



Transformation Plan 2010-2011

UNITED NATIONS COUNTRY TEAM

MALAWI

UN Malawi Vision 2016 – UN Agencies working coherently and effectively to support the government and the people of Malawi to achieve prosperity, human rights and wellbeing.

Introduction

The UN Transformation Plan 2010-2011 is the logical successor to the UN Business Plan that was developed in 2007. While this original plan mainly focussed on operational efficiency, the new Transformation Plan takes a boarder approach to all change management initiatives that are required to "domesticate Delivering as One (DaO)" to Malawi - a term borrowed from the Country Led Evaluation of DaO in Malawi, undertaken in May 2010.

The Transformation Plan builds on the gain in DaO made in Malawi since the start of the first UNDAF (2008-2011), which was captured in the above mentioned evaluation. The new plan covers the period of 2010 to 2011 and as such will support the process of UNDAF formulation, One Plan/One Budget formulation and all associated change management initiatives required to effectively align to the Malawi Growth and Development Strategy. The Transformation Plan further has two specific strong focus areas, notable;

1. Benchmarking progress in DaO, improving cohesion, coherence and relevance of UN programmes. This will not only enable improved substantive management of the process, but also will allow for greater accountability of the UNCT to Government, Development Partners and Civil Society on progress.
2. Benchmarking improved operational efficiency in order to ensure that investment made in business and process rationalization can be measured in hard operational gains that can lead to actual savings that can be deployed to other purposes.

The UNCT Transformation plan has three interlinked components;

1/ **Situation Analysis**; the first segment makes the business case for change, building on the recent developments in Malawi, as well as global trends in the aid effectiveness discussion. This segment argues that change is inevitable if the UN in Malawi wants to remain relevant and engaged within the mainstream of international assistance.

2/ **Progress in DaO**; This part focuses strongly on issues of client "demand", trends in recent years vis-à-vis the UN in Malawi and provides a risk analysis that underpins part of the UN's actions under the Transformation Plan. Placing the UN as provider of development services, this segment recognizes that Government, Development Partners and Civil Society need to see their UN responding to service demands, requirements and national priorities.

2/**Transformation Focus**; this part provides a summary of the most important aspects of the Transformation Plan that have been elaborated in the attached Results and Resources Matrix that provides the exact benchmarks, actions and resources requirement that will effect change.

Through the Transformation Plan the UNCT hopes to achieve the following results;

1. An UNDAF (United Nations Development Assistance Framework) and associated One Plan (UNDAF Action Plan) that closely aligns with the MGDS (Malawi Growth

and Development Strategy) and is a clear expression of UN's comparative advantages, corporate strengths and mandates.

2. UN capacities aligned to the operational and substantive challenges posed by the new One Plan, with a clearly articulated capacity development plan for UN agencies that will allow for a continued build up of excellence in policy and service delivery.
3. Business process harmonized, simplified and made more efficient and effective, with real net savings being calculated and deployed to other purposes.

The UNCT in Malawi will take concrete measures to ensure substantial progress is made in each of the transformation areas identified underneath. In order for these transformation activities to be successfully implemented, the UNCT in Malawi calls upon Development Partners to provide financial and political support and to continue contributing un-earmarked and more predictable funding to the UN development activities.

Part I. Situation Analysis

1. Malawi Growth and Development Strategy

Malawi is widely recognized as a country that has made exceptional progress in MDGs achievement and at this juncture it looks that the country is poised to achieve 5 out of 8 MDGs by 2015. This will however require an effort that is not to be underestimated. Five years of economic growth and good harvests have beyond doubt had a significant impact on poverty level that dropped in this period from 50 percent to below 40 percent. However, the progress remains fragile and subject to external shocks that can easily erode gains made so far. In addition, the blistering pace of progress in recent years is also an indication that many of the "quick wins" have already successfully been captured and that further progress will most likely will require an upscaling of MDGs achievement and a greater focus on action at the sub-national level.

Malawi's Progress towards Achieving the Millennium Development Goals

GOAL/TARGET	Indicator	2009 Status	2015 Target	Feasibility of achieving the MDG
Eradicate extreme poverty and hunger	Proportion of population living below US\$ 1 per person per day (percent)	39	27	Likely to be met
	Poverty Gap Ratio (percent)	17.8	8	
	Poorest quintile share in national consumption (percent)	10.1	20	
	Prevalence of underweight children (percent)	17	14	
	Proportion of population below minimum level of dietary energy consumption (percent)	15	11.8	
Achieve universal primary education	Net enrolment in primary (percent)	83	100	Unlikely to be met
	Proportion of pupils starting grade 1 reaching grade 5 (percent)	75.7	100	
	Literacy rate (15–24 years) (percent)	84	100	
Promote gender	Ratio of girls to boys in primary education	1.03	1	Unlikely to be

	Ratio of girls to boys in secondary education	0.79	1	
	Ratio of literate women to men 15–24 Years Old	0.94	1	
	Share of women in wage employment in non-agriculture sector (percent)	15	50	
	Proportion of seats held by women in Parliament (percent)	22	50	
Reduce child mortality	Under-five mortality rate (per 1,000)	122	78	Likely to be met
	Infant mortality rate (per 1,000)	69	44.7	
	Proportion of 1 year children immunized against measles (percent)	84	100	
Improve maternal health	Maternal mortality ratio (per 100,000)	807	155	Unlikely to be met
	Proportion of births attended to by skilled health personnel (percent)	75	100	
Combat HIV and AIDS, malaria and other diseases	HIV prevalence among population aged 15-24 years (UNGASS 2009)	12	0 ¹	Likely to be met
	Proportion of population aged 15-24 years with comprehensive correct knowledge of HIV/AIDS (UNGASS 2009)	M: 42.1	100	
		F: 42.1	100	
	Proportion of population with advanced HIV infection with access to antiretroviral drugs (UNGASS 2009)	65% ²	100%	
	Ratio of school attendance of orphans to school attendance of non-orphans aged 10-14 years (MICS 2006)	0.97	1.0	
	Deaths rates associated with malaria (percent)	3	-	
	Access to malaria treatment (percent)	22	-	
	Proportion of HH with at least one ITN (percent)	60	-	
	Death rates associated with TB (percent)	8	-	
	Proportion of TB cases under DOTS (percent)	86	-	
Ensure environmental sustainability	Proportion of land covered by forest (percent)	36.2	50	Likely to be met
	Proportion of area protected to maintain biological diversity (percent)	0.16	0.18	
	Proportion of population using solid fuel (percent)	98	0	
	Proportion of population with sustainable access to an improved water source (percent)	75	74	
	Proportion of population with access to improved sanitation (basic sanitation is put at 88% (MICS 2008)(percent)	60*	64	
	Slum population as percentage of urban population (percent)	67.7	-	
Develop global partnership for development	Net ODA as a percentage of Real GDP (percent)	22	-	Likely to be met
	Unemployment of 15–24 year old (urban) (percent)	4	-	
	Telephone lines subscribers per 100 populations (percent)	2.3	-	
	Cellular subscribers per 100 population (percent)	21	-	
	Internet users per 1,000 population (percent)	10.5	-	

Note: '-' means no target set for the indicator. **Source:** Government of Malawi (2009) or as indicated.

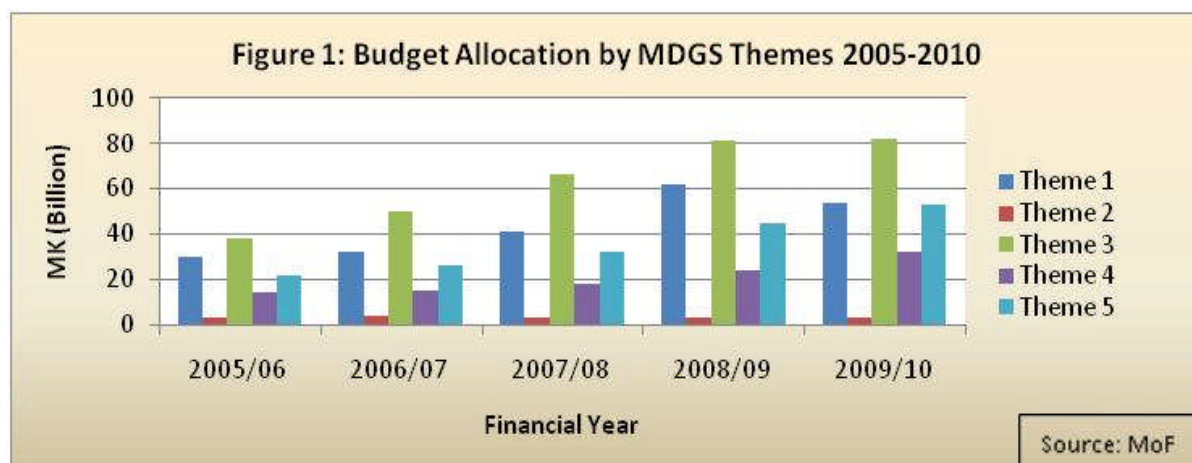
*Figures from the UNICEF/WHO — JMP 2006

MGDS II that will be formulated and launched in 2010/2011 will be instrumental in defining the elements and strategies required for a MDGs breakthrough in Malawi by 2015. The UNCT therefore has opted to develop a MGDS engagement strategy based on a Country Assessment that will provide GoM with a concise overview of the salient MDGs concerns that the UNCT has, as well as access to the most recent data pertaining to these. The UN system will place itself firmly behind the need to evidence based planning and policy making, leveraging the Joint Programme on M&E that was developed under the first UNDAF. The Engagement Strategy further aims at ensuring that the MGDS indeed forms a firm basis not only for MDGs breakthrough, but also for the overall UN programming

¹ The Malawi target for 2015 is for 0% **incidence** of HIV infection (or “zero new infections”) in this age group, rather than HIV **prevalence**.

