Statistics for the Malawi Growth and Development Strategy

Mid Term Review

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Final Report

MID-TERM REVIEW
STATISTICS FOR THE MALAWI
GROWTH AND DEVELOPMENT
STRATEGY (PHASE 3)
MWI-2617 – MWI-10/0025

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<table>
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<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>AES</td>
<td>Annual Economic Survey</td>
</tr>
<tr>
<td>CPI</td>
<td>Consumer Price Indices</td>
</tr>
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<td>DAC</td>
<td>Development Assistance Committee at OECD</td>
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<td>DFID</td>
<td>Department for International Development now UKAID</td>
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<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>GIZ</td>
<td>Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH</td>
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<tr>
<td>GoM</td>
<td>Government of Malawi</td>
</tr>
<tr>
<td>IHS</td>
<td>Third Integrated Household Survey</td>
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<td>IMF</td>
<td>International Monetary Fund</td>
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<tr>
<td>IT</td>
<td>Information Technology</td>
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<tr>
<td>MDG</td>
<td>Millennium Development Goals</td>
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<td>MEPD</td>
<td>Ministry of Economic Planning and Development</td>
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<td>MGDS</td>
<td>Malawi Growth and Development Strategy</td>
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<tr>
<td>MoF</td>
<td>Ministry of Finance</td>
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<tr>
<td>NA</td>
<td>National Accounts</td>
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<tr>
<td>NORAD</td>
<td>The Norwegian Agency for Development Cooperation</td>
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<tr>
<td>NSO</td>
<td>National Statistical Office</td>
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<td>NSS-SP</td>
<td>National Statistical System – Strategic Plan</td>
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<td>PPI</td>
<td>Producer Price Index</td>
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<td>RBM</td>
<td>Reserve Bank of Malawi</td>
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<td>SADC</td>
<td>Southern African Development Community</td>
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<td>SDDS</td>
<td>Special Data Dissemination Standard</td>
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<tr>
<td>SMSE</td>
<td>Small and Medium Scale Enterprise Survey</td>
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<tr>
<td>SNA</td>
<td>System of National Accounts</td>
</tr>
<tr>
<td>SUT</td>
<td>Supply and Use Tables (Input-Output-Tables)</td>
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<td>SWAP</td>
<td>Sector Wide Approach</td>
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<tr>
<td>SWOT</td>
<td>-Analysis- tool analyzing the strengths, weaknesses, opportunities and threats</td>
</tr>
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<td>WB</td>
<td>World Bank</td>
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<td>WMS</td>
<td>Welfare Monitoring Survey</td>
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Executive Summary

Background

Bilateral cooperation between the Norwegian Ministry of Foreign Affairs and the Government of Malawi, especially in the fields of statistics and macroeconomics, has a long history. The first statistical cooperation program between Statistics Norway and the National Statistical Office of Malawi as key stakeholder was launched in 2003. This program has come to its third phase, now being split up in a macroeconomic modelling program and a program focusing on statistics. The statistics program under review was initiated in 2012 in order to further strengthen and build the capacity of the National Statistical Office for production of statistics for mid- and long-term monitoring of the Millennium Development Goals (MDG) and the Malawi Growth and Development Strategy II (MGDS II). By this means the national statistical system (NSS) and the economic and social policy planning capacities shall be strengthened in order to contribute to the reduction of poverty and increasing the welfare of the population in Malawi.

The services provided by Statistics Norway’s experts focused mainly on technical support and training of the statisticians in the statistical fields of economic statistics, national accounts, social statistics as well as on institutional development of the National Statistical Office.

Main Findings and Recommendations

1. The long term support of the programme is clearly visible: the statistician’s capacity to produce statistics for mid- and long-term monitoring of MDGs and MGDS II is very good among the statisticians, who are however often overloaded with other tasks; due to the rotation system specialized areas like National Accounts are too vulnerable.

2. The National Statistical System is receiving two different support programs by Statistics Norway: It could be analyzed if both projects can be merged in the next (potential) phase to avoid extra administration and communication between the stakeholders. In any way, the NSS should be further supported at organizational level: If it does not reach an adequate organizational standard the ongoing program will also suffer from its negative effects.

3. Better division between regular statistical duties and actual additional tasks is necessary in order not to lose already achieved qualifications and routines. This includes better donor coordination considering that all activities received require special attention by staff members who have to fulfill their day-to-day activities at the same time.

4. Various international donors are supporting and have supported NSO Malawi currently and in the early past, mainly focusing on economic statistics and surveys, which led to extensive coordination efforts for NSO. Better organized donor coordination would be recommended. Either basket funding (e.g. for annualized surveys) or creation of a statistics coordination unit within the NSO funded by the donor community could support this goal.
### Summary recommendations:

<table>
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<th>Issue</th>
<th>Recommendation</th>
<th>Responsible</th>
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<tbody>
<tr>
<td>Relevance</td>
<td>1. Simplify and routinize the processes</td>
<td>SN, NSO</td>
</tr>
<tr>
<td></td>
<td>2. Permanent household survey</td>
<td>NSO, SN</td>
</tr>
<tr>
<td></td>
<td>3. Statistics guided by needs rather than by type of surveys</td>
<td>NSO, SN</td>
</tr>
<tr>
<td></td>
<td>4. Develop a set of official indicators</td>
<td>MEPD, NSO</td>
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<tr>
<td>Effectiveness</td>
<td>5. Harmonize the Norwegian support to NSO and NSS</td>
<td>NORAD</td>
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<td></td>
<td>6. Focus more on organizational issues</td>
<td>SN, NSO</td>
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<tr>
<td></td>
<td>7. Improve quality by more routines</td>
<td>SN, NSO</td>
</tr>
<tr>
<td></td>
<td>8. Investigate a permanent household data collection system</td>
<td>NSO, SN</td>
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<td></td>
<td>9. Improve donor coordination</td>
<td>MEPD/ NSO/NORAD</td>
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<tr>
<td>Efficiency</td>
<td>10. Longer stays of short term experts</td>
<td>SN, NSO</td>
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<td></td>
<td>11. Reallocations should be discussed</td>
<td>NSO, SN</td>
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<td></td>
<td>12. Discuss deadline for expenditures</td>
<td>NORAD</td>
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<td></td>
<td>13. Improve audits</td>
<td>NSO</td>
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<td></td>
<td>14. Discuss an administration fee</td>
<td>NORAD</td>
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<td></td>
<td>15. Analyze the recruitment process</td>
<td>NSO, SN</td>
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<td></td>
<td>16. Strengthen human resources</td>
<td>NSO, SN</td>
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<td>17. Improve incitements</td>
<td>NSO</td>
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<td>18. Introduce an expenditure verification report</td>
<td>NSO</td>
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<td></td>
<td>19. Define anti-corruption measures in future projects</td>
<td>NORAD</td>
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<tr>
<td>Impact</td>
<td>20. Focus more on general welfare measures</td>
<td>SN, NSO</td>
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<tr>
<td>Sustainability</td>
<td>21. Strengthen the organizational part of NSO/management</td>
<td>SN, NSO</td>
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<td>22. Focus more on long-term development rather than short-term fixing</td>
<td>SN, NSO</td>
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<td>23. Formal evaluation of missions</td>
<td>NSO, SN</td>
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<td>24. Improve the risk analysis</td>
<td>SN, NSO</td>
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<tr>
<td>Cross-cutting</td>
<td>25. Create a focal point for gender statistics on NSO web-page</td>
<td>NSO, SN</td>
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<tr>
<td>issues</td>
<td>26. Start a rotating simplified time-use module</td>
<td>SN, NSO</td>
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Most recommendations should have shared responsibility. The first noted institution is recommended to have the main responsibility and take the initiatives.
1 Introduction

This Mid-term Review represents a part of the project agreement dated 08th December 2011 between the Government of the Kingdom of Norway and the Government of the Republic of Malawi (Article X) on the STATISTICS FOR THE MALAWI GROWTH AND DEVELOPMENT STRATEGY.

