et 2008). The

Wamalwa Report recommended the establishment of a Public Sector Reform Commission. In response and by way of implementing the recommendations, in 2006 the Office of the President and Cabinet established a **Public Sector Reforms Management Unit (PSRMU)** within the Chief Secretaries Office, headed by a Principal Secretary.

The PSRMU's mandate is "To coordinate and monitor the effective implementation of public service reform initiatives and programmes, and develop systems that will ensure sustainable achievement of national goals". The PSRMU was expected to improve the management of discrete reforms that government has been undertaking since independence. The PSRMU therefore is envisaged to provide strategic leadership in public service reform planning, management and implementation. In order to realize that, it has to develop strategic linkages among various public sector reform initiatives and institutions that drive them. It is largely financed by government through.

The Cabinet Committee on Economy and Reforms provides overall policy direction on reforms while the Principal Secretaries Committee on Economy and Reforms provides strategic leadership. Ministries, Departments and Agencies are responsible for sector specific reform agenda in liaison with the Office of the President and Cabinet.

The PSRMU has developed management tools namely the ***Public Sector Reforms Management Framework*** and the **Public Sector Reforms Framework<sup>3</sup>** to facilitate effective management of Public Sector Reforms. In 2012 a Public Service Reforms and Capacity Development Programme

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<sup>3</sup> PSRF: Annex I

(2012-2016) was approved by Government. This has been developed reflecting the core areas of the MGDS II.

The Public Sector Reforms Management Framework was developed in 2008 and it sets out core themes for reforms as follows: organizational culture change; capacity development; leadership and management competencies; governance, decentralization and local governance; and information communication technology. The Framework puts it that at the heart of any effective organization are continuous capacity development interventions which encompass various variables of organizational effectiveness. On the other hand the Public Sector Reforms Framework outlines four broad areas of reforms and the reform initiatives to be undertaken up to 2014. The reform initiatives are: Civil Service Management Reforms, Economic and Financial Management Reforms, Democratic Governance and Rule of Law Reforms, and Sector Specific Reforms.

In 2008, the PSRMU adopted a Quick Impact Results Programme (QUIRP) implementation Strategy. The main objective of QUIRP is to undertake quick win reforms to improve delivery of essential public goods and services that will have a quick impact on the lives of people. The essential services, whose delivery will be fast tracked, will be chosen on the basis of current delivery rate compared to demand and quality. The process involves conducting performance analysis/capacity scan focusing on policy and legal mandates, institutional and human resources development, financial management systems, procurement systems and practices, IT systems and general governance issues.

## 5.0 CHALLENGES AND OPPORTUNITIES FOR EFFECTIVE MANAGEMENT OF REFORMS

Review of the management of public sector in Malawi including the review of the Public Sector Reform Programme of 1996- 2005, Public Service Capacity Development Programme (2008-2011) and formulation of the Public Service Reforms and Capacity Development Programme (2012-2016) revealed gross weakness in the management of Public Sector Reforms initiatives. One of the main challenges is the absence of an agreed philosophy about public sector reforms to which all key stakeholders are committed. Such a philosophy entails adopting guiding principles that bring or pull together the actions of different players in the reform process and programmes. This means that the process of effectively designing and managing reforms needs to be informed by shared principles among the different stakeholders. These principles should mainly serve two purposes, namely: (i) to anchor the Framework and (ii) to guide institutional and management actions. The resultant challenges and problems are lack of limited oversight in spite having a coordinating office, the Public Sector Reforms Management Unit; reforms being crisis driven; fragmentation and partial implementation of reforms; and lack of a sound strategy to link to the priority areas of the national development agenda. In addition, limited own funding was made available to support key reforms that development partners were not willing to finance due to differences areas of focus.

In addition, and according, to a 2006 Assessment of the Decentralization Report, there has been relatively little real devolution and more deconcentration as there are no elected representatives. Structures, systems and senior staff while instituted, are all highly influenced by the Centre.<sup>4</sup> The

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<sup>4</sup> MLRGD, Capacity Building Needs Assessment, Executive Summary , September 2006

key themes arising from the common service capacity assessments are that staff vacancies and skills are a particular issue at District Assembly level; and that accountability lines have been complicated by half-way house decentralization (for example, a District Officer might be effectively reporting to both their District Assembly and their respective line Ministry on the same project).