² Percentage coverage based on pre-June 2010 National ART Guidelines for HIV treatment access.

process - the UNDAF. In order for this to happen, the MGDS needs to e.g. provide a clear pro-poor direction to complement the strong growth focus, contain specific elements on pro-poor employment, focus specifically on the underlying pro-poor strategies in education and health and contain indicators on good governance. However, the UN is convinced that the MGDS focus on economic growth has been successful in the past cycle and a pro-poor focus should build upon this.



The annual GDP growth in the last five years has averaged about 7 percent, compared to an average of about 2 percent prior to 2005. The economy registered the highest growth in a decade of 9.7 percent in 2008 (World Bank, 2010). The trend in GoM allocation of resources by MGDS themes is shown in the figure above. Much as there has been nominal growth in allocations in the themes since 2005, the proportions of the allocations to the total budgetary allocation has remained relatively the same over the period. For instance, the proportional allocation of Sustainable Economic Growth Theme to the total budget was 23 percent in 2005/2006 and 21 percent in 2009/2010. The proportional allocation for Social Sector Theme was 29 percent in 2005/2006 and 31 percent in 2009/10. It suffices to point out that, while in nominal terms the figures indicate slow growth, in real terms there must have been growth in the value of development assistance due to a constantly declining inflation rate in the last five years.

MDGS Thematic Areas	Sector Working Groups	MGDS Key Priorities
Theme 1: Sustainable Economic Growth	1. Agriculture	1. Agriculture and food security
	2. Integrated Rural Development	6. Integrated Rural Development
	3. Environment, Lands & Natural Resources	5. Climate change, Natural Resources & Environment Management
	4. Tourism, Wildlife & Culture	
	5. Water, Sanitation & Irrigation	2. Green Belt Irrigation & Water Development
	6. Trade, Industry & Private Sector Development	
Theme 2:	7. Vulnerability, Disaster & Risk	

Social Protection & Disaster Risk Management	Management	
Theme 3: Social Development	8. Health	7. Public Health, Sanitation and HIV
	9. Education	3. Education Science & Technology
	10. Gender, Youth Development & Sports	8. Youth Development & Empowerment
Theme 4: Infrastructure Development	11. Roads, Public Works & Transport	4. Transport Infrastructure and Nsanje World Port
	12. Information, Communication & Technology & Research & Development	
	13. Energy & Mining	9. Energy, Mining and Industrial Development
Theme 5: Improved Governance	14. Economic Governance	
	15. Democratic Governance	
	16. Public Administration	

As GoM moves towards the needs assessment for the MGDS, the Demographic Health Survey and the Household Expenditure Survey will not be completed on time to serve as the substantive basis for in-depth analysis and specific target setting. For the next MGDS to be a robust policy document which will guide the development process forward, MDGs based planning and budgeting were identified as one of the capacity areas that need to be strengthened.

The DAS (Development Assistance Strategy) 2006 – 2011 outlines important institutional arrangements for effective aid coordination in Malawi. The UNCT is committed to making the preparation and finalisation of the UNDAF in tandem with the MGDS, ensuring greater alignment of priorities and reduced transaction costs in stakeholder consultation. However, making use of GoM existing coordination mechanisms such as the SWGs and DAS/JSM (Joint Strategy Meeting) will offer considerable challenges. The prospect of UN agencies engaged all 16 sector working groups is daunting from a work load perspective. In addition, Government having to deal with a multitude of UN agencies in many of the Sector Working Groups will lead to high transaction costs at that level. Rather UN agencies will be establishing a division of labour and will be developing ways and means that allows for mutual representation to reduce transaction costs.

One measure of success of the engagement strategy and the new division of labour will be the way in which the UNDAF formulation process will dovetail the MGDS formulation and finalization. If UN agencies have managed to effectively engage and embed the issue of concern within national priorities, the formulation of the UNDAF should be an outcome of the national planning process, rather than a separate process that requires GoM to focus considerable additional resources.

2. Aid Effectiveness.

Malawi continues to heavily rely on donor aid to support its national budget. According to the Annual Debt and Aid Report (2008/2009), aid as a percentage of GoM expenditure increased from 22 percent to 43 percent. The proportion of aid to real GDP doubled from 13 percent to 26 percent. The UN in Malawi plays a pivotal role in the resource mobilization for the direct project support in Malawi. A total of \$786 Million was disbursed as aid to Malawi. Of this amount, 21 percent and 56 percent accounted for direct budget support and direct project support respectively. The UN in Malawi disbursed a total of \$57 Million, which represented a 7.3 percent of the total disbursements and 13 percent of the total direct project support.

Malawi's Aid environment is rapidly evolving. The Implementation of the DAS as mentioned before is one aspect. Direct budget support, sector budget support and sector wide approaches in health and education are rapidly changing the landscape which a shift away from project specific consultations towards more macro dialogues. UN agencies need to increasingly place themselves in this context.

The visible plurality of the UN and the congregation of a number of UN agencies in social sectors such as Health and Education have increased the demand for tripartite (UN, GoM, Development Partners) discussions on UN comparative advantages across the board and better coordination among UN agencies through a common UN platform. It is however worth noted that the discussion will be a dynamic process with no fixed goal post.

The increased overall harmonization along with a division of labour and the shift by major donors toward direct budget support and sector wide approaches (SWAp) is challenging the UN to reassess the way it delivers development assistance. The way the UN repositions itself as a development service provider, the role it plays in SWAp and SWGs context are critical for it to remain relevant for the successful implementation of development programmes in the country and in its relations to the GoM and the Development Partners.

While the GoM has recently undertaken some welcome reform efforts, Malawi did not make much progress in meeting the Paris indicators targets on strengthening and use of public financial management and procurement systems. The UN is lagging behind most major Development Partners who on average will score above 20 percent, while UN can only report on a 7 percent utilization rate (2008 data). As a result progress towards greater use of country public finance and procurement systems has been limited. One of the major venues for improving UN's performance in this respect is the implementation of the Harmonized Cash Transfers (HACT) which is applied by UNICEF, UNDP, UNFPA, WFP and UNESCO. This system creates one set of rules and reports that apply to transfer of and accountability for of funds to GoM. This approach has an inbuilt capacity development element. In addition UN agencies also place themselves behind capacity development aspects of national systems – UNDP through its support to the National Capacity Development Programme of the Office of the President and Cabinet, while others do so through their respective programmes with line ministries.

3. Resurgence of Cross-cutting Themes

In the course of 2010, the discussion on cross cutting themes is accelerated. The inclusion by H.E. the President of Climate Change, Natural Resources and Energy as one of the 9 Priorities amongst Priorities, led to a re-adjustment of these topics within the hierarchy of national issues. Equally the emphasis was placed by senior leadership on the issue of capacity development, as a binding constrain on development of the nation. The continued debate in the country on gender, notably after the successful UN supported 50/50 campaign for female candidates for the National Parliamentary Elections, will be carried forward. Finally, the national discussion on Human Rights issues initiated in the early 1990 around the issues of political rights is now increasingly focussing more on topics around rights to development such as the Rights of the Child, and economic and social rights. The recent treatment of the Gay Couple, eventually pardoned by H.E. the President, led to further discussion on the need for e.g. the country's legal framework to close the gaps highlighted by some of the emerging rights to development issues.

Climate Change, Environment and Natural Resources concerns are so fundamental to the sustainable economic and social development of Malawi. Economic development and sustained food security of Malawi are fully dependent on the development and implementation of national strategies to mitigate and combat climate change impacts. The GoM has intensified measures to monitor the weather trends and early warning systems of adverse climatic changes, development of research and adaptation of new technologies to enhance the resistance of certain crops to the impacts of climate change. The GoM has also continued to ensure sustainable use of land by controlling land degradation and encouraging communities to plant trees. The UN assists the Government in developing the National Framework for climate change that cuts across all sectors of the MGDS and initially some six UN agencies are directly engaged with this process.

Critical capacity gaps persist, and cut across several public functions at all levels, national and district. The weak management of the human resources was assessed to be the single biggest problem in GoM, other main issues are poor communication from centre to line ministries, lack of harmonization of main regulation or policy documents, weak management information systems etc. Capacity development is an area that affects all the themes of MGDS and the recent Presidential State of the Nation Address places this as a key strategy up to 2014.