The project is now in the third phase. The project’s first phase was initiated in June 2003 and included an institutional cooperation between the Statistics Norway on the one side and the Ministry of Finance (MoF), the National Statistical Office (NSO) and the Ministry of Economic Planning and Development (MEPD) on the other side. After a project extension a second phase was formally agreed in October 2007. While the first phase focused on developing the statistical basis and later on improving mechanisms, technical systems and linkages the second phase’s technical assistance concentrated on capacity building for statistics and planning.

Based on the results from the two previous phases it was decided to continue with the third phase of the project which started in July 2011 and will run until June 2014. In the third phase the program was split into two agreements: one on strengthening the cooperation with the National Statistics Office focusing on different fields of statistics and one on the cooperation with Ministry of Economic Planning and Development, Ministry of Finance and the Reserve Bank of Malawi (RBM).

The overall objective of the latter is to contribute to the reduction of poverty and increasing welfare of the population in Malawi by efficient fact-based policy planning while the purpose of the project was by definition to strengthen the national statistical system to strengthen economic and social policy planning in a manner reflecting user needs.

This Mid-term review aims at assessing the third phase of the project according to OECD / DAC standards focusing on relevance, effectiveness, efficiency, impact and sustainability of the project. The ToR with the questions to be assessed are attached as Annex IV.

Based on the findings of the above mentioned subjects, the team was requested to make recommendations for further implementation and fulfilment of the objectives of the project, and especially advise how the results achieved and cooperation established can be continued. Members of the review team were: Mr Lars Lundgren, Consultant, Sweden, and Mr John Mataya, Consultant, Malawi, Ms Barbara Wirth-Bauer, ICON-INSTITUTE, Germany. Support was provided by Mr Daniel Lechner, Project Manager at ICON-INSTITUTE.

The kick-off meeting initiated and organised by Norad was held in Oslo on 15th October, 2013. Desk research was followed by the field phase carried out in Malawi from 28th October to 8th November, 2013.

The fieldwork in Malawi took place in both Lilongwe and Zomba. Activities included interviews with the Embassy of Norway; interviews with high level officials, project coordinators and staff members of MoF, RBM and mainly the national Statistical Office. Interviews were also conducted with representatives of the World Bank and the GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH) in their role of other donors and with university and civil society representatives for data triangulation. A complete list of interview partners is attached as Annex I.

The Consultant team presented preliminary findings and recommendations in a debriefing note at the meeting at the Royal Norwegian Embassy in Lilongwe at the end of the field visit.

The Consultant team would like to thank the statistics officials from the National Statistical Office in Malawi and from the Ministry of Economic Planning and Development in Malawi, the officials from the Ministry of Finance and the officials from the Reserve Bank of Malawi for their...
contributions of facts and ideas and for the time they spent with the interviewers, patiently answering questions. The Consultancy team would also like to thank the Norwegian Embassy and Norad which supported the team in various ways and generously contributed by useful information.
2 Background

Malawi has a population of about 15 million inhabitants, 85 percent of whom live in rural areas, with 15 percent living in urban areas. Partly reflecting this spatial distribution of population, agriculture is a significant source of the country’s gross domestic product (GDP). In 2012, for example, agriculture was the source of 28.7 percent of GDP. In the same year, wholesale and retail trade contributed 15.7 percent to GDP and manufacturing was the source of only 9.3 percent of the GDP. Half the population lives below the national poverty line and the degree of income inequality is high.

This high dependence on agriculture makes the economy vulnerable to adverse weather since most of the agricultural activity is rain-fed. Changes in weather cause fluctuations in agricultural output and hence in national income. High dependence on agriculture also makes the economy vulnerable to changes in demand and prices in foreign markets where its agricultural products are sold, with decreases in export prices causing adverse changes in the terms of term and hence in national income.

The Malawian economy is also dependent on foreign aid which finances 40 percent of the recurrent expenditure and 80 percent of the development expenditure of the Government. High dependence on foreign aid makes the economy vulnerable to changes in aid policies.

Another characteristic feature of the Malawian economy is its high degree of openness. In 2012, for example, the country’s imports were 49.6 percent of GDP while exports were only 28.0 percent of GDP, according to the 2013 Annual Economic Report. This high degree of openness exposes the economy to a variety of external shocks, such as recessions in the countries where it sells its products, increases in prices of imports, changes in trading rules and disruptions on the transport routes to the sea.

Exogenous shocks to agriculture, foreign aid and to the economies of international trading partners often cause balance of payments problems for the country and hence economic instability, and a decline in the rate of economic growth. This makes macroeconomic forecasting and hence macroeconomic models necessary for the economic management of the country.

During the first three years (2000 to 2002) of the new millennium, the rate of GDP growth was unsatisfactory, averaging -0.6 percent. The main cause of this recession was unfavourable weather. In addition to that, fiscal and monetary policies went off track from the middle of 2001. There was also a suspension of balance of payments support by a number of donors in response to bad governance and fiscal mismanagement.

In 2003 and 2004 Malawi experienced better weather conditions. Agriculture benefited from the improvement in weather and recorded positive rates of growth of value added in both years. In turn, the recovery in agriculture stimulated agro-industry and demand for the output of other sectors of the economy. As a result, the economy achieved an average rate of growth of GDP of 4.3 percent. Due to the drought which adversely affected agricultural production in 2005, the rate of growth of GDP declined to 2.3 percent.

From 2006, the Government started implementing the country’s medium term development framework, the Malawi Growth and Development Strategy (MGDS), which aims at reducing poverty through economic growth and infrastructure development. During the implementation of the MGDS I from 2006 to 2011 the rate of economic growth averaged 7 percent per annum. This satisfactory economic performance was the result of debt cancellation which not only led to an improvement in the balance of payments but also released foreign exchange resources for importing inputs, as well as producing a high rate of investment and an increase in export earnings. In addition, the country benefited from price and interest rate stability.
However, during the implementation of MGDS II which runs up to 2016, Malawi has faced a number of problems. These problems have included a reduction in disposable incomes due to the decline in revenue from tobacco; scarcity of foreign exchange for importing fuel and industrial raw materials due to the decrease in export receipts from tobacco, the country’s main export commodity, from over $270 million in 2011 to less than $200 million 2012, and lately, suspension of aid following the disappearance of budget support payments. These economic developments have worsened the balance of payments position of the country. Moreover, until 2012 the competitiveness of the economy was undermined by an overvalued exchange rate. Consequently, the economy achieved the rate of economic growth of only 4.3 percent in 2011 compared to 6.9 percent projected in the MGDS II, which was developed as an output of the macroeconomic model supported by this programme. In 2012 the rate of economic growth decelerated to 1.8 percent.

In order to address the balance of payments problem, Malawi devalued its currency in May 2012 by 49 percent and floated the exchange rate. The country also agreed with the IMF to restore the Extended Credit Facility which had been suspended. The other reform that was implemented was the removal of price controls on petroleum products and utilities. These measures led to an increase in the rate of inflation from 7.6 percent in 2011 to 18.4 percent in 2012 despite the pursuit of tight monetary and fiscal policies.

In response to the recession, the Government elaborated and started implementing an economic recovery plan in 2012. The recovery plan reaffirmed the stabilisation policies that had been agreed with the IMF and introduced measures for stimulating production and/or exports in the sectors of energy, tourism, mining, agriculture and transport infrastructure and information and communications technology.
3 Scope and purpose of the Mid-term evaluation

In order to assess the project’s progress and its outputs and outcomes in terms of the OECD/ DAC criteria, the consultant team applied a multi-method approach which is explained in the following text.

Reconstruction of intervention logic:

As a basis of the review and in order to develop detailed sub-questions the project’s intervention logic was reconstructed at the beginning of the assignment. By this means the overall objective of the project could be translated into outcomes and outputs that are to be achieved. Based on the final report of the second phase of the project as well as on the project agreement it was possible to reconstruct the initial situation in the statistical project. Taking this scenario as a base line as well as taking into consideration the before-mentioned documents allowed the team to reconstruct the activities to be implemented in order to achieve the envisaged outcomes and outputs and (partial) impacts.

Desk study:

Before the field phase a thorough desk study was conducted by the consultants in order to gain a deeper understanding of the technical aspects and administrative arrangements of the project and its previous phases. Both Norad and the Royal Norwegian Embassy of Malawi kindly provided various background documents on the project, the previous phases of the project and Statistics Norway’s bilateral statistical cooperation approach. Further background information such as political and economic analyses and the Malawian development strategies were also studied and analysed.