There remains the challenge to build and sustain a common understanding of the reforms agenda in Malawi. This is because the communication strategy is not yet fully implemented that will ensure that attitudes and ethics change for a common good..

The creation of the Public Sector Reforms Management Unit in 2006 was hailed as one key step towards resolving the management of the many fragmented reform initiatives. The measures undertaken to develop the hitherto missing Reforms Management Framework and the Public Sector Reforms Framework have created a platform for enhancing the reforms agenda. The efforts and the initiatives can only bear fruits if other public institutions are willing to collaborate and support the functionality of the PSRMU. There still exist unitary reforms and that many MDAs still continue to undertake reforms without involvement of the coordinating PSRMU. This could be that either MDAS are not ready to collaborate or the PSRMU has not engaged MDAs well enough.

Further, Public Sector Reforms management capacity remains a big challenge in the public service. Change management agents and requisite sponsorship within MDAs has not been defined and when identified they lack support. There is also need to define levels of responsibility and accountability.

While national development frameworks have been well conceptualized and designed, MDA's strategic plans, developed and restructuring undertaken, there is however, no evidence that the reforms are being synergized.

In spite of the challenges above, there are now opportunities in that there is visionary political leadership on the reform agenda by the Minister responsible for the Public Service who is also the Head of State, and also visionary technical leadership and sponsorship of by the head of the Public Service.

#### **Strategic Reforms management tools in Malawi**

The key instruments for guiding reforms are in place. Apart from the Vision 2020, the MGDS II and the Economic Recovery Plan, there is a Public Sector Reforms Management Framework, the Public Sector Reforms Framework and the Public Service Reforms and Capacity Development Programme (2012-2016).

The Public Sector Reforms and Capacity Development Programme (2012-2014) focuses on the following creating relevant leadership and management capacities, systems and structures, skills and competencies; developing organizational values needed to facilitate implementation of the National Development Agenda with emphasis on leadership and management for results. Specifically Programme focus, therefore, is on:

- a. Creating a transformational leadership that can effectively drive the national development agenda;
- b. Developing effective organisational mandates and institutions for public service management including capacity to manage Public Private Partnerships;



- c. Recruiting, Developing and retaining a productive human resource that can efficiently and effectively delivery public services;
- d. Creating an accountable and ethical public service; and
- e. Creating a public service leadership able to effectively integrate HIV/AIDS, gender, and environment issues into government policies and programmes.

### **What is that needs to be done?**

In line with the current national development agenda, the following areas have been identified as necessitating specific reform interventions:

- Capacity building and institutional performance ó individual, institutional or organizational capacities needed to perform tasks, establish vertical and horizontal linkages and execute functions efficiently and in such a way that both process and results are sustainable and constitute coherent package of Government of Malawi responses to challenges facing the nation.
- Human Resource Management: the need for human resource development and placement to enhance skills/competencies to increase productivity with strong focus on performance management and ethical behaviours. The challenge has been that not until 2012, when a National Comprehensive Human Resource Survey was commissioned, no effort as a nation was made to periodically audit the human resource skills and competence requirements vis-a vis our national development agenda. Such a survey was last conducted in 1988. Can we dare allocated the available human resource to relevant portfolios?

- Weak policy capacity formulation, both in terms of structures and systems: the need for support to Cabinet and its Committees to streamline decision making and consider long term and strategic policy issues.
- Financial Mobilization and Management ó need for improvement of revenue generation and collection; increase pro-poor allocations; improvement of fiscal discipline; and strengthening of links between policy, planning and budgeting. Can Malawi in its fluid economic state create a Sovereign Fund? It cannot work if it has only been tried. The Public Sector needs to lead in this.
- Performance Management and Improvement ó need for determination of priorities, to ensure that public expenditure is in line with development priorities and development and publication of specific standards for services to be provided and that there is high responsiveness and accountability of the public service to the citizenry demand for Public Services ( Public Service Charters)
- Decentralization (Devolution) and local governance and empowerment: We need to attain the principle of subsidiarity. Central government agencies need to let it go those functions that can best be done at local level.
- Public / Private Partnerships (PPP): the need for effective and well managed division of responsibility between central and local government, the private sector and NGOs for the provision of public services. The need to disseminate the PPP policy and legal frameworks to enhance none state actors to participate in national development.