The UNCT in Malawi is committed to promoting the implementation of capacity development as a means to empower the citizens of Malawi with the necessary tools to become primary drivers of their own economic development. While adhering to the international conventions on the new aid environment (i.e., the Paris Declaration, the Accra Agenda for Action, the Doha Convention, etc.), developing the capacity for Malawi becomes a means of enhancing ownership of the development agenda to the Malawi people. As such, the UN stands as a catalyst in coordinating development assistance towards the area of capacity development at various levels of the Malawian society.

Women make up about 52% of the population and are more likely to be poor. An analysis of Malawian society shows that disparities exist between men and women in actual power sharing, participation, benefits and control over decision-making. Although it is recognised that gender imbalance is a major cause of poverty, the contribution of women remains

unappreciated and their potential under-utilised, especially within the formal sector in Malawi. The MGDS identified gender as an integral part of the national development agenda. Much as there are some gender provisions, a critical analysis of the MGDS shows that it does not adequately address gender equality. Gender dimensions are silent and are addressed as cross-cutting issues, which are not clearly articulated and there are no specific strategies for their achievement. The MGDS does not capture the centrality of gender issues in attaining national economic growth and poverty reduction.

Much of the UN's work is founded in the Universal Declaration of Human Right. The UN in Malawi will continue to engage in the national efforts, whether through the discussion on various rights issues related to gender, HIV, children and youths or its relation with human rights institutions such as the Ombudsperson and the Human Right Commission. In this connection the upcoming UPL (Universal Periodic Review) exercise will be a major focus for UN agencies through the Human Rights Theme Group in 2010 and 2011. In addition, the UNCT has purposely opted to apply a clear Right based approach in the formulation process of the UNDAF.

Part II Progress in Delivering as One

1. Milestones

Much progress has been made since in 2006 when the UNCT initiated the discussion on DaO. Specific milestones in this respect were the request by GoM in 2007 for Malawi to be considered as a formal Pilot of UN reform, the development of the first UNDAF (2008), the first Business Plan (2008), the One Plan (2009) and the first funding into the One Fund (December 2008 provided by Norway). Malawi is currently being recognized as one of the two most advanced countries having voluntarily adopted DaO and seeks to maintain this lead. This was expressed in a total of US\$ 30 Mln of funding through the Expanded DaO Funding Window for UN reform, provided by Spain, Norway, the Netherlands and UK. This was the single largest allocation to a self-starter and in many ways eclipsed funding provided to a number of pilots.

This has however not been achieved without serious investment and hard work by the UNCT assisted by the UN Resident Coordinator Office (UNRCO). The support from local Development Partners such as Norway, Ireland, and the UK has to be appreciated, as they provided funding in 2008 and 2009 for the establishment of a well staffed UNRCO. Development Partners have since provided funding for staff and UNCT activities through what is now known as the Transformation Fund to the tune of approximately US\$ 1 Mln. While this is a considerable sum, it is still much less than what was required by most of the pilots and hence progress in DaO continued to depend heavily on staff capacities in UN agencies. Towards the end of 2009, when most investment had been made and the system was ready to move, the UNCT singled serious change fatigue amongst staff and decided that it was time to take stock.

Part of this process has been developing a clearer understanding of what our clients require their United Nations to do;

- **Government of Malawi**

The implementation of the DaO approach has renewed GoM leadership and ownership of UN programmes, led to better alignment to national priorities, and brought about enhanced coherence and effectiveness to UN support. GoM expectations are high that transaction costs in dealing with the UN will be reduced as result of the DaO approach and the impact on the efficiency and effectiveness of the UN will increase.

- **Civil Society**

Civil Society has an important role in ensuring that diverse voices are heard during the formulation of policies and implementation of plans. DaO is having a positive impact on a transformative relationship between the UN, GoM, development partner and Civil Society at the country level. Via the strengthened Partnership, Civil Society expects to have better access to national development dialogues and their role and contribution will be better integrated in national development processes. The strengthened Civil Society representation on key development issues has been one of the success factors in DaO although further improvement is required.

- **Vulnerable and marginalized groups**

The UN is expected to amplify the voices of those who would otherwise be voiceless – the poor, the most vulnerable and marginalized. These groups seek direct UN support, advocate for their position in policy debates and create new and innovative interventions to support their engagement with GoM on policy issues to achieve specific development objectives.

- **Development Partners**

Development Partners recognise the UN's role and responsibility as advocates of the MDGs in coordinating Development Partners' support to GoM in areas where the UN has comparative advantages. Development Partners call on the UN to measure progress in efficiency and effectiveness and to showcase UN programmes which are responding to national priorities in a coherent and cohesive manner. Development Partners also rely on the UN to develop substantive and operational Partnership including supporting the development Partners' engagement with GoM on policy issues so as to reduce the heavy transaction costs to GoM in dealing with a multiplicity of development Partners.

The following table summarises the indicative budget of the One Plan for the three-year period (2009 – 2011).

OUTCOME	Total (Planned) Budget	Regular (Core) Resources	Other (Non-Core) Resources	One Fund	Gap (to be mobilized)
Outcome 1 - Food and Nutrition Security and Economic Growth	39,921,888	7,225,133	9,275,272	7,982,496	15,438,987
Outcome 2 - Social Protection and Disaster Risk Reduction	27,892,373	1,666,982	6,399,340	4,349,088	15,476,963
Outcome 3 - Social Development	152,475,227	20,801,273	86,263,954	10,168,789	35,241,212
Outcome 4 – HIV and AIDS	75,042,876	19,158,682	21,152,760	4,405,323	30,326,111
Outcome 5 – Good Governance	79,222,144	30,623,692	28,243,861	4,076,047	16,278,544
GRAND TOTAL	374,554,508	79,475,762	151,335,187	30,981,743	112,761,817

While the total gap of the One Plan seems to be substantial, there are areas that are perceived as easy to be filled. These include Health and Nutrition; Food Security; Water and Sanitation; Food and Emergency Assistance; Good Governance; Human Rights; Gender and Elections.

Findings from a scoping study commissioned by the UNCT in 2006 (*ODI, Towards a Single Budgetary Framework*) revealed that donor willingness to finance the UN system was very closely related to their perceptions of three criteria: (i) the appropriateness of the UN's strategic positioning; (ii) its effectiveness in delivering results against its stated objectives, and; (iii) the efficiency with which it implements its programmes. UN has been identified as useful partner given its comparative advantage in areas where donors might have programmed activities but lacked in-house capabilities. Of particular importance is the UN engagement in special events; humanitarian response, Elections and Climate Change.

2. Consultations

The country-led evaluation on Delivering as One (DaO) of April 2010, conducted by independent consultants, reconfirmed a concern around areas of fragmentation, duplication and overlap within the current UNDAF and the need for cross-cluster collaboration amongst UN Agencies. As the UNCT works on addressing this issue, the greater involvement of tripartite stakeholders (UN, GoM and Development Partners) during the formulation of the One Plan or annual consultation processes including the high level JSM, proved to be one way to enhance synergies and accountability for results and expenditure.

The country led evaluation further indicated that the One Fund with additional funding, largely un-earmarked, provided a great opportunity for the UN and the GoM to upscale and prioritize interventions for development results as set out in the UNDAF. The One Fund helped strengthen GoM ownership of UN activities, who request the UN to continue driving for coherence and focus in order to produce better development results. A policy dialogue on UN alignment with the GoM 9 key priorities agenda will take place during the formulation of the new UNDAF in 2010.

A survey commissioned by the UNCT in mid 2010 explored perceptions of stakeholders about the UN in Malawi. The findings suggest that stakeholders recognize the professional expertise

of UN staff and the value added through its impartiality and neutral mandate. The UN's role as a provider of policy advice, access to global resource networks as well as in humanitarian affairs was highly valued by stakeholders. On the other hand, stakeholders considered the UN to be lacking focus, and working in too many areas without necessarily having the capacity or comparative advantage vis-à-vis other development Partners.

The UN Country Team has devoted considerable time to establish essential systems and mechanisms to support delivering as one. The One Fund Special Session, the Joint Strategy Meeting and the Transformation Team experienced a new way of UN, GoM and development Partners working together towards more a more coherent and effective UN. The improved consultations process has laid the foundation for developing a new standard for programme consultation to enhance aid effectiveness, GoM leadership and national ownership of the UN's programmes, as the UN embarks the development of the new UNDAF 2011 – 2016.

3. Risk Log

Through the above mechanisms and internal consultations, the UNCT in Malawi developed the below DaO risk log which will be used as a living management tool during 2010/11.