The desk research made it possible to analyse the documentary evidence and limitations of the project’s progress and provided first partial answers to the evaluation questions. It pointed out the issues still to be studied and assumptions to be tested during the field phase. The methodological design includes the customized interview guidelines and questionnaires to be applied in the field phase, the approach to the overall assessment as well as the working plan for the field phase with the key outputs.

Stakeholder interviews:

The questions defined in the terms of reference served as a starting point for the questionnaire. While these questions addressed global issues (e.g. impact of the project) it was necessary to formulate sub-questions aiming at partial aspects of the global questions. By this means all aspects of the questions could be addressed and questions were easier to answer for the respondents. Judgement criteria and indicators of achievement were defined for all sub-questions and data sources selected. Different groups of stakeholders were created e.g. project managers, statisticians, team leaders / heads of units in beneficiary institutions, experts from Statistics Norway, etc. Specific questionnaires with the applicable questions and sub-questions were formulated.

Stakeholder interviews were conducted mainly during the field phase in Zomba and Lilongwe. Stakeholders included the National Statistical Office, Statistics Norway, the Ministry for Economic Planning and Development, the Reserve Bank of Malawi, the Royal Norwegian Embassy, civil society organisations as well as members of the international donors such as GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH) and the World Bank.
As a new country economist had taken over the project coordination in the embassy some administrative questions were also addressed to former coordinators after the finalisation of the field phase.

Observations:

In order to complement the findings further information was gathered by the consultants throughout the field phase.
4 Key findings

The following chapter provides the key findings, conclusions and recommendations based on the key questions/assessment points defined in the ToR. The findings for the questions are grouped under the OECD / DAC criteria.

4.1 Relevance

h) Assess the relevance of the program in relation to “National Statistical Office – Strategic Plan 2012-2016” and the new “National Statistical System – Strategic Plan for 2013-2017” including relations to build systems for official statistics and dissemination of official statistics;

Findings

The overall goal of the “Agreement between the Norwegian Ministry of Foreign Affairs and the Government of the Republic of Malawi regarding development cooperation concerning NSO Statistics for the Malawi Growth and Development Strategy – Phase 3” (the program) is to contribute towards the reduction of poverty and increasing the welfare of the population in Malawi by efficient fact-based policy planning.

The purpose of the program is to strengthen and further build the capacity of NSO for production of statistics for mid- and long-term monitoring of the Millennium Development Goals (MDG) and the Malawi Growth and Development Strategy II (MGDS II).  

Although the program is not referring explicitly to the “National Statistical Office – Strategic Plan 2012-2016” (NSO Plan 2012-2016) and the “National Statistical System – Strategic Plan for 2013-2017” (NSS Plan 2013-2017) - certainly due to the fact that these plans were not finished when the program started - the support is fully compatible with their goals and focuses on core elements in the plans (WMS, IHS, AES, IIP, CPI, PPI, NA) streamlining data collection and processing, web dissemination and database tools and training.

There have been six strategic goals identified in the Strategic Plan 2012-2016 for NSO:

1. Ensure continuous provision of coordinated, timely and high quality statistics to satisfy user needs
2. Coordinate production of statistics;
3. Enhance public confidence in statistics;
4. Enhance user-focused service delivery;
5. Establish an organized, increased and sustainable funding base;
6. Continue to improve organizational capacity.

1 NSO – National Statistical Office of Malawi
3 “National Statistical Office – Strategic Plan 2012-2016”
The strategic goals identified in the Strategic Plan 2013-2017 for NSS were defined as follows:

- Provision of high quality statistics for evidence based decision making
- Strengthened and coordinated integrated NSS
- Enhanced statistical capacity across the NSS and
- Enhanced dissemination of statistical products and use of management information systems for statistical purposes across the NSS.

The NSS is well imbedded in the International Statistical Initiatives.

The program aimed to support goal 1 and 6 of NSO-SP. Goal 2 is supported by a separate project funded by NORAD and UKAid (DFID). The program does not have an explicit focus on the goals 3, 4 and 5.

Goal 4 has been supported in the previous phases by the development of the website and database tools as well as the WMS. The funding has not been improved and is not yet sustainable.

SWOT Analysis identified the following weaknesses of the NSS:

- Low profile of statistics within sector ministries
- Poor documentation of data and data collection exercises throughout the NSS
- Limited access to data by users
- Limited provision of statistics
- Lack of institutionalized quality assurance processes
- Donor dependency
- Inadequate ICT infrastructure in line Ministries especially at District level
- Limited capacity of staff to manage data at all levels
- Low utilization of administrative or management data for statistical purposes

The program is also well within the NSS-SP, though the focus is on the NSO part of the system (e.g. the Statistical school at NSO).

Even if the program is within the NSO strategic plan, another question is if the program is giving priority to the most important issues. The third question is if the program has an adequate balance between supporting statistical outputs (goal 1 and 3) and institutional capacity building (goal 2 and 4-6).

The program components have mainly focused on capacity/infrastructure building which in turn should improve the output/statistics. The balance seems to be adequate with improved capacity and

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4 “National Statistical System Strategic Plan 2013-2017 (NSS), page 3”

5 NSS, page 2: “Concerned with the current state of statistics in Africa, the 2004 Marrakech Action Plan for Statistics (MAPS) of which Malawi is signatory resolved to mainstream the strategic planning processes of statistical systems. Through the MAPS, it was recommended that National Strategies for the Development of Statistics (NSDSs) should be implemented with National Statistical Offices as the lead agencies. This recommendation has in particular been pursued by the Partnership in Statistics in the 21st Century (PARIS21), and actively supported by the World Bank’s Trust Fund for Statistical Capacity Building (TFSCB). Apart from MAPS, there are other regional and international initiatives both general and specific aimed at enhancing the quality and use of statistics. These include Africa’s Reference Regional Strategic Framework (RRSF); PARIS21; UN’s Fundamental Principles of Official Statistics (UNFPOS); IMF’s General Data Dissemination Standards (GDDS) and the Data Quality Assessment Framework (DQAF); the World Bank’s STATCAP; African Charter on Statistics (AfCS) and Strategy for Harmonization of Official Statistic in Africa (SHaSA). All these and others are working towards improving the quality and utilization of official statistics for planning and evidence based decision making.”

6 “NSS, SWOT Analysis page 7”
output. The main constraint, however, is the weak organisational capacity. Much of the program success so far, both in capacity building and statistical output, is related to standardisation/routinizing (e.g. the AES and the attempts with WMS). The relevance in terms of using the WMS for poverty modelling can, however, be disputed.

Conclusions

The program is in line with the “National Statistical Office – Strategic Plan 2012-2016” and the “National Statistical System – Strategic Plan for 2013-2017”. The program supports parts of the strategic plans.

The chances to reach the aims are constraint from cross cutting issues - most of them are pre-conditions for the success of the core statistics. Some of the pre-condition issues can be summarized under the headline “organizational development”. The analysis of the past two phases of the program shows that these issues were often responsible for the setbacks in the program.

If the NSS does not reach an adequate organizational level the ongoing program will also suffer from the negative effects.

Recommendations

- Improvement of the institutional capacity building would be helpful to sustain the objectives already achieved.

It is difficult to assess the user needs and capacity to use the statistics. If the use of external experts is included it is clear that statistics are much used as baseline data as well as for monitoring and evaluation. It is, however, not possible to separate the use of national stakeholders.

Findings

The MGDS uses statistics extensively to look backwards but very little for goal setting. That is delegated to the sector level. SWAP documents use statistics both backwards and forwards and also have baseline data as end goals in quantity terms.

The NSO does not disseminate statistics particularly for the MGDs or SWAPs, with the exception of the contribution to the Annual Economic Report.

Conclusions

The links between produced and used statistics are weak, probably because of the current ad hoc assessments of user needs before surveys. The macro-economic modelling is an example of further use of statistics by MEPD though the end use of the MalawiModel is limited.