- Information Communication Technology: the lack of accurate, timely and relevant information for internal decision-making and for public information and the need to develop an appropriate yet sustainable ICT infrastructure.
- Public Service Charter System- the Public Service Charters are expected to establish a responsive and accountable Public Service which will dutifully serve the people and meet the constitutionally guaranteed principles of public governance and administration. It is hoped that Public Service Charters will help transforming for the better general environment of Public Service delivery and also improve the availability, accessibility and acceptability of Public Services in Malawi.

## 6.0 CONCLUSION

Governments win because they are in a position to deliver public services efficiently and are also in a position to create conducive environments in which other actors are able to participate in the delivery of public services efficiently and effectively to complement the government's development agenda. It is imperative that from time to time public service systems and processes are set to respond and just to changing operating environments.

For public sector reforms to succeed there is need for a shared vision, high political and technical leadership and sponsorship, and sustainable internal financing. Central coordination in managing and facilitating reforms is fundamental to successful implementation of reforms. The prevailing technical leadership has provided an opportunity to accelerate improvement in the management systems and legal frameworks for sustained public service delivery and economic recovery.

Even as we cherish the gains made to date, there are questions that the Public Service has to answer: what is that we should have done better and how? Do the structures and systems that are obtaining robust and good enough to respond to the Malawi Growth and Development Strategy II and its priority areas?

I wish therefore to conclude by saying that the Public Service can support successful implementation of the Economic Recovery Plan by creating macro and micro political and economic subsystems that seek to align the Public Sector structures (inherited from the colonial rulers) and its inherent institutions (the infused institutions); and the public- political expectations and inevitable global externalities that we have to grapple with every day.

Public Sector Reforms being a political activity therefore calls for resolute and steadfast leadership: political and technical, that allow for an integrated governance structures attuned with innovativeness, decentralized decision making and managerial autonomy with greater accountability on agreed deliverables. Having identified the five priority areas in the Economic Recovery Plan, it is imperative that appropriate micro-systems delivery support systems are instituted through business processes re-engineering.

It is important that the leadership and management stay the course and build on the gains made to date.



## 7.0 ANNEXES

### ANNEX I: Public Sector Reforms Framework

Civil Service Management	Economic and Financial Management	Democratic Governance and Rule of Law	Sector Reforms
<b>Objective:</b> To build a high performing accountable and modern public service	<b>Objective:</b> To promote and sustain economic growth and development, and sustain fiscal stability and accountability	<b>Objective:</b> To consolidate democracy, accountability and public participation	<b>Objective:</b> To improve delivery of prioritised services
Reform Areas	Reform Areas	Reform Areas	Reform Areas
<ul style="list-style-type: none"> <li>Public Service Policy and Legal Framework</li> <li>Strategic Planning and Management</li> </ul>	<ul style="list-style-type: none"> <li>Parastatals Policy and Legal Framework</li> <li>Asset management systems in Public Service</li> </ul>	<ul style="list-style-type: none"> <li>Electoral Management Systems</li> <li>Governance Institutions Reform</li> </ul>	<ul style="list-style-type: none"> <li>Service Management and delivery systems</li> <li>Soliciting of essential equipment <b>for</b> selected</li> </ul>

Civil Service Management	Economic and Financial Management	Democratic Governance and Rule of Law	Sector Reforms
<ul style="list-style-type: none"> <li>• Organizational Structures and Functions</li> <li>• Performance Management Systems</li> <li>• Compensation Incentives and Rewards</li> <li>• Civil Service Pension Scheme</li> <li>• Human Resource Management and Development Systems</li> <li>• ICT Development in Civil Service</li> <li>• Integrity and Accountability (Service Charters, Code of Conduct and Ethics)</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Stores and Supplies</b> ( Central Government Stores) Management</li> <li>• Public Service Pension <b>Scheme</b></li> <li>• Consolidation of the Integrated Financial Management Information System (IFMIS)</li> <li>• Local Development <b>Management</b></li> <li>• Budget Management</li> <li>• Auditing <b>Systems</b></li> </ul>	<ul style="list-style-type: none"> <li>• Justice Structures and Delivery Systems</li> <li>• Local Government Management Decentralization Parliamentary Management</li> <li>• Prison Management</li> <li>• National Identity</li> </ul>	<p>services</p>