Risk	Baseline	Mitigation Strategy
Financial and Human Resources in adequate to sustain the change process	<ul style="list-style-type: none"> - \$1 mio gap RCO budget (2010-11) - RCO seen as understaffed, with too many functions falling to agency staff. - Change fatigue with UN agencies staff 	<ul style="list-style-type: none"> - Develop Transformation Plan and request DPs to provide funding for the Transformation Fund - Raise funding constraints with RDT - Seek long-term solutions to integrate RCO costs into One Fund - Improve internal communication between staff and UNCT - ensure an across the board engagement with a clearly articulated change management strategy (Transformation Plan) - Undertake a Capacity Assessment aligned to the UNDAF to ensure UN agencies have required substantive policy capacity to implement UNDAF. - Develop a UN capacity development Strategy and One UN Learning Plan to bolster staff capacities.
GoM leadership in development and inadequate implementation of DAS	<ul style="list-style-type: none"> - GoM using DaO evaluation to get to grips with the UN programme - Only central Ministries engaged (OPC, MoF, MoDPC) 	<ul style="list-style-type: none"> - Human Rights Sensitization and training. - Strong engagement MGDS processes to position UN programmes - DoL amongst UNCT to ensure UN leadership in SWGs more coherent and

	<ul style="list-style-type: none"> -Only 6 out of 16 SWGs viable at this moment -Weak GoM internal coordination capacity 	<p>targeted</p> <ul style="list-style-type: none"> - Stronger outreach from UNCT to key officials of GoM through a tri-partite Transformation team.
Substance of UNDAF and outdated evidence base	<ul style="list-style-type: none"> -What should be in the UNDAF and what not: Clarity not yet achieved -Population Census results only now being published - DHS + HIES pending -9 key priority agenda and political drivers to MGDS process may generate a narrow focus 	<ul style="list-style-type: none"> -Prepare Country Assessment as an input into the MGDS process and consistently mention data gaps during MGDS engagement - Develop a MGDS engagement strategy that enables UN agencies as per DoL agreed, to engage the substance of the MGDS though the SWG positioning issues of UN concern. -Develop a Communications Strategy that will allow consistent outreach to decision makers and the general public on issues of UN concern (One Voice) - Further discussion on the content of UNDAF during formulation and in consultation with GoM
Weak implementation capacity of national counterparts	<ul style="list-style-type: none"> -Low UN utilisation of national systems (7%) -HACT macro and micro assessments highlight financial system deficiencies 	<ul style="list-style-type: none"> - Consolidated HACT effort at capacity development in project management, RBM, finance management and procurement -Seek to engage more agencies in HACT - even if parallel (WHO)
Changing funding scenario for UN in Malawi	<ul style="list-style-type: none"> - One Fund liquidation through Expanded Window to the tune of US\$ 30 Mln, but no clarity beyond 2011 - Norway only discreet donor to One Fund with a US\$2.,5 Mln input. - Norway, DFID supporting the Climate Change Window in One Fund -direct cost sharing to UN agencies still dominate fund modality for UN agencies, but likely to decrease due to financial crisis -Agencies core resource likely to decrease due to financial crisis post 2010 	<ul style="list-style-type: none"> - Engagement of the global Delivering as One debate, ensuring Malawi has a distinct profile. -Develop a Transformation Plan to give clear visibility to the factors that differentiate Malawi from formal Pilot of UN reform and other Self Starters. - Develop and implement a communications strategy that will allow for clear articulation of UN's DaO results. -Ensure visible and benchmarked progress in critical reform indicators and consistent dialogue with GoM and Development Partners. -Ensuring close alignment MGDS and UNDAF processes and outcomes. -Establish renewed partnership with GoM in resource mobilization; making

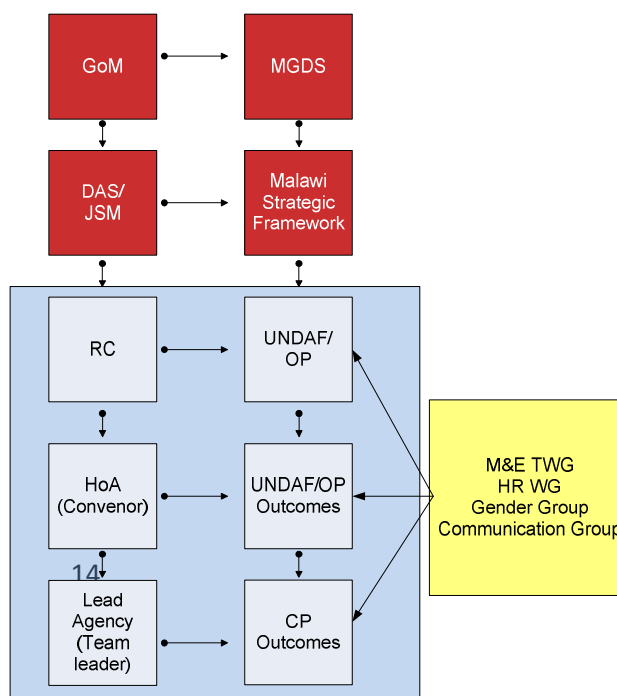
		the joint case for un-earmarked resources for One Fund to underpin UNDAF implementation
Shifting priorities due to political change	- UN being challenged to align the UNDAF with the new Govt 9 key priority areas	- UN actively participates in SWGs discussions to raise awareness among SWG members on UN comparative advantage
Decline in commitment of DaO due to stalling TCPR/QCPR process	- TCPR/QCPR process uncertainty	- Shifting focus to mobilise resources at country level rather than depend on global mechanisms.
Lack of corporate support for DaO	- Self-starters found little room to engage in the DaO debates	- UN Malawi participation in global DaO forums to advocate for corporate commitment to change - Malawi to host first Self Starters Forum in 2011.

The DaO in Malawi was adopted at the beginning of 2007 with the strategic objective of bringing about a UN development system that is more relevant, more coordinated, coherent, efficient and effective. The contribution of the pilots and self-starter countries including Malawi to advance UN coherence, effectiveness and efficiency along the lines of the Triennial Comprehensive Policy Review (TCPR) (GA Resolution 62/208) has been widely recognised and appreciated by Member States. The DaO approach has evolved significantly and much progress has been made across the pilots. The DaO approach allowed better access by GoM to resources and mandates of UN Agencies, while preserving their respective mandates, roles and unique expertise.

4. Business processes and practices

Alignment and Consultation

The development of the One Plan is a significant improvement from the earlier way of UN planning and delivery. The One Plan challenges the UN to strive for better alignment of the UN activities with national strategies and priorities and enables periodical monitoring thanks to its annualised expected results.. The efficiency of the One Plan has been facilitated through a the establishment of the co-



ordination mechanism between the GoM and the UN for its implementation. They allow for improved consultation, planning, programme delivery, monitoring and evaluation, and accountability for results.

Leadership at all levels

The first GoM-UN High-level Joint Strategy Meeting (JSM) took place in December 2009 with participation from key line and central ministries, development Partners and the UNCTs. The JSM, co-chaired by the Chief Secretary of the Office of the President and Cabinet and the UN Resident Coordinator, was not only a positive and welcome development in the process of enhancing government leadership and national ownership but also a solid beginning for the GoM, the development Partners and the UN to address the level of strategic thinking and step up collective efforts in Delivering as One for the benefit of the people of Malawi.

An internal governance structure was established to help the UN implement the UNDAF. While the UN Resident Coordinator retains overall leadership and accountability to the GoM, the delivery of each of the five UNDAF outcomes is managed by a cluster convener at the Head of Agency (HOA) level. Each of the 16 country programme outcomes is delivered by a team led by an outcome team leader. The Outcome team leader comes from a technical lead agency and is nominated by the respective cluster convener.

Joint Programming

The UNDAF has different repercussions for different agencies, depending on the positions taken by their governance mechanisms. Country driven joint programming processes, resulting in new and innovative joint programmes will increasingly be identified and developed, to form the foundation of future UNDAF. Joint programming by UN agencies will be enhanced by encouragement of and engagement in national sector-wide programming initiatives with focus on results through policies/systems reform, quality services taken to scale and a focus on life-improving impacts on families and communities. The UN in Malawi has already taken a number of measures to simplify, harmonise and align UN activities. These include joint programming such as the roadmap for maternal mortality reduction; the acceleration of child survival for development; the joint support plan on HIV and AIDS; and the joint support for the national roadmap for monitoring and evaluation of the MGDS.

Common Services

Harmonized business practices provide important opportunities for economies of scale covering areas such as common services, common procurement, and information and communication technology. The UN in Malawi has benefited from common services in areas of travel, telecommunication (VSAT), and emergency response (ERT). To support the expected increase in procurements, work to establish a joint procurement hub has been ongoing. This will hopefully result in improved reliability and quality of services. Progress has been noted, yet further attention is required to accelerate the achievements of increased efficiency, in particular in human resources and finance.

Resource Mobilisation

The development of a joint UN Resource Mobilization Strategy is a critical element which provides focus to the joint resource mobilization efforts of the UN system in Malawi while complementing the efforts by individual agencies. The Strategy enabled the mobilization of approximately USD 30 million in 2009 and 2010. Additional unearmarked funding from the One UN Fund enabled UN Agencies to upscale and prioritize activities for development results as set out in the One Plan and timely delivery on critically strategic interventions such as the support to the 50/50 campaign which observed an increase from 14 to 22 percent of women in Parliament.

Communication

The 2009 perception survey underscored the importance of a communication strategy to get into direct contact with the external stakeholders and to enhance the UN's image. Moving from communicating on UN reform process to the successes in the UN's policy and advocacy work will be the focus of the strategy to create more awareness in the UN's work and to show its added value for Malawi's development. This in turn will have a positive effect on staff morale and influence the UN's credibility as a qualified and effective partner. In 2010 the UN Communication Group will identify how best to address the challenges raised by the respondents in the survey.