Recommendations
A set of national and sectoral indicators should be developed and agreed between users and producers. The producers within NSS will know what to produce and the users can improve the goal settings by utilising the indicators. The *Rwanda: mutual accountability framework*\(^7\) can serve as an example. It is a tool for the Government and donors to hold each other accountable for development results. It is based on the Common Performance Assessment Framework and the Donor Performance Assessment Framework.

It’s key components could be applied also in Malawi:

- The Common Performance Assessment Framework is a matrix of selected outcome indicators used by donors to assess the Government’s performance. It is mainly used for Budget Support conditionality.
- The Donor Performance Assessment Framework is the Government’s framework for assessing and discussing the progress of donors relative to their commitments.

### 4.2 Effectiveness

#### b) Review Progress and results so far and to what extent the Programme’s goals and objectives are expected to be achieved

**Goals and objectives** refer here to purpose, outcomes and outputs in the log frame in the Program Document. The purpose is to strengthen and further build the NSO’s capacity for the production of statistics for mid- and long-term monitoring of the Millennium Development Goals (MDGs) and MGDS II.

According to the World Bank Statistical Capacity Index (0-100) for 2013, Malawi has an index of 79 after a small drop in 2012. *Periodicity scores 97, source data 80 and methodology 60*. The coverage of the vital registration system is a weakness as a data source. The Industrial Price Index, Import and Export Price Index, Special Data Dissemination Standard (SDDS) and Government Financial Accounts are all holding back the methodology score.

### Findings

**Stat-1 Economic statistics**

Data collection, storage, analysis and reporting of the Annual Economic Survey (AES) have all been improved. The NSO has a high capacity on field work and data gathering, but the organization still lacks a uniform approach towards data entry and data quality checks.

Besides the need of continued financial support, some further technical support is necessary to make the survey more efficient and to improve data quality. Scanning is vulnerable as it is dependent on a few persons.

The Consumer Price Index (CPI) has the highest priority and is disseminated regularly. The weights have been updated. The Producer Price Index report will soon be ready and an International Comparison Program is being developed.

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\(^7\) For more detail see e.g. http://www.budgetstrengthening.org/storage/country-learning-notes/Rwanda%20mutual%20accountability%20framework.pdf
IHS3 has been reported with technical documentation.

**Stat-2 National accounts**

The National Accounts (NA) have been improved via the implementation of SNA (System of National Accounts) 2008, a revised Supply and Use Table (SUT) and the introduction of ISIC rev. 4 and Central Product Classification ver. 2.

Late input data and stolen computers have delayed the NA and some tables compiled from the SUT. Besides the updated methodologies, some new data, particularly the donor supported Small and Medium Scale Enterprise Survey (SMSE) 2012 also explains the delays.

The situation of personnel in the production of the National Accounts data of the NSO is vulnerable. There is only one (!) person working in the area of supply and use tables (SUT) – a core element of the Macro Model. The other few staff members can manage the major elements in a simplified NA tool.

Internet access is very slow and caused and still causes communication difficulties, specifically with the NSO head office in Zomba and with external consultants supporting the unit. A direct IT connection between the NSO Zomba and Lilongwe was foreseen by another programme but not yet established.

Also the annual update of the Supply and Use Tables SUT turned out to be too ambitious with regard to the actual capacities of the NSO. It is now planned to produce these SUT only every 5 years and generate the intermediate years by interpolation.

NSO has the capability to update and report NA, but the current resources are very limited. Institutional Sector Accounts need more support. National Accounts are documented but not published. NSO subscribes for the International Monetary Fund (IMF) Special Data Dissemination Standard (SDDS) but is only in an initial stage.

The next provision of data for the years 2008 to 2010 is about to be finished but backward estimations of time series for the years 2002 to 2006 have still not been implemented.

**Stat - 3 Social Statistics / poverty (data production)**

From the very start of the project it was planned that NSO should be able to produce annual, high quality and timely WMS with decreasing Statistic Norway (SN) support. This goal is challenged by the quality problems in WMS 2011.

The third phase aims to have an improved system and capacity for a household survey program comprising IHS and WMS for planning for the MDGS including a timely WMS, test performance of an IHS2 based poverty model, recalibration of the poverty model on IHS3 data and a review of WMS as well as the securing of partial funding outside the project for future WMS.

The WMS 2009 model-based poverty estimate was 39%, while IHS2-3 showed no significant change and eroded the confidence for WMS as well. WMS 2012 was suspended and the funds were used for a panel approach following the IHS3 households.

- WMS 2011 has been released without poverty estimates
- The model instruments are documented.

A future survey program is under discussion and the model approach will be researched by the World Bank before any recalibration of the poverty model. Possible deviations have not been explained or researched.
The Institutional Cooperation Project Progress Report of 4th June 2013 states that the model is working satisfactorily between the IHS2 and 3 and the World Bank is expected to resolve the problems and recalibrate the model with IHS3 data.

**Stat - 4 Institutional development of NSO (and NSS)**

The Statistics Act mandates NSO to lead the production of statistics by coordinating the National Statistical System (NSS). The NSO Strategic Plan 2012-2016 has as its second goal the coordination of statistics production. In the Project Document, however, NSS is only mentioned in connection with the “Statistical School also serving NSS”. Norway is instead supporting NSS via a separate project to develop a strategic plan for NSS. The development of NSS is not included in this review.

A new server-based and secure IT system was installed in 2010 and there is an IT support team. Part of the Lilongwe equipment was stolen in February 2013 and has now been replaced.

Significantly improved website facilitates access to published reports as well as to databases. The more interactive database program PC-Axis has been installed but still does not cover all surveys. Some staff has been trained on web data dissemination.

The NSO is delivering policy-relevant information apart from employment statistics. Staff is not systematically trained in policy-relevance but stakeholders are consulted before implementing any surveys and the results are presented and discussed in workshops.

A statistical school has been established but needs to be reconsidered when the NSS-Strategic plan is ready to accommodate all parts of NSS. Much more has to be done to conduct the training activities.

The majority of human resource development is conducted through on-the-job training, team work and internal rotation including the statistical units at ministries. The NSO statistical school offers more courses but the main problem is the availability of time for both trainers and trainees as they are overloaded with current work with a higher priority.

The service to the other parts of NSS is also limited by the location in Zomba. There is no systematic follow-up of the courses but majority of interviewees has been satisfied with the school. The EU-supported SADC regional and national training strategies with a training package were the basis for the Statistics School. More specialized courses and training on the use of statistics are being developed.

The implementation of courses is low and almost no project funds for the school have been used, though available. With the limited human resources, NSO has given priority to short term improvements instead of long term development.

**Conclusions**

NSO is able to produce statistics for mid- and long-term monitoring of the Millennium Development Goals (MDG) and the Malawi Growth and Development Strategy II (MGDS II). There are, however, problems with the quality in WMS 2011.

NSO staff is capable of producing statistics with little external help but is often overloaded with other tasks which can affect the quality.

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8 SADC (Southern African Development Community): [http://www.sadc.int/information-services/sadc-statistics/](http://www.sadc.int/information-services/sadc-statistics/)
NSO needs an organizational approach to link the regular and ad hoc workload to the teams and capacity. It seems that the donor organizations sometimes overload the NSO with surveys (and even project monitoring tasks).

Due to the fact that the additional budget is welcome and necessary and that the data is important and helpful for the donor organizations for their programming, a solution needs to be found. Otherwise the regular working program of the NSO is jeopardized.

A better division between regular statistical duties and additional ad hoc tasks is necessary. If not, there is a risk of losing qualifications and routines already achieved.

The budget for the Statistical School included in the project is not sufficiently used so it is not a question of funding. More staff should be recruited to better balance ordinary work, ad hoc work and long-term development. (Some budget might be available for capacity building due to the fact that donor organizations are paying for the additional surveys.)

**Recommendations**

- Norway is supporting NSS by a separate project to develop a strategic plan for NSS. It would probably have been more effective to have this project included in the main project to avoid extra administration and communication between the parties.
- Support the capacity building process of the NSO with a focus on organizational issues.
- Improve the quality by more routines and computerise the field work.