## Annex II: DOING BUSSINESS ADMINISTRATIVE REFROMS

CORE AREA	ACTION	OBSERVATIONS/ACTIONS	TIME FRAME
<b>1. STARTING BUSINESS</b>	<b>A</b>		
<ul style="list-style-type: none"> <li><b>Business Registration</b></li> </ul>	<ul style="list-style-type: none"> <li>Rollout the on-line electronic business registration platform</li> </ul> <p><b>Status:</b></p> <ul style="list-style-type: none"> <li>Business Registration Regulations 2013 have been finalized and are yet to be gazetted.</li> <li>The DRG indicated that for the registration system to be rolled out there is need for development of a website, systems training for DRG to be conducted and Customer Service Centre to be established. If rolled out, the time for business registration will be reduced to less than 48 hours</li> </ul> <p><b>Responsible Ministry/Department</b></p> <p>Ministry of Industry and Trade/ Department of Registrar General</p>	<p><b>DFID under the Business Enabling Environment Project (BEEP) in the Ministry of Industry and Trade has committed to fund the development of a website, systems training and establishment of a customer service centre at the DRG</b></p>	<p><b>October, 2013</b></p>



<ul style="list-style-type: none"> <li><b>Immigration Permits</b></li> </ul>	<p><b>Reform:</b></p> <ul style="list-style-type: none"> <li>Minister for Home Affairs to delegate authority to approve applications to Chief Immigration Officer.</li> <li>Financial Intelligence Unit and Malawi Police to post-vet applicants</li> </ul> <p><b>Status</b></p> <ul style="list-style-type: none"> <li>Round table held by MoIT with relevant players.</li> <li>The Minister of Home Affairs is to write the Chief Immigration Officer delegating the authority to issue BRPs and TEPs.</li> <li>The Ministry of Home Affairs and the Department of Immigration should publicize the reforms to stakeholders through several media outlets.</li> </ul> <p><b>Responsible Ministry/Department:</b> Ministry of Home Affairs</p>	<p>The Ministry of Home Affairs is working on technicalities of delegating the authority to approve permits to the Chief Immigration Officer. Meanwhile the Ministry has submitted a proposal for the implementation of the directive to OPC and they were waiting for a response. The Ministry was also consulting with a lawyer from OPC and the Solicitor General on which instrument to use for delegation. The Secretary for Home Affairs further told the meeting that the Ministry is mobilizing staff to implement the directive.</p>	<p>As soon as possible</p>
<b>2. CONSTRUCTION PERMITS</b>	<p><b>Reform:</b></p> <ul style="list-style-type: none"> <li>Immediately set up a one stop shop to fast track the issuance of Construction Permits.</li> <li>Involve the private sector in construction permits</li> </ul>	<ul style="list-style-type: none"> <li>Town Planning Technical Sub-committees have been set up as one stop shops to fast track the issuance of permits by the local</li> </ul>	<p>Some of the administrative reforms will take full effect when</p>

	<p>especially at construction level through public and private partnership immediately.</p> <ul style="list-style-type: none"> <li>Local Councils should grant planning approvals within 30 days maximum.</li> <li>Reduce the number of procedures from the current 18 to 10 or less.</li> <li>Reduce the scrutiny fees from 0.8 % to a lower rate as the fee is not related to the provision of the service.</li> </ul> <p><b>Status:</b></p> <ul style="list-style-type: none"> <li>Changes to physical planning and building regulations have been proposed and local authorities have been engaged.</li> </ul> <p><b>Responsible Ministry/Department:</b> Department of Physical Planning in the Ministry of Lands (Commissioner for Physical Planning)</p>	<p><b>councils. Applications are determined by the committee every 14 days.</b></p> <ul style="list-style-type: none"> <li>A letter has been drafted by the Commissioner responsible to local councils on the need to contract out building inspectorate services to private firms.</li> <li>The Physical Planning Bill, 2013 proposes 30 days for granting planning approvals. The consultation period has been reduced from 21 to 14 days. There is therefore a possibility that construction permits could be granted within 21 days.</li> <li>Procedures and time to construct, occupy a structure and connect to utilities have been reduced from 18 to 10 and 56 from 200 , respectively.</li> </ul> <p>Scrutiny fees to be reduced from 0.8% to 0.4%. It is also proposed that the fees collected should be used to provide for planning committee and building inspectorate costs.</p>	<p>councilors are in place to approve proposed physical planning and building bye laws, supposedly after the 2014 tripartite elections.</p>
<b>3. REGISTERING PROPERTY</b>	<b>Reform:</b>		