Aid Effectiveness and Capacity Development

All aid is nationally managed, owned and led. Accordingly, UN assistance will respond to national priorities and guided to the extent possible by the national authorities. The UNCT seeks to consistently consult GoM, Civil Society and Development Partners to reaffirm its responsiveness through consultations. The UNCT will endeavour to build and/or strengthen aid coordination capacities at the national level. Malawi has roughly counted 18 different coordination structures among development partners. The transaction cost of UN participation across these structures, as well as the need for a coherent substantive approach coordinated by five UNDAF thematic clusters require the UN to review and agree on elements of mutual representation, shared leadership and accountability as the UN moves towards a mutually agreed division of labour.

As the main comparative advantage, the UNCT is committed to coordinating development assistance in the area of capacity development at various levels in the GoM. Efforts have been made to move forward Capacity Development agenda. In this connection the joint Capacity Diagnostic in the Agriculture sector with participation from FAO, UNDP and NEPAD could provide valuable insights on how this can best be operationalised.

Part III Transformation Focus 2010/2011

1. UNDAF Alignment

The UN efforts to align – process wise – the development of the new UNDAF with the MGDS will strengthen a culture of consultation and enhance GoM ownership and leadership during the planning process. The agreed division of labour among UN agencies, common UN position and shared representation in SWGs and other coordination settings, the

mainstreaming of possible UNDAF priorities in the SWG discussion will hopefully lead to a better aligned UNDAF with the MGDS.

In 2010, the UNCT is conducting a Country Assessment as the beginning of the process of preparing the next UNDAF. The main objective of the Country Assessment is to provide the GoM with information/data and evidence-based development issues on which they may focus their attention while assessing the development needs and setting the strategic targets for the new MGDS II. The Country Assessment will cross reference available data, reports, evaluations and other works undertaken by the individual UN Agencies, Development Partners, Civil Society and GoM to assess the current social, environmental and economic frameworks and their impacts on poverty reduction and growth prospects in Malawi. The Country Assessment will consider the situation of disadvantaged and vulnerable people (the poor, children, women, youth, minorities, remote and peri-urban areas), the addressing of risks of natural or manmade disasters, and the country's capacity to respond. The Country Assessment will provide the UNCT with options for potential areas of engagement with GoM as guided by the UN comparative advantage in the country.

The Country Assessment will be a strategic document which cross references available data, reports, evaluations and other works undertaken by the individual UN Agencies, Development Partners, Civil Society and GoM. The Country Assessment report will be discussed in a tripartite dissemination workshop which targets first and foremost the line ministries, along with central ministries, development Partners and UN agencies. Development challenges and gaps revealed in the Country Assessment will inform the debates among stakeholders and guide the prioritisation of the new UNDAF.

The UNCT has decided to adopt a three-stage approach to the formulation of the UNDAF. Immediately following the MGDS needs assessment, the UNDAF Clusters, Gender, Human Rights and M&E Teams will be undertaking a facilitated kick-off event (pre-prioritisation workshop). What needs to be done will be reviewed in order to develop a coherent and MGDS-aligned UNDAF. Immediately upon the GoM completing the draft MGDS, the Expanded Cluster (with expanded participation from GoM, DPs, CSO) would be convened to analyze the draft MGDS and in a participatory and transparent manner formulate the basic UNDAF matrix. The third and final consultative stage would be a strategic prioritization workshop which would be undertaken at the Joint Strategy Meeting level over a two-day event.

The findings of the country assessment report will allow the UNCT in July 2010 to develop an Engagement Strategy of the MGDS/UNDAF formulation. This strategy will take due account of the division of labour and rationalise the engagement of the UN Agencies in the government led MGDS development process within the SWGs setting.

Having adopted Human Rights as one of the central concepts of the vision statement, the UNCT resolved that it would need to equip key staff from UN, GoM and Civil Society with required training and sensitization prior to the MGDS needs assessment. This would involve training in e.g. human right based approach; gender; capacity development; results based management; environment and climate change.

The UNCT aims to launch the UNDAF at the same time of the MGDS launch (July 2011). While actual implementation of the UNDAF can only start as of 1 January 2012 pending the development and approval of other UN programming documents (CPD, UNDAF Action Plan/UNDAP) the launch of the UNDAF which coincides with the MGDS underscores the UN efforts to respond to agreed national priorities and aligns with the government planning/fiscal cycle. The UNDAP, a common operational document replacing individual UN agencies Country Programme Action Plan (CPAP) or equivalent, will be prepared in consultation with GoM and Development Partners. The UNDAP preparation process will take due account of the need to mobilize resources for the One Fund and ensure that from 2012 onwards sizeable and more predictable resources are made available.

The UNCT will need to agree and plan carefully so that the One Plan/One Fund will be synchronized with the GoM planning, budgeting and fiscal cycle. This will enable the UN activities to be captured and reflected on the national plans and budget and implementation and reporting takes place in sync with national calendars, reducing transaction costs for government partners.

As the second generation of the UN Business Plan I, the Transformation Plan adopts a new tripartite governance approach which is built on mutual accountability of three parties. It reflects the UN commitments on DaO with the GoM and development Partners.

Close consultation during the formulation of the Transformation Plan, periodically reporting on results, progress and challenges during the implementation phase will be implemented in various forms including the One Fund Special Sessions, the quarterly transformation team meetings and the high-level Joint Strategy Meeting on UNDAF/UNDAP implementation.

2. Change management and business improvement

Division of Labour amongst UN Agencies; As part of the UNDAF development roadmap and to support the formulation of the MGDS, the UNCT will design an MGDS Engagement Strategy guided by a clearly agreed division of labour (DOL) among UN agencies. The DOL will help develop a coherent and strategic UNDAF once the priority areas of intervention are identified in consultation with GoM, DPs and CSOs.

Devising a solid and streamlined DOL is however not an easy process. It requires courage of senior management to pull out from sectors where presence makes programmatically little sense but that might be politically important for 'visibility' purposes. It requires the ambition to ensure the UN is focusing on those sectors where it can make a lasting impact. It requires change in mindsets and stop doing business as usual.

Through an intense process, agencies need to gain consciousness of the added value they can contribute in a given context and prioritize areas of interventions based first and foremost on available capacities and comparative advantage vis-à-vis partner agencies and the broader Development Partners' community. Focus and coherence come with tough decisions when agencies agree to withdraw from certain sectors where their contribution is assessed as being minimal, to focus resources and human capacities in sectors where their intervention makes a difference.

UN Capacity Assessment; Recognizing the need to determine appropriate capacity required to best respond to national needs in the context of the new UNDAF, the UNCT will conduct a UNCT capacity assessment exercise. This capacity assessment will provide data on staff profile and expertise needed to implement jointly agreed development results of the next UNDAF. The findings of the capacity assessment will be used to identify the need for change if it shows a disparity between the needs (such as greater policy support) and the current staff profiles of the UN at the country level, which — when the profile of the UNCT is taken as a whole — is more geared towards programme management and service delivery.

It is possible that a light capacity assessment will be done as the planning process starts so that its outcomes can be internalized in the definition of a realistic UNDAF while at the same time a human resource strategy can be built in the UNDAF itself. Notwithstanding challenges linked to the assessment methodology (which is built upon that of pilots but must be tailored to the Malawi context and specific needs), the capacity assessment exercise will be an important building block of the change management process, providing the UNCT aggregated data to be used as the basis for deciding on required human resources, skill changes and training needs.

SWAp Capacity Diagnostics; Supporting the country capacities to manage development resources and deliver on their development objectives is one of the most important forms of the UN development cooperation. The UN system provides technical assistance, training and resources to support national capacity development efforts. Evidence-based development planning and policy formulation that integrates gender and other cross-cutting issues into the development process and enhances the delivery and quality of services are some of the key areas of capacity development on which the UN will focus in 2010/2011.

Particular attention will also be given to strengthening national efforts to coordinate and manage aid effectively and to assess its impact. The UN in Malawi will further its progress in support of country ownership, alignment with national development strategies, coordinated capacity development support, joint missions and joint analytical work. However, continued efforts need to be made to increase the use of national public financial management, procurement and monitoring and evaluation systems which remain a central challenge for the UN in Malawi.

In 2010 the UN in Malawi will undertake a capacity diagnostic in the agriculture sector. The results of the diagnostic will help identify how the UN can support the sector to build its capacity to ensure more effective delivery of the agriculture development programme and achieve sustained food security.

Joint Programmes Gender/Youth Employment; Joint Programming offers opportunities to deepen the integration of inter-related principles and thematic issues. The development of a UN Joint Programme on Gender Equality will try to address considerable challenges that Malawi is facing in areas of gender equality/women empowerment. Gender Joint Programme seeks to help GoM to strengthen capacity and enhance commitment and accountability of relevant institutions to mainstream gender into development policies and programmes; and improve generation and use of policy-relevant knowledge and evidence on gender-related issues.

The Country Assessment exercise reaffirmed that employment is mostly absent in the current MGDS. There is need to review the draft employment policy and the Decent Work Country Programme and use this as the basis for better defining the strategy. UN Agencies in collaboration with others are exploring a strategy for rightly positioning employment at the centre of economic and social policy, and if a UN Joint Programme on Youth Employment would be a right approach in the context of the new UNDAF.