**Findings**

The SN support has included a mix of long- and short-term experts, study visits and back-stopping from SN. Over the time the technical support has decreased and changed to more short-term and less long-term support. The decrease of long-term advisers is important to test how sustainable the support has been. Looking backward there are cases where continuous long-term advisor could have been beneficial. Perhaps more medium term (2-6 months) support could be an alternative.

The more holistic approach with a twinning arrangement has been beneficial when supporting broader systems as NA.

SN has been more active at the start of the program but NSO has taken over more ownership.

SN has focused rather on long-term capacity building than on short-term fixing of statistical outputs. A lesson learned by SN is to focus on simplifications of the statistical processes.

Overall cooperation has been smooth and major difficulties are related to limited human resources at NSO. In addition to that, the following specific problems occured:

- Staff changes at the Norwegian Embassy had impact on the “project memory” within SN and NSO;
- Limited donor coordination;
- Lack of change management at NSO.
The effects of the SN support are visible in the form of running surveys with regular reporting, an updated webpage and more competent and confident staff. The SUT and WMS are often mentioned by the stakeholders. Working processes have been more streamlined. The work output has been improved both in quantity and quality. It is not possible to isolate the effects of the third phase from the earlier phases.

NSO is also given support from the World Bank for the IHS3 and the panel follow-ups. Other donors have supported different ad hoc surveys (SMSE, MICS, DHS, etc.). All of them are providing valuable statistics and general survey capabilities.

Staff often have to leave their ordinary duties to perform extra tasks with possible negative effects on their ordinary work. The per diems for field work lead ordinary staff to volunteer for this extra fieldwork. However, it has also positive effects: when processing or analysing data it is useful to know how data were collected.

On the other hand, data analysis often has lower priority than data collection and can also be delayed. A fairly short activity such as one day processing of data may be delayed by the time the person is in the field. This will probably not lead to serious problems as most people are responsible and will do their best to limit the negative effects. The problems are similar to what happens when a short-term adviser leaves his job at SN for 1-2 weeks in Malawi. It is difficult to coordinate both the ordinary work and the extra work.

The program as a whole is a complex capacity building program. Different phases are outlining an ongoing process to strengthen the NSO and the GoM to manage their affairs successfully and to contribute to the reduction of poverty and increasing welfare in Malawi.

The input from SN needs to be co-financed from the Malawi side. The Agreement between the parties outlines the contributions and obligations of Malawi (Article IV).

The SN input is mostly concentrated on improving the technical skills needed to fulfil the statistical tasks. However, the complete program needs to be embedded in a framework of change management.

The effects of the Norwegian support are visible and the Malawi-Norway-Statistical-Cooperation has already gained a good reputation within the donor organizations.

The deficits hampering the progress are more on the organizational level than in the knowhow of the statisticians.

Annual repetition of standardized exercises is important to consolidate the progress reached – but often this is not possible due to the fact that other ad hoc tasks are arising.

It seems that the NSO would have no problems to manage additional tasks parallel to the regular working program if:
- staff shortages could be solved more quickly
- additional staff could be hired for special tasks
- more time/staff for planning, coordination and management is available

Shifting the focus more on the adaptability and management of the organization depends on the agreement with the GoM and on the ability of the GoM to co-finance these activities.

Better donor coordination can be helpful in receiving the funds necessary for that improvement.

Donor coordination does not need to be organized in a difficult instrument such as basket-funding.
A donor agreement in the field of statistics could also be organized with regular meetings, early exchange of projects planned and a common sense approach to administration fees and financing procedures and if possible a common audit of the expenses.

Another more ownership oriented possibility is conceivable if the Malawi side defines one administrative point of contact for all donor activities in the fields of statistics. This could also be a connecting point for capacity building (planning, coordination, financial administration).

With a clear financial, accounting and audit procedure double invoicing and overlapping activities can be handled much easier.

In addition to these financial advantages this could lead to a better organisation of statistical tasks and an improvement of the National Statistical System. It is also conceivable that the connecting point has an additional task to Strategic Plan 2013-2017 for NSO: goal 5) Establish an organized, increased and sustainable funding base.

To achieve the effects of a donor coordination (transparency, smooth and professional organisation) it might be necessary (profitable) to have external advice and funding.

Statement for an improved instrument for data collection

Even the donor supported activities can be hampered if different donor activities are not well coordinated. The main impact would be that ordinary and planned work will be delayed. Under the highest risk is capacity development, particularly training as it needs both time for trainers and trainees.

The solution proposed in the draft NSS survey program has severe drawbacks. It has never or seldom worked as planned in many countries that tried it because donor interventions were not following the program or because of the delayed donor support for planned surveys.

Ad hoc statistical needs cannot be facilitated without disturbing the program and thus data required quarterly and annually will not be collected. Having labour force data every five year is of very little use considering that such data provides some of the most important macro-economic indicators as well as poverty indicators. The rotating surveys are implemented differently and with a periodicity of five years only very little capability is sustained between the same surveys. Another problem is that with a time span of five years each survey tends to be more and more multipurpose (IHS, MICS, etc.) which makes them very costly.

A different solution, and one well in line with the concept behind WMS is to have a regular survey. It should, however, be developed into a permanent survey or rather a permanent household data collection system with permanent staff, a core questionnaire for quarterly and annually needed statistics and rotating modules for the majority of other household based data including the detailed consumption module with diary keeping. Programming and coordination can then be guided by agreed statistical needs instead of possible donor support. Costs for permanent staff can more easily be taken over by the GoM than those for ad hoc activities. Timeliness can also be improved by favouring the quick release of standard quarterly and annual indicators and separate module reporting over the concept of survey reporting. This approach is already working in Cape Verde, Lesotho, Mozambique, Mali and soon in Burkina Faso. The advantages and possible solutions are explained in Annex II. In those countries consumption is measured continuously but in a simplified way.

Such an approach should also be facilitated by using tablet supported interviews, leaving the costly manual data entry or more vulnerable scanning. The quality (including timeliness) will be improved by most controls built into the computerized questionnaire allowing direct clarifications with the respondent. The data flow should also be streamlined by using a relational database (e.g. MS Access or SQL) to automatically connect the entered data with storing, manipulation and tabulation. The current approach using old fashioned data entry in CSPro or scanning and then
moving data to SPSS is time consuming and risky and needs sustainable competence. Future support should aim to find simpler and more streamlined solutions. This has been already recognized for the AES.

The high costs for big samples allowing district statistics should be reviewed carefully. Few countries, if any, have succeeded in an efficient use of low level statistics, particularly when the use is limited already on the national level with much more resources. A merge with the data collection at Ministry of Agriculture utilising their district staff for part of the data collection should be researched.

Recommendations

- Try to support the capacity building process of the NSO with focus on organizational issues.
- Discuss a permanent household data collection system.
- Proceed further with donor coordination.
## 4.3 Efficiency

### c) Review the use of resources in terms of effectiveness, efficiency and intended use

#### Findings

**SN technical assistance during the third phase**

| Stat-1 Economic statistics | • Study visit for AES (Oct 2012)  
|                           | • A short-term mission for IIP  
|                           | • Minor assistance by the long-term adviser |
| Stat-2 National accounts  | • Study visits for developing the NA (Feb and Nov 2012, Sep 2013)  
|                           | • International NA conference in Cape Town  
|                           | • Long-term adviser (Jan 2010-Mar 2012)  
|                           | • Two short term missions on revised SUT with SNA-2008 and new data sources (Oct 2011 and Jun 2013)  
|                           | • A short-term mission on maintenance and training on SNA-NT software (Dec 2012)  
|                           | • Backstopping/coordination |
| Stat - 3 Social Statistics/poverty | • Two short-term missions on data corrections in the WMS 2011 (April and October 2013)  
|                           | • Study visit to SN |
| Stat-4 Institutional development | • Study visit to SN  
|                           | • IT investments  
|                           | • Backstopping (some e-mail advice on managing licenses)  
|                           | • SN project coordination |

Eight short term missions with 85 working-days and four study visits had taken place by the submission date of this report.

Most interviewees thought that a mix of activities including the formal training, study visits, long-term advisers and short-term advisers is the best approach.

Some emphasized the advantage of long-term advisers when improving a whole system such as NA, particularly at the beginning.