<b>(STAMP DUTY AMMENDMENT)</b>	<ul style="list-style-type: none"> <li>• Reduce stamp duty currently at 3%. This is the highest in the SADC Region.</li> </ul> <p><b>Status:</b></p> <ul style="list-style-type: none"> <li>• Stamp duty reduced to 1.5%.</li> <li>• Amendment has been gazetted. ;</li> </ul> <p><b>Responsible Ministry/Department:</b> Ministry of Finance</p>	<ul style="list-style-type: none"> <li>• Ministry of Finance is yet to publicise the Gazette notice through various media channels.</li> <li>• Digitization of the land registries: the process was completed in 2012. This was in a bid to reduce overreliance on paper files and paper transactions and reduce the time taken to register property</li> </ul>	As soon as possible
<b>4. ACCESS TO JUSTICE</b>	<p><b>Reform:</b></p> <ul style="list-style-type: none"> <li>• Collect and publish statistics on cases.</li> </ul> <p><b>Status:</b></p> <ul style="list-style-type: none"> <li>• MoIT has written informing the Registrar of the High Court and Supreme Court of the requirement.</li> </ul> <p><b>Responsible Ministry/Department:</b> The Registrar of the High Court and Supreme Court</p>	PS, Public Sector Reform Management Unit to seek indulgence of the Chief Secretary	As soon as possible
<b>5. TRADING ACROSS BORDERS</b>	<p><b>Reform:</b></p> <ul style="list-style-type: none"> <li>• Restrict the number of public institutions at the borders to at most five , i.e. Department of Immigration, Customs, MoAFS, MBS, Border Police (but not general Police and Fiscal Police)</li> <li>• Reduce the number of documents for customs clearance to a maximum of five and six documents for exporting and importing respectively.</li> </ul> <p><b>Status:</b></p> <ul style="list-style-type: none"> <li>• MoIT has informed all relevant institutions of above reforms.</li> </ul>	<ul style="list-style-type: none"> <li>• Only institutions whose work is crucial were given full mandate to be at the border while others are encouraged to delegate their duties. Responsible institutions and agencies have been communicated to and the PSRU is following up on progress. So far, Road Fund Administration is working on delegating its mandate of collecting transit fees from foreign registered trucks to</li> </ul>	As soon as possible

	<ul style="list-style-type: none"> <li>MoIT / PSRU to hold meeting with all agencies operating at the border to ensure progress.</li> <li>The number of products requiring export license have been reduced from 25 to 10. Apart from rice and maize, the rest of the products requiring an export license are for health, security and safety reasons.</li> </ul> <p><b>Responsible Ministry/Department:</b> Malawi Revenue Authority/ Ministry of Finance /Ministry of Industry and Trade</p>	<p><b>MRA. Road Traffic Directorate</b> has requested for a meeting with stakeholders involved in road issues such as Ministry of Transport and Public Works, Ministry of Finance, Ministry of Industry and Trade and themselves to discuss on how such a directive will effectively be implemented without creating major losses in the near future.</p> <ul style="list-style-type: none"> <li>MRA has reduced the number of mandatory documents for exporting and importing to 5 and 6, respectively.</li> </ul>	
<b>6. GETTING CREDIT</b>	<p><b>Reform:</b></p> <ul style="list-style-type: none"> <li>The Registrar of Financial Institutions should include utilities (water board and electricity supplier) among institutions that must provide negative and positive information about consumers to credit references bureaus.</li> </ul> <p><b>Status:</b></p> <ul style="list-style-type: none"> <li>MoIT wrote to RBM requesting that a Directive under the</li> </ul>	<p><b>Ministry of Finance is yet to publicise the Gazette notice through various media channels</b></p>	<p><b>As soon as possible</b></p>