Humanitarian Reform; GoM is facing a great challenge in setting up institutional structures to coordinate humanitarian programming and to respond effectively to disasters when they occur. The UN realizes that as with all development areas, national authorities must be at the centre of efforts to respond to the impact of humanitarian affairs. As part of capacity development efforts the UN in Malawi will continue to strengthen the capacity of concerned GoM agencies with tools to conduct rapid needs assessment, data collection and comprehensive training.

Close programmatic links between the UN and the GoM on the basis of the UNDAF constitute a key element for reducing disaster risk as well as facilitating rapid and effective emergency response when it is required. In 2010 the Humanitarian Country Team will activate the cluster coordination mechanism to facilitate interagency coordination and joint planning in key sectors. Four-out-of-eight thematic clusters selected include health, education, protection and gender.

Emergency contingency plans help ensure that UN staff members are fully familiar with inter-agency responses to disasters. The Humanitarian Country Team will update the plans and train UN staff in the evaluation of disaster and data analysis, risk management and humanitarian coordination. Moreover, the Humanitarian Country Team will continue to serve as a humanitarian forum for coordination. This forum will not only facilitate sectoral coordination but also serve as platform for coordination between the UN, donors, INGOs, local NGOs, Civil Society and local communities.

UN House; Physical co-location is considered essential to achieving the objectives of UN reform and helps break the 'silo mentality' that comes with physical separation of UN Agencies. Co-location enables the full implementation of DaO, both in terms of increased joint programmatic work and increased use of common services which will result in reduced transaction costs and increased efficiency. The GoM of Malawi has recently reconfirmed the allocation of a ten hectare plot for the UN House and assigned MPICO to work with the UN on the construction. While many procedural issues remain to be solved both at HQs and country levels, it is possible that experience from implementing the Malawi UN House project will serve as reference point or lessons learnt for a Private Public Partnership (PPP) approach as this would be the first of its kind globally.

As the UN House will help overcome programmatic fragmentation to some extent and promote a team-friendly workplace there is need to ensure that key words of the reform process such as transparency, efficiency, integration and harmonization must be understood and explored thoroughly by the architects who design the UN House. In addition, the green aspects of the House will include, among others, energy efficient, open plan offices to

maximize space efficiency and natural light, water-efficient plumbing fixtures and water harvesting and/or recycling.

Common Services; The greater the synergy between programming and operations on the ground, the more efficient development results will be. Operational linkage to programmatic interventions is crucial to effective programme management. In 2010 the UN in Malawi will continue identifying operations reform that can improve business practices.

A process of business rationalisation for procurement for all UN agencies has been agreed by the UNCT in late 2009 against the backdrop of increased resources for the One Plan. The feasibility analysis for a UN Procurement Hub in Malawi focused on identifying procurement challenges, different operational comparative advantages in procurement of UN agencies and proposing how the UN can undertake joint procurement by clearly assigned roles, functions to those agencies best suited for the task. Net savings from implementing real changes to the current procurement business practices are projected at a range from USD 300,000 to USD 600,000 per annum.

Similarly, a process has started to increase harmonization and integration of ICT services. Beyond the technology issues, working on ICT governance issues and ensuring that management links and commitment are present and are critical success factors. Once the shared infrastructures are established, ICT products such as supplier databases, procurement websites, data warehousing, programme development, budgetary framework development, monitoring and results reporting via Intranet or direct access can be adequately supported. An integrated ICT can be used to enhance efficiency and effectiveness, particularly through the development of country level shared ICT services. The extension of the common ICT solutions will help ensure programmatic benefits through data warehousing for country level programme planning, monitoring and reporting, using the common ICT infrastructure and cost savings. Lessons learnt by neighbouring pilots are being sought to pave the way for a more efficient common ICT platform that may reduce the overall ICT cost by up-to 25 percent.

HACT; The Harmonised Approach to Cash Transfers (HACT) is a further step in implementing the Paris Declaration which calls for a closer alignment of development aid with national systems and priorities. HACT is also a key risk management tool in the management of funds and helps identify and address capacity development needs of national implementing partners.

HACT approach allows the UNCT to focus their efforts more on strengthening national capacities for management and accountability, with a view to gradually shifting to the use of national systems. While some challenges to full HACT implementation remain, the initial feedback confirms that partners see HACT as contributing to better planning and monitoring with great potential to reduce transaction costs. The UNCT has estimated that about 20 percent of GoM and UN staff time have been saved with the adoption of HACT. Further efforts continue to be made to encourage other agencies apart from UNDP, UNFPA, UNICEF and WFP to adopt HACT.

Enhanced M&E and reporting on results; UNCT in Malawi will take immediate action on challenges in reporting and benchmarking progress and achievements. Knowledge

management, better use of existing data generated from MASEDA by both the UN and the GoM in planning and reporting, closing development data gaps by targeted studies and researches are recommended measures among others to address results-based reporting challenges. The evolving role of the UN M&E Technical Working Group coupled with complementary functions of the UN Communications Group will help the UN address the weak reporting performance and the lack of capacity to communicate on both development results and DaO progress. Creating Partnership, including with civil society must be managed well with a strong emphasis on delivering results.

Communication; Findings from the 2009 perception survey reaffirmed the need of more comprehensive and better targeted internal and external communication efforts. The UN Communications Group currently chaired by UNICEF and supported by a RCO-seconded UN Communications Officer will serve the UNCT with strategic and effective communications efforts. Special events such as Knowledge Fair or joint campaigns will be organised to raise awareness on key development issues including the achievements of the MGDS and UN support to the implementation of the MGDS. The team will also assist the UN Reform process through the expression and promotion, both internally and externally, of a more efficient and coherent UN with a clear focus on results, real value-added and relevance of UN reform rather than on process.

Following the internal and external perception surveys (2009), the UN Communications Group plans to make intensive use of the survey findings which help them analyze staff and stakeholder needs and perceptions, refine their targeted strategies, establish baselines and evaluate the impact of communications. Tools will be developed to ensure effective communication on UN transformation and enhanced development results, allowing for messages to go beyond traditional stakeholders (central ministries and DPs) and ensure higher awareness and buy-in from line ministries and Civil Society. Addressing this challenge will be a timely undertaking given their critical involvement in the development of the new UNDAF.

Strengthening UNRC Office in a dynamic transformation scenario; The current composition of the Malawi RCO is guided by the UN Malawi Strategic Framework which has two important pillars, the UNDAF/One Plan and the Business Plan (Transformation Plan). To ensure that the UN Resident Coordinator can take up his leadership role especially during the UNDAF/UNDAP process when it comes to dealing with central ministries and GoM bodies, a critical mass of staff in the RCO is needed.

While there should be a clear division of labour and agencies are responsible for the functioning of the UNDAF clusters or different working groups it is essential to have an RCO fully equipped in 2010 and 2011 to face the increased workload associated with the MGDS/UNDAF development process. RCO will focus on DOL leadership roles at line ministry/SWG level and the agencies will be empowered to lead with joint UN positions and representational mandates.

In 2008/2009 UNCT Malawi succeeded in mobilising funds through the UN Transformation Fund for supplemental coordination capacity. An additional funding of approximately USD 500,000 is required to cover the personnel costs for the period 2010/2011. As many

agencies in Malawi are relatively small and do not have enough staff/resources to supply for the UN-wide business, this financial support is critical for consolidating the institutional changes required for DaO.DAO. The review of RCO staffing levels will take place in early 2011 as the UN embarks on its capacity assessment.

3. Management Arrangements

The UNCT will utilize the following management tools in 2010/2011;

- (i) A Results and Resources Framework of the UN Transformation Plan 2010 – 2011
- (ii) The UNCT calendar of events which contains all major strategic milestones agreed and an RCO operational version which adds operation depth.
- (iii) An issues and risk log that will allow the UNCT to get a rapid view of the progress on issue management and risk mitigation measures.
- (iv) The Tripartite Transformation Group (GoM, DPs and the UN) overseeing the results/progress/challenges of DaO in Malawi.
- (v) Shared leadership approach within internal UN structures (UNCT, UNDAF Clusters or technical WGs) ensuring mutual representation, active participation and engagement at all level and enhancing ownership and the quality of decision-making, though it might increase transaction costs, not in the least for the Resident Coordinator's Office (RCO).

4. Resource mobilization and growth

In the context of current global financial and economic crisis, funding from various sources is diminishing. The Expanded Window proves to be an important source for the UN in Malawi as it brings to the country a total amount of approximately USD 30 million to finance the UN programme in 2009 and 2010. In order to stabilise the contribution from the Expanded Window, the UN in Malawi will have no option but continue implementing DaO principles, showcasing better development outcomes as results of additional un-earmarked funding from the One UN Fund, and addressing fundamental management challenges including low disbursement rates, poor reporting systems and inadequate communication on results.

Eligibility and performance based allocation criteria have enabled the GoM to exercise their leadership role and the UNCT to gradually sharpen the focus of the UNDAF/One Plan. Funds from the One UN Fund have been allocated to upscale UN interventions based on overall priorities agreed in advance with the GoM. The 2010 allocation round (July 2010) guided by performance based criteria further improved the strategic focus of UN programmes. Performance based underlying principle is that better performing programmes will continue receiving funds while under performing programmes will either have to rapidly address weaknesses and strengthen capacities to deliver and correcting the imbalance, or will have to phase out.