Others emphasized study visits to acquire a broader understanding of how CPI, for example, fits into the wider statistical organization with a flow of data from different sources.

Only a few activities were regarded as less valuable, in particular short-term advisers due to consultancy periods that were too short.

NSO people assigned to the project activities possess the right qualifications and the input in staff months has been adequate.
Only about 85% of the budget for economic statistics (Stat-1) will be utilised, mainly due to fewer short term missions than planned. National Accounts (Stat-2) and social and poverty statistics (Stat-3) are following the budget well, except for some delays. The budget for institutional development will be over-drawn by almost 25% mainly due to IT investments, more short-term missions and more backstopping. At the same time only 34% of the budget for the Statistical School will be utilised. In total 99% of the budget will be spent. All major changes were approved at the annual meetings.

Conclusion

Regarding the financial issues it seems that the planned activities are not easy to fulfil. If this tendency continues in 2012/2013 the program cannot realistically fulfil the planned activities. It seems that there are unexpected factors disturbing the workflow of the program. Some of them are explained in this review.

Recommendations

- Longer stays of short term experts advisable (e.g. medium term)
- Reallocations should be discussed (e.g. unforeseen expenses)
- A deadline for expenditure should be discussed

Findings

(The progress reports, the annex 2 matrix from the Agreement, the revised working plan and the financial statements and budgets shall be submitted by two weeks before the Annual Meeting. The last progress report is the “Institutional Cooperation Project Progress Report May 2012 to April 2013” referring to the phase 3 of the programme. The documents were submitted on time. Since phase 2, all expenditures from Statistics Norway have had to be approved by NSO/MPED. Statistics Norway prepares quarterly overviews of expenditures which are certified by NSO and forwarded to the Embassy for reimbursement based on invoices from SN and supporting documents. Annual expenditures are presented at the Annual Meetings. Requests are made formally before any activity. The audit reports are based on the Standards of the Supreme Audit Institutions. Audit report does not outline in detail what kind of specific verification procedures were fulfilled. Audit reports do not indicate the accounting document behind the expenditure, e.g. in the last report note 4 many amounts are only indicated as bank transfers.

9 “Agreement between the Norwegian Ministry of Foreign Affairs and the Government of the Republic of Malawi regarding development cooperation concerning MEPD Macro Model for the Malawi Growth and Development Strategy – Phase 3”; Article I.2, Article VII Reports.
Conclusions

It would be advisable to require more frequent progress reports. Although this might as an additional workload for already overloaded staff members, it would nevertheless have positive effects: experience has shown that the shorter the reporting periods, the better the reports. This can be explained by the fact that as the responsible project managers become more familiar with the procedures they also become able to produce the shorter reports more quickly and of quality.

The most crucial however is the fact that this formal procedure gives all stakeholders involved in the project the possibility to learn more often not only about outcomes but also about the difficulties encountered during the project implementation which makes it possible for them to react faster to constraints and technical or managerial uncertainties and problems.

To improve the transparency of the audit a standardized expenditure verification report should be defined. The basis of expenditures should be an invoice. The invoices should be accompanied by supporting documents (payment receipts from members of staff for per diem, travel documents etc.). An improved audit procedure aims at credibility and transparency of the expenditures.

On the other hand some kind of administration fee should be provided to the GoM as it is not easy to handle complex budgets with a weak administration.

Recommendations

- Audits should provide detailed expenditure verification reports. Supporting documents for invoices should be defined.
- An administration fee should be provided.

Findings

The salaries are low but have a similar structure across the whole public sector. They depend on the position which is dependent on the formal education level. A professional institution can often have lower salaries if the staff can gain training and professional experience for future careers within the institution or outside. The current position structure is out-dated with too many statistical clerks.

The well-educated staff is attractive for other organizations with higher salaries which can cause a brain drain. The NSO can overcome this problem with a good human development strategy including a proper program of on-the-job-training for the new staff members.

The very long recruitment process (up to one year) is also a problem as NSO has no right to recruit directly but has to go through the central recruiting system for all GoM staff.

One week per diems in the field are equivalent to one month salary. This might be seen as an incentive rather than an allowance. It was not possible to check whether the per diem rates are appropriate or not.

The working process in the NSO seems to be dominated by data collection. The processes of data clearance, storage and analysis suffer due to the fact that part of the team is often in the field and not in the office. It seems that this is more an organizational problem than the result of preference for field work.

I) Review to what extent the GoM financial incentive structure, i.e. per diem and salaries are conductive for the achievement of the Programme’s goals and objectives.
Conclusions

Salaries at the NSO can be outmatched by International Organizations (or private enterprises). The advantages of working in the NSO should be made more visible. The recruitment process is too long and the NSO need a better capacity in human resources management and on-the-job training to fill the gaps.

Per diems should not be an incentive. The per diem rates should only cover the additional expenses for travelling.

Incentives might be helpful to booster the progress of the program especially in an organization with normal salary. The incentives should then have a direct connection to the timeliness and credibility of outcomes (e.g. reports, or on a lower level data collection, clearance, storage, analysis). To connect them only with one part of the working process is counterproductive. If financial incentives are not possible due to scarce resources social security measures (such as unlimited contracts, social contributions, etc.) could be assessed jointly with the responsible institution of GoM.

Recommendations

- Analyse the recruitment process
- Strengthen human resources development
- Develop a better incentive system

Findings

Special anti-corruption measures are neither defined nor considered by the program. NSO has not outsourced any major part of the statistical process so the risk for kick-backs is low.

The Agreement stipulates that invitations to tender shall include a clause on cancellation in the case of illegal or corrupt practices and a number of other anti-corruption and transparency regulations.

The financial input of the Government of Norway should only be used to reach the programme’s objectives.

How can the budget be protected against a misuse and what kind of anti-corruption measures are implemented?

During this assignment it was not possible to analyse in detail the reimbursement procedures of the project.

There is no report on illegal or corrupt practices in the third phase of the project.

As far as accounts are concerned, the Agreement specifies that the auditing of project accounts will be done by the Malawian National Audit Office and will be presented to Norway no later than six months after each financial year. The audit reports provided are not explaining in detail the audit procedures.
Conclusions

Anti-corruption measures are weak and not defined in the project documents.

Recommendations

- Anti-corruption measures should be defined in the bilateral agreements in all future programs.
- The Audit procedure should be enhanced e.g. with an expenditures verification.\(^\text{10}\)

\(^{10}\) Requirements of an expenditure verification are added in Annex III.
4.4 Impact

According to the OECD Development Assistance Committee impacts are defined as „positive, negative, primary and secondary long-term effects produced by the development intervention, directly or indirectly, intended or unintended”.

Thematically relevant literature suggests that in order to evaluate impact a comparison between the state of affairs in the supported institution before and after the intervention should be applied. However, this method requires the availability of baseline data. Basically retrospective techniques (asking the interviewees to describe their trained/supported abilities before and after the intervention) could also be applied. However, it is strongly preferable to compare with baseline data as answers gained from the retrospective technique might be biased.

Highest standard evaluations according to OECD/DAC standards additionally take counterfactual aspects into consideration (e.g. what would have happened without the intervention?). In such evaluations changes/improvements in the trained sector (e.g. ability to apply macroeconomic models) are discussed with the predefined control group. If a control group has been established in the context of a baseline survey the same control group could also be interviewed.

It is worth mentioning that these technically demanding approaches are applied mainly in final impact evaluations. As no such baseline data has been collected at the beginning of any of the three phases and as this project by its nature does not allow the creation of control groups and has in any case not yet been finalized, it is not possible to apply a significant, reliable and valid impact evaluation according to OECD/DAC standards in this review.

Nonetheless, the more qualitative and triangulation-oriented approaches applied allow to outline a tendency or direction in which the project is heading. The consultant team addressed questions such as “What has happened as a result of the programme or project?” , “What real difference has the activity made to the beneficiaries?” or “How many people have been affected and in what way?” and discussed these and similar topics with stakeholders at different levels.