	<p>Credit Reference Bureau Act 2010 be issued by the Registrar of Financial Institutions.</p> <ul style="list-style-type: none"> <li>This has been gazetted and utilities are now required to provide credit information.</li> </ul> <p><b>Responsible Ministry/Department:</b> Reserve Bank of Malawi</p>		
<b>7. MITC - ENTRY POINT FOR INVESTORS</b>	<p><b>Reform:</b></p> <ul style="list-style-type: none"> <li>MITC is designated as the entry point for investor enquiries. Investors that come directly to Government Ministries/Departments should be referred to the MITC.</li> </ul> <p><b>Status:</b></p> <ul style="list-style-type: none"> <li>MoIT has communicated on this to all Ministries.</li> <li>Liaison Officers being designated from each ministry to work with MITCas part of OSS system.</li> <li>Regular inter-ministerial meetings held on investment facilitation issues.</li> <li>Effective September, 2013, MITC will roll out electronic investment applications</li> </ul> <p><b>Responsible Ministry/Department:</b> Office of the President and Cabinet (Chief Secretary)/ MITC/Ministry of Industry and Trade</p>	<ul style="list-style-type: none"> <li>MoUs between MITC &amp; MRA; and MITC &amp; Immigration have been developed. While MRA has signed the MoU, Immigration has not, because it has to refer it to Ministry of Justice and Constitutional Affairs.</li> <li>OPC(PSRMU) to write institutions to nominate liason officers</li> </ul>	By end of August, 2013
<b>8.ACCESS TO LAND</b>	<p><b>Reform:</b></p> <ul style="list-style-type: none"> <li>Make more land available for investment.</li> <li>More industrial sites/Special Economic Zones should be</li> </ul>	Ministry of Lands to formalise the transfer of land to MITC in Chigumula. The Ministry is a also working on identifying land to be allocated to MITC in Lilongwe and	As soon as possible

	<p>opened in to facilitate industrialization.</p> <p><b>Status:</b></p> <ul style="list-style-type: none"> <li>• Need for national land mapping, particularly related to priority crops-to be pursued with assistance from DPs.</li> <li>• MoIT currently developing proposal for SEZ linked to anchor farms in Zalewa.</li> <li>• Ministry of Lands currently looking to undertake mapping of unutilized estates, as well as mapping of land for Sugar Cane investment.</li> <li>• Land designated as investment land by Dept of Physical Planning to be allocated to MITC under new Land Act.</li> </ul> <p><b>Responsible Ministry/Department:</b> Ministry of Lands</p>	<b>Mzuzu</b>	
<b>9.TAX INCENTIVES</b>	<p><b>Reform:</b></p> <ul style="list-style-type: none"> <li>• MoF to immediately review and publish fiscal incentives targeting growth sectors.</li> <li>• Institute a performance based incentive monitoring system to ensure a win-win scenario.</li> <li>• Impacted Indicator: Starting a Business</li> </ul> <p><b>Status:</b></p> <ul style="list-style-type: none"> <li>• Tax Incentives Study finalized and some measure introduced in 2013/14 budget measures, e.g. removal of duty on construction machinery, special vehicles for tourism industry and introduction of tax holiday in agro processing and energy sector.</li> </ul>	<p><b>Tax incentives have been published. The Ministry of Finance is yet to gazette Tax Holiday incentives</b></p>	<b>As soon as possible</b>

	<ul style="list-style-type: none"> <li>• Other measures not implemented this year to minimise Short Term revenue impact.</li> <li>• MRA developing details of incentives to be communicated to the public.</li> <li>• <b>Responsible Ministry/Department:</b> Ministry of Finance/ Malawi Revenue Authority/ Malawi Investment and Trade Centre</li> </ul>		
<b>10.ENVIRONMENTAL IMPACT ASSESSMENT</b>	<p><b>Reform:</b></p> <ul style="list-style-type: none"> <li>• Gazette the procedures for EIA and list of approved consultants and fees.</li> <li>• Publish the time lines for approvals.</li> </ul> <p><b>Status:</b></p> <ul style="list-style-type: none"> <li>• MoIT has communicated need for action on this reform to Ministry of Environment and Climate Change Management (MoECC).</li> </ul> <p><b>Responsible Ministry/Department:</b> Ministry of Environment and Climate Change Management</p>	<ul style="list-style-type: none"> <li>• In 1997 and 2002 the MoECC published General and Sector-specific guidelines, respectively which outline EIA processes and procedures to be followed in Malawi to facilitate compliance with EIA requirements by all project developers.</li> <li>• Procedures and list of activities that require an EIA before it is approved were gazetted in 1998 .</li> <li>• The Ministry has a list of EIA experts. The Directory of experts and an EIA brochure will be made available to investors.</li> <li>• To ensure rapid approval of EIA's, the Ministry hold adhoc meetings for urgent projects requiring quick review.</li> <li>• The Ministry is developing a</li> </ul>	As soon as possible

		<b>website for posting environmental information including on EAI processes and procedures.</b>	
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