Annex – UN Malawi Transformation Plan 2010/2011 – Results and Resources Matrix

Output	Targets/Indicators	Activities	Time	Responsible	Costs (USD)
Domain 1: UNDAF and UNDAF fully consulted with GoM, DPs and Civil Society, aligning to MGDS and global development targets.					
1.1 UNDAF Roadmap	<ul style="list-style-type: none"> Fully aligned with MGDS timetable. Ensure open and consultative process. 	1.1.1 Obtain MGDS timetable and analyze content 1.1.2 Draft UNDAF Roadmap 1.1.3 Review UNDAF Roadmap at UNCT retreat and agree. 1.1.4 Seek Regional Director Team (RDT) approval 1.1.5 Present UNDAF Road Map to GOM and DPs 1.1.6 Oversight the implement the Roadmap 1.1.7 RCO staffing costs (pro-rata)	Apr 10 Apr 10 May 10 Jun 10 Jun 10 Throughout	RCO RCO UNCT RCO RCO RCO	20,000
1.2 Country Assessment (CA)	<ul style="list-style-type: none"> Provide foundation for setting the major substantive directions of the UNDAF. Data, evidence base and policy analysis to feed into the MGDS consultative process. UN position across SWGs enforcing an agreed division of labour among UNCT. Ensure conclusions of Delivering as One Country Led evaluation mainstreamed into UN programme processes. 	1.2.1 Finalize CA TORs and recruit consultants. 1.2.2 CA drafting and consultation with UN, GOM, DPs 1.2.3 Present draft CA for comments (UNCT, Regional Quality Support Assurance group, DPs). 1.2.4 Finalize and print final CA 1.2.5 Dissemination workshop for GOM, UN, CSO and DPs. 1.2.6 Design UNCT engagement strategy to support MGDS needs assessment and mainstreaming of UNDAF consultations in SWGs. 1.2.7 RCO staffing costs (pro-rata)	May/Jun 10 July/Aug 10 Sept 10 Sep 10 Sep 10 Sep 10	RCO Consultants RCO RCO/consultants RCO/consultants UNCT (task force)	25,000 5,000 80,000
1.3 UNDAF	<ul style="list-style-type: none"> Signature to coincide with MGDS launch Tri-partite JSM to validate (a) successful multi-stakeholder consultations; (b) right focus on national priorities within UN comparative advantage; and (c) enhanced UN programmatic coherence and cohesion. Reduction of single agency outputs to less than 20 percent of total outputs Identification of at least five joint programming activities/programmes Focus on MDG Breakthrough outputs and activities Aligning with GOM thrust towards Growth and Prosperity 	1.3.1 Mobilize UN capacity (Facilitation team and consultants) 1.3.2 UN programme staff (85) to participate in UNDAF Sensitization workshop and five programming principles trainings 1.3.3 Engage SWG based needs assessments with data, evidence and policy positions (informed by CA). 1.3.4 Upon completion of MGDS needs assessment stage, conduct cluster based UNDAF prioritization workshops. 1.3.5 UNDAF prioritization workshop (UNCT level) 1.3.6 Combine matrixes developed by clusters, rationalize across UNDAF (Results/M&E matrixes) and prepare UNDAF narrative. 1.3.7 UNDAF validation process through clusters and culminating into JSM. 1.3.8 UNICEF, UNDP, WFP and UNFPA Country Programme submitted to their boards ³	July 10 Aug 10 Sep/Oct 10 Nov 10 Nov 10 Dec 10/ Mar 11 Dec 10 Dec 10/ Apr 11	RCO UNCT/RDT Cluster Conveners and outcome leads Cluster Conveners and outcome leads Facilitation Team Consultants/M&E TWG/Clusters UNCT/RCO	50,000 20,000 15,000 10,000 25,000

³ Depending on development around proposal made by Tanzania to submit one Country Programme Document to all boards, UNCT Malawi may change this process

Output	Targets/Indicators	Activities	Time	Responsible	Costs (USD)
		1.3.9 RCO staffing costs (pro-rata)		Agencies	90,000
1.4 UNDAF Action Plan (UNDAF or One Plan/One Budget)	<ul style="list-style-type: none"> UNDAF budget component contains baseline financial data for all UN agencies signing the UNDAF, with annual reporting mechanism linked under the One Fund operation. GOM and DPs agreeing to ensure un-earmarked funding to the tune of 25 percent of the UNDAF over the whole 5 yr period. Five Joint programmes operationalised through UNDAF. Through strong MGDS linkage, UNDAF ensures UN funding placed against GOM Budget 	1.4.1 Cluster-based consultations on UNDAF Results/M&E Matrices	July/Sep 11	Clusters/M&E TWG/Consultant	15,000
		1.4.2 Discussion on Joint Programming/ Joint Programmes (cluster level)	July/Sep 11	Clusters/Cross-cutting issue WGs	5,000
		1.4.3 Consultation on UNDAF implementation mechanisms (in the context of SWGs)	Sep/Oct 11	Clusters/Cross-cutting issue WGs	
		1.4.4 UNDAF narrative finalized	Oct 11	Consultant	10,000
		1.4.5 UNDAF submitted to RDT/HQs/GOV for comments	Nov 11	UNCT/RCO	10,000
		1.4.6 UNDAF approval and signature at JSM	Dec 11	UNCT/RCO	
		1.4.7 RCO staffing costs (pro-rata)			
Domain 2: Efficiency and Effectiveness, change management and business improvement					
Output 2.1 Division of Labour among UN agencies	<ul style="list-style-type: none"> UNRC Leadership focuses on UNDAF/UNDAF alignment with MGDS and relationships to central ministries (OPC, MoF, MoDPC) UN Agencies share responsibility for technical leadership and agree on mutual representation at sector working group level UNCT, through the clusters, agrees on UN positions for sectors and establish system of information sharing that allow agencies to reduce transaction cost of attending (multitude of) meetings. UN visibly speaking with One Voice at all levels and representing each other's interest. 	2.1.1 Complete inventory of UN agencies positions	Aug 10	RCO	65,000
		2.1.2 UNCT agree on Agency lead roles and basic division of labour related to the UNDAF clusters	Aug 10	UNCT	
		2.1.3 Lead Agencies analyze UN position based on CA report as well as ongoing national positions and submit to Cluster meetings.	Sep 10	UNCT	
		2.1.4 Clusters agree on "UN information Exchange" to ensure all information of cluster and SWG activities is available to all staff	Sep 10	Cluster conveners	
		2.1.5 UNCT endorses Division of Labour, UN positions and UN Information Exchange.	Oct 10	UNCT/RCO	
		2.1.6 RCO staffing costs (pro-rata)			
Output 2.2 UN Capacity Assessment	<ul style="list-style-type: none"> UN substantive capacity alignment to policy and technical challenges contained in UNDAF and UNDAF through capacity development and mobilization. UN staff fully engaged in change management processes through various working group structures, the Staff Association and communication efforts. UN Division of Labour enforced by ensuring policy support is available on demand to other agencies and GOM. 	2.2.1 Analyze TORs, reports and reviews for capacity assessments undertaken by Pilots of UN reform and develop draft TORs for Malawi	Aug/Sep 10	RCO	250,000
		2.2.2 Review draft TORs in RDT, UNCT, Staff Association and through UN town hall mechanism and establish consensus on scope dimensions as well as consultative mechanisms, reporting and other arrangements.	Oct 10	RCO/UNCT	
		2.2.3 Advertise TORs, select and retain consultant	Nov/Dec 10	RCO	
		2.2.4 First Report for consultations	Mar 11	RCO	
		2.2.5 Final report	Jun 11	RCO	
		2.2.6 RCO staffing costs (pro-rata)			