**a) If possible, assess impact of the Programme taking into account achievements reached in Phase 1 and 2**

*Impact* here refers to what is declared as the *overall goal* and *specific goal* in the log frame in the Programme Document:

*To contribute towards reduction of poverty and increasing welfare in Malawi by efficient fact-based policy, strengthening the national statistical system and by strengthening economic and social policy planning in a manner reflecting user needs.*

MGDS II (January 2012) declares:

- A strong indicator framework is critical for measuring progress towards defined goals, outcomes and targets;
- Availability of data is crucial for monitoring progress of the Malawi Growth and Development Strategy (MGDS) implementation;
Findings

The MGDS II extensively uses statistics to describe previous development but totally misses the use of statistics (measurable indicators) as a tool for realistic goal setting and planning. This is done only at the sector level.

The improved NA has contributed to better macro-economic planning. The improved NA is said to have lowered the taxation rate which should have improved income and welfare in average. The annual economic statistics are used for planning and budgeting directly as well as indirectly through macro-modelling.

Final Phase 2 Project Progress Report, May 2013 declares that the component Plan-2; Gender Issues and Poverty Trends had limited efficiency due to the low absorption capacity at the Monitoring and Evaluation unit of the Ministry of Economic Planning and Development (MEPD). MEPD decided to give priority to other programs for this type of analysis and policy recommendations, i.e. the T21 and PRSP/MGDSI/MDGI and the UNDP supported reporting on MDGs. Hence this component was discontinued to avoid unnecessary overlap.

Conclusions

It is difficult to measure any impact of the project on poverty reduction as many other factors are involved. What can be stated, however, is that there is no statistical evidence that poverty has been reduced. The reduction from 52.4 \(\pm\) 1.9 % in 2004/2005 to 50.7 \(\pm\) 1.8 % in 2010/2011 is not statistically significant.

Another robust welfare measure is the food share of total consumption. It increased from 55.7 % to 56.3, which is an insignificant change in the other direction. The employment ratio fell from 92.0 % to 90.7 % during this period. GDP have had an annual growth with about 8 %, while the population is growing at about 2.4 %. On the other hand the Gini coefficient has increased sharply from 0.39 to 0.45 in the same period (Integrated Household Survey, IHS3).

The poverty analysis have so far only led to fairly simple poverty profiles with poverty rates for districts and a few groups as point estimates over time. The links between the analyses and policies to reduce poverty are weak. The drop in the poverty rate from 52 % to 39 % led to a strong controversy about the model and reduced confidence in statistics and the Welfare Monitoring Survey (WMS) in particular.

On the other side, the program as a whole is a complex capacity building program. The different phases outline an ongoing process to strengthen the NSO and the GoM to manage their affairs successfully to contribute towards reduction of poverty and increasing welfare in Malawi.

The input from SN needs to be co-financed from the Malawi side. The Agreement between the parties outlines the contributions and obligations of Malawi (Article IV).

The SN input is mostly concentrated to improve the technical skills to fulfil the statistical tasks. However, the complete program needs to be embedded in a framework of change management.

Recommendations

- To the GoM: Focus more on general welfare measures rather than the poverty rate/headcount. It can be the food share of the total household budget (Engel’s Law) and formal/paid employment.
- To the SN: Go further with capacity building with a stronger focus to the organisational issues.
4.5 Sustainability

**d) Assess sustainability elements, with special focus on institutional and organisational sustainability**

“Two phases needed, three phases recommended” has been stated in some project documents. That is optimistic. In the original project document SN proposed that 12 years was expected as the necessary period. Experience from the Swedish support to the NSOs in Kosovo, Lao PDR, Cambodia, Vietnam, Lesotho, Namibia and Mozambique reveals that the time needed is at least 12 years. Self-funding can however lead to even longer time developing periods.

**Findings**

Though there is a huge lack of funding and staff, NSO is able to cope through the rotation of staff to the most prioritized areas such as CPI and NA. This can be negative as long term capability development (e.g. formal training) will receive lower priority for short-term gap filling. Under the circumstances rotation can be positive (and is partly according to policy). Interviews clearly showed impressive and broad staff competence, sometimes more in other areas than the current working area. Team work is also common, particularly when implementing surveys. This facilitates spreading of competence among the team members. Both rotation and team work facilitate sustainability. In most cases the collective competence is there even when one key expert is missed out.

The AES is conducted regularly and NSO has the capability to perform most surveys without technical support. Annual working plans are used by most parts of NSO. The main problem is the long-term funding of surveys which are now mainly funded by donors.

NSO had more regular training for newcomers a decade ago, supported by DFID (now UKAid). The high degree of vacancies and the general time constraints have stopped this general training. Most of the training is carried out as on-the-job training by team work and rotation. Interviewers are well trained before each survey.

Rotation and team work have generated broad competence rather than specialized competence. This facilitates sustainability for most statistics but makes highly specialized statistics such as NA vulnerable.

Staff turn-over and rate of absence is not abnormal and is generally solved by rotation. The structure of the positions at NSO is outdated with too many statistical clerks, when manual data entering is being phased out. The huge vacancy rate is more an effect of low and slow recruitment.

Economic statistics (Stat-1) are the most institutionalized with regular statistical production according to plans, except for some delays and the dependence on external funding for data collection.

National accounts (Stat-2) are vulnerable due to the lack of competent staff. They are also dependent on data from other statistics.

Social Statistics/poverty (Stat-3) lack regularity and are dependent on donor supported ad hoc surveys. NSO has the capability to conduct even large surveys but should have a more uniform approach to data entry, checks and quality control. This would best be facilitated by using tablets at the interviews with built in controls and a permanent survey “machinery”.
Institutional development (Stat-4) is partly sustainable. ICT and other equipment is up-to-date but the human resources are insufficient, both in numbers and competence. The most important statistics have priority and upcoming gaps are filled by rotation. Too little time is available for long-term human resource development by regular training.

Conclusions

- Institutionalization has been established
- Long recruitment procedures and lack of staff jeopardize the sustainability
- Organizational deficits jeopardize the sustainability

Recommendations

- Improve sustainability by strengthening the organizational (management) part of NSO

Findings

The Mid-term Review of The NSO/MEPD Malawi-Statistics Norway Project 2006-04-25 states that “there are allegations that the in-house interest of the SN pushed some sophisticated policy research components of the project much further than warranted”. Another observation of the project planning process revolves around the basic asymmetry between the Partner (the Malawian institutions) and the Norwegian cooperation institution (SN). Looking at the preparation process, it is fairly clear that SN has been on the offensive in conceptualizing planning and preparing the programme document, although the latter is supposed to be “the Partner’s strategy” (Norway 2005).

NSO has ownership of all main processes with marginal technical support. Statistics is regarded as crucial, though it is not always used to its full potential. The project support is valuable for the day-to-day work at NSO and for policy development and monitoring but less at the political level.

The Malawian stakeholders may have been less pro-active at the start of the program but the main parts of the support are now driven by the statistical needs in Malawi guided by the NSO statistical strategy. Malawian stakeholders consider the activities and impact of the programme as highly valuable and steer the project with little assistance. The NSO Commissioner estimates the ownership to 70%, an estimate that the reviewers do not doubt.

The phase 3 budget has been markedly revised and approved by the Annual Meeting where NSO played an active role. NSO has also been more involved in the selection of short-term advisers.

SN mostly drafts the terms of reference after the input from NSO for final approval by the Malawi counterparts.

Preliminary reports are elaborated by short-term advisers and discussed before leaving Malawi. Malawi contributions are included in the final report.

Conclusions

Malawi is on the right track with increasing ownership supported by the new strategies. NSO and NSS will still benefit from the current twinning approach with SN able to provide more holistic guidance and support.
Recommendations

Continuous twinning between NSO and SN but with SN focusing rather on long-term development than short-term fixing and being a lead organization for other support.

A more formal evaluation by a questionnaire to the counterparts after each mission could benefit both the project and SN lesson learning. This is practiced in the Norwegian support to the Palestinian Bureau of Statistics.

Findings

The following risks are identified in the Project Document:

- Staff turn-over
- Need for specialised IT competence - makes it difficult to assign additional resources when bottlenecks arise
- Bottleneck in AES production, delay in input data to NA
- Lower incentives for desk-work than field work
- Lack of trust in poverty model and donors reluctant to fund survey
- Coordination of technical assistance
- Inadequate GoM funding
- Statistical school not prioritised in daily activities.