Output	Targets/Indicators	Activities	Time	Responsible	Costs (USD)
Output 2.3 Procurement rationalization	<ul style="list-style-type: none"> Reduction on procurement costs of up to 5 percent on volume (US\$500K in 2010) made available for programming purpose Process improvement in UN agencies through training and in-sourcing functions of different UN agencies, can reduce transaction time by 75 percent. Reduction in Staffing costs or improved efficiency of expenditure of staff (un-quantified at this stage) through rationalization of international advisory and management capacities. 	2.3.1 Commission and undertake Procurement study	Nov 09/May 10	OMT	20,000
		2.3.2 Analyze different procurement scenarios & recommend to UNCT	Jun/Sep 10 Oct 10	OMT	
		2.3.3 Agree on procurement scenario	Nov 10	UNCT	90,000
		2.3.4 Agree on capacity formation plan for procurement		OMT	
		2.3.5 Agree on possible UN in-sourcing arrangement for specific products	Nov 10	OMT	
		2.3.6 Undertake common UN contracting (travel agency, banking, forwarding and clearing, printing etc)	Dec 10/ Jan 11	OMT	10,000
		2.3.7 Undertake a feasibility analysis on possible merger of UN agencies procurement units and review within UNCT, RDT and HQ procurement units.	Jan/Mar 11	OMT	20,000
		2.3.8 RCO staffing costs (pro-rata)			90,000
Output 2.4 ICT rationalization	<ul style="list-style-type: none"> 25 percent reduction in ICT cost through bandwidth sharing and rationalization 	2.4.1 Visit to Mozambique and review technical and financial feasibility of their ICT solutions	Sep 10	OMT/ICT	10,000
		2.4.2 Prepare a proposal for review of the OMT and the UNCT, with concrete investment and return costs.	Oct/Nov 10	OMT/ICT	90,000
		2.4.3 Undertake investment as part of common services budget (pooled funding)	Jan 2011 onwards	OMT/ICT	
		2.4.4 RCO staffing costs (pro-rata)			
Output 2.5 UN House	<ul style="list-style-type: none"> Ecologically sound green UN House that provides a long term zero costs option for UN agencies based in compared current costs of occupancy. National financing secured on long term lease purchase basis 	2.5.1 Collect baseline information and provide to MPICO on floor space and basic specifications	Apr 10	RCO	90,000
		2.5.2 Review basis design and figures and agree to initiate pre-feasibility planning	Jul 10	RCO	
		2.5.3 Undertake total costs of occupancy estimations, including basic costs saving due to cohabitation of larger number of UN agencies and submit to the HQs Technical Coordination Committee	Sep/Oct 10	OMT/RCO	
		2.5.4 Based on HQ clearance initiate the project and start developing MOU with GOM and MPICO	Nov/Dec 10	RCO	
		2.5.5 MOU cleared by HQs legal department and MPICO starts the construction	Mar 11	RCO	
		2.5.6 RCO staffing costs (pro-rata)			

Output	Targets/Indicators	Activities	Time	Responsible	Costs (USD)
Output 2.6 Humanitarian Reform	<ul style="list-style-type: none"> Multi-hazard preparedness plans in four agreed cluster groups(Health, Water and Sanitation, Food Security and Assessments) Operating principles/TORs of a UN Humanitarian standby funding facility agreed with all partners 	2.6.1 UN Capacity Assessment of humanitarian reform and training in multi hazard contingency planning	Jul 10	UNOCHA	20,000
		2.6.2 Training of a national rapid assessment team	Sept 10	UNDMT	10,000
		2.6.3 Multi hazard planning exercise	Aug/Dec 10	RCO	
		2.6.4 Karonga lesson-learnt workshop organised	Oct 10		15,000
		2.6.5 Develop and discuss TORs for Humanitarian Fund with GOM, DPs and UNCT	Sep/Oct 10		5,000
		2.6.6 RCO staffing costs (pro-rata)			120,000
Output 2.7 Engagement of the implementation of the DAS and SWAPs	<ul style="list-style-type: none"> UN agencies actively participating in and managing pooled, basket and sector budget support mechanisms UN Division of Labour and support roll-out of SWGs Support to the rationalization of the DPs coordination structures and relate to the UN Division of Labour. SWAp Capacity Diagnostic for Agriculture to develop future models for UN engagement. 	2.7.1 Fully operationalised Climate Change programme, Elections Support Trust Fund.	Jun/Sep 10	UNDP	
		2.7.2 Conduct Review of utilization Global Fund allocations through UN agencies.	Sep/Oct 10	UNICEF, UNDP, WHO, UNAIDS, UNFPA, UNDP, RCO	30,000
		2.7.3 Learning event on Agriculture SWAP for UN staff	Oct 10	FAO/RCO	5,000
		2.7.4 Agree TORs ASWAp Capacity Diagnostic, clear with DCAFs, NEPAD, UN agencies (FAO, UNDP, HFFS) and GOM	Mar/Jun 10	RCO, UNDP, FAO,	
		2.7.5 Undertake desk review, in-country mission, consult GOM, DPs and produce report for discussion and possible development of a capacity development plan	Aug/Oct 10	UNDP, FAO, NEPAD	50,000
		2.7.6 Participate actively in Paris/Accra Processes, DAS activities and roll out of the AMP	continuous	UNCT	5,000
		2.7.7 RCO staffing costs (pro-rata)			90,000
Output 2.8 Expanded Use of country systems and enhanced accountability for results	<ul style="list-style-type: none"> Expanded number of UN Agencies undertaking HACT (UNESCO) HACT Capacity Development training (Prince II/project mgt./RBM/ Procurement/reporting and accounting) HACT auditing practice rolled out and replacing agency/project specific audits. Increased utilization of national systems from 7 to 15 percent by end 2011 through effective capacity support. 	2.8.1. Reconstitute HACT team, with new co-chair, expanded membership, revise/revalidate TORs; revise work plan for 2010/11; and renew HACT Coordinator contract.	Jun/Sep 10	RCO, HACT Team	150,000
		2.8.2. Agree on TORs for HACT Capacity development training, commission and conduct training	Jul/ Nov 10	UNDP	30,000
		2.8.3. Prepare Implementation Agency based audit plan with RDT and HQ, review with Auditor General, endorsed by Agency HQ and commissioned on time.	Oct/Nov 10	HACT Team	15,000
		2.8.4. Implement HACT Audit	Feb/May 11	HACT Team	25,000
		2.8.5. Conduct review of opportunities and constraints in utilization of GOM systems (Procurement, Financing) and seek to develop a forward looking agenda to improve and measure UN's use of country systems	May/Jun 11	OMT/HACT Team	
		2.8.6. RCO staffing costs (pro-rata)			65,000

Output	Targets/Indicators	Activities	Time	Responsible	Costs (USD)
Domain 3: Support to ongoing reform efforts					
Output 3.1 One Plan/ One Fund	<ul style="list-style-type: none"> Full transparency in decision-making on resource allocations through One Fund Special Session Ensure correct substantive and financial reporting mechanism put in place to ensure credibility. 	3.3.1. 2010 One Fund Allocation round with participation by UNCT & GOM 3.3.2. Year-end JSM meeting to review 2010 One Plan report and the draft UNDAF 3.3.3. 2010 One Fund expenditure report circulated 3.3.4. 2011 Cluster AWP's validated 3.3.5. RCO staffing costs (pro-rata)	Jul 10 Dec 10 Jan 11 Dec 10	RCO RCO RCO Clusters	15,000 90,000
Output 3.2 UN communications strategy implemented	<ul style="list-style-type: none"> Consistent information flow on DaO for UN staff, GOM and DPs. Joint communication strategy implemented enhancing visibility on the UN speaking with One Voice. Greater media interest in reporting on MDGs 	3.2.1. DAO slogan competition amongst staff and undertake rebranding activities 3.2.2. GOM/DPs field visits to Joint UN activities at District level and below 3.2.3. Public Knowledge fair on DAO in conjunction with UN Day 2010 3.2.4. UN Profile (coffee table book) launched 3.2.5. Development a "UN Says...." series of publications to influence public and policy makers on key MDGs break through issues. 3.2.6. Undertake event specific communication actions around various UN days and focus international events. 3.2.7. Monthly/quarterly on line news-letters and information brochures. 3.2.8. World Press Freedom day media awards 3.2.9. Annual Editor's Forum 3.2.10. Annual One Fund/One Plan and Annual RC report produced with inputs from RCO, M&E group and UNDAF clusters 3.2.11. RCO staffing costs	Sep/Oct 10 Sep 10 Oct 10 Dec 10 Oct/Nov 10 Throughout Monthly Oct 10 Jan 10/Mar 11	Communications Group & RCO	10,000 5,000 10,000 20,000 150,000 20,000 15,000 20,000 5,000 5,000 140,000

Output	Targets/Indicators	Activities	Time	Responsible	Costs (USD)
Output 3.3 Enhanced Monitoring and Evaluation Practice	<ul style="list-style-type: none"> MASEDA, domestic surveys and databases, and JP on M&E placed at the centre of the UNDAF/UNDAP Indicator Framework, fully integrated into the MGDS Indicator Framework. UNDAF/UNDAP M&E framework integrated with five programming principles through indicators and disaggregated data One Plan reporting streamlined and based on solid data analysis. 	3.3.1. Undertake training for DevInfo/MASEDA and the five UNDAF Programming Principles for UN staff and Government Officials engaged in UNDAF processes.	Jul/Aug 10	UNICEF/RCO	10,000
		3.3.2. Ensure that the CA report provides a good review on what UNDAF/MDGs Indicator Framework options exists	Aug 10	M&E TWG	
		3.3.3. Analyze the alignment of the current One Plan/One Fund with the 9 Government priorities and submit to the One Fund Special Session & DPs	Jul/Sep 10	M&E TWG/RCO	15,000
		3.3.4. Analyze the impact of the additional One Fund allocations and present to the One Fund Special Session & DPs	Jul/Sep 10	M&E TWG/RCO	30,000
		3.3.5. Compile a coherent UNDAF indicator Framework from the draft submissions by clusters	Dec 10/Jan 11	M&E TWG/RCO	25,000
		3.3.6. Provide inputs into the One Plan/One Fund report and the RC annual report.	Jan/Mar 11	M&E TWG	
		3.3.7. RCO staffing costs (pro-rata)			65,000