Staff turn-over is not a general problem but NA and IT are vulnerable with few staff members competent in all parts of NA and IT. Specialized IT competence such as scanning is also a bottleneck in the AES production and the SNA-NT program may need remote support. These risks are planned to be mitigated by recruitment, introduction program for the new staff, increased links with academic institutions, IT courses at the Statistical School, improved documentation, detailed time schedules and close follow up by management.

NSO should have recruited two new staff members but only one has been recruited so far. There is no introduction program or links to the academic institutions. University courses have been developed but the implementation of specialized courses is at a low level. NA, SUT, AES and WMS are documented but not published. More work has to be done to streamline the AES and future WMS or corresponding survey.

The poverty model is well documented but confidence is almost lost. A survey program through SWAP projects was planned but has not been implemented. This should also have facilitated donor coordination.

NSO reporting at the annual meetings and improved NSO financial reporting is supposed to mitigate the risk of donor and GoM reluctance for funding particularly the WMS.
NSO has found it more efficient to use its own staff for IT maintenance, opposed to the risk mitigation proposing outsourcing. Use of non-NSO staff to develop and initially conduct Statistical School training courses have not been implemented either.

Simplify SUT and use of an Excel based program instead of SNA-NT has been introduced as new mitigation measures.

Conclusions

Most of the risks are well known bottlenecks and should have been more analysed and actively managed within the project, e.g. by utilizing available resources more efficiently and better planned, even if it leads to less statistics in the short term (simplifications and routine building).

Recommendations

Making the household surveys more as routines than ad hoc exercises would help to create a better balance of the workload.

Future programs should include more realistic risk analysis and risk mitigation.

Findings

- The devaluation complicated the financial situation but was solved by the Norwegian Embassy.
- New computers were stolen from the NA office in Lilongwe which caused delays in NA statistics.
- The discussions around the poverty measurements surely impacted on the future of the WMS. Available funds were diverted towards other surveys, such as the IHPS and the MDG end-line survey.
- The new server in Zomba is affected by high temperature due to the problems with air conditioners.
- Staff changes at the Embassy and SN have created communication problems and delays in the implementation of the program.
4.6 Cross Cutting issues

i) Assess if gender issues are sufficiently addressed throughout the project, including in the team composition, also in basic economic statistics that are used in the modelling component

Findings

Gender is not even mentioned in the Project Document. There is a limited awareness of gender issues within the NSO. Some economic gender statistics have been produced by donors. The NSO staff is male dominated, though a slow change is expected as more women are studying statistics. The importance of measuring both men’s and women’s full contribution to the welfare (agreed at the Beijing summit) is not regarded by NSO or the program. There is no awareness in economic statistics which perhaps is the most gender biased statistics measuring the male dominant formal economy.

The Final Phase 2 Project Progress Report of May 2013 declares that the component Plan-2; Gender Issues and Poverty Trends had limited efficiency due to low absorption capacity at the Monitoring and Evaluation unit of the Ministry of Economic Planning and Development (MEPD).

Sex is a main variable in almost all statistics related to people and is collected in almost all statistics. Most statistics with gender relevance is also published by sex. There is, however, no publication where available gender statistics are compiled to a booklet or gender analysis report.

Conclusions

Gender issues seem to have low priority and gender statistics are neither mainstreamed into all statistics neither a focal point in statistics. Similarly is child statistics very limited, though children (up to 18 years) is more than half of the population.

Recommendations

- Future projects should support improved gender statistics, with the goal to make a gender booklet or similar dissemination on internet where web-readers easily can click to gender relevant statistics.
- Include a rotating simplified time use module in future household surveys. Time use is not changing fast so the module can be added on every five or ten year.

Findings

The World Bank is currently supporting the IHS panels. UKAid is co-funding the development of NSS-Strategic Plan together with NORAD. The World Bank, UNDP, UNICEF, EU, USAid, Deutsche Gesellschaft für internationale Zusammenarbeit (GIZ), and UKAid have supported various statistical surveys and economic statistics.

The donors supporting Malawi statistics are cooperating and coordinating bilaterally from time to time and there are no signs of competition between the donors. The donors also support capacity building and not only statistical output. Basket funding is still discussed but some donors cannot join a basket managed by the NSO. The donor supported ad hoc surveys create big variations in the workload. This has an impact on the ordinary work as the limited staff also limits the available time for extra work, even if it is paid for.
Conclusions

A streamlined system for data collection from households is probably more important than more formal donor coordination.
5 Annexes

5.1 Annex I: List of Stakeholders - Interview Partners
5.2 Annex II: Explanation to Permanent Survey
5.3 Annex III: Expenditure Verification Procedure
5.4 Annex IV: Terms of Reference of Mid Term Review
5.1 Annex I: List of Stakeholders - Interview Partners
### Annex 2 - List of interview partners (alphabetical order)

<table>
<thead>
<tr>
<th>Title</th>
<th>Name</th>
<th>Surname</th>
<th>Institution</th>
<th>Position</th>
</tr>
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<tr>
<td>Mrs</td>
<td>Lizzie</td>
<td>Chikoti</td>
<td>NSO</td>
<td>Assistant Regional Commissioner</td>
</tr>
<tr>
<td>Mr</td>
<td>Kondwani</td>
<td>Chilopa</td>
<td>NSO</td>
<td>Assistant Statistician</td>
</tr>
<tr>
<td>Mr</td>
<td>Lusungu</td>
<td>Chisesa</td>
<td>NSO</td>
<td>Statistician</td>
</tr>
<tr>
<td>Mrs</td>
<td>Sook-Jung</td>
<td>Dofel</td>
<td>GIZ</td>
<td>Project Leader</td>
</tr>
<tr>
<td>Mr</td>
<td>Hastings</td>
<td>Dowe</td>
<td>NSO</td>
<td>Human Resource manager</td>
</tr>
<tr>
<td>Mr</td>
<td>Temwa</td>
<td>Gondwe</td>
<td>World Bank</td>
<td>Economist</td>
</tr>
<tr>
<td>Mr</td>
<td>Joy</td>
<td>Hara</td>
<td>Ministry of Industry and Trade</td>
<td>Chief Economist</td>
</tr>
<tr>
<td>Mr</td>
<td>Andrew</td>
<td>Jamali</td>
<td>NSO</td>
<td>Principal Statistician</td>
</tr>
<tr>
<td>Mr</td>
<td>Francis</td>
<td>Kalonja</td>
<td>Ministry of Agriculture</td>
<td>Assistant Statistician</td>
</tr>
<tr>
<td>Mr</td>
<td>Mishede</td>
<td>Longwe</td>
<td>Ministry of Industry and Trade</td>
<td>Chief Economist</td>
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<tr>
<td>Mr</td>
<td>Charles</td>
<td>Machinjili</td>
<td>NSO</td>
<td>Commissioner for statistics</td>
</tr>
<tr>
<td>Mrs</td>
<td>Appolenia</td>
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<td>Senior Economist</td>
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<tr>
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</tr>
<tr>
<td>Mr</td>
<td>Timothy</td>
<td>Mmanga</td>
<td>NSO</td>
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</tr>
<tr>
<td>Mr</td>
<td>Benson</td>
<td>Modi</td>
<td>NSO</td>
<td>Statistical Clerk</td>
</tr>
<tr>
<td>Mr</td>
<td>Alic</td>
<td>Mphonda</td>
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<td>Principal Statistician</td>
</tr>
<tr>
<td>Mr</td>
<td>Grace</td>
<td>Msukwa</td>
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<td>Title</td>
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<td>------------------------------</td>
<td>-------------------------------</td>
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<tr>
<td>Dr</td>
<td>Richard</td>
<td>Mussa</td>
<td>Chancellor College</td>
<td>Head of Economics Department</td>
</tr>
<tr>
<td>Mr</td>
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<td>Mwale</td>
<td>NSO</td>
<td>Assistant Statistician</td>
</tr>
<tr>
<td>Mr</td>
<td>Emmanuel</td>
<td>Mwanaleza</td>
<td>Ministry of Agriculture</td>
<td>Statistician</td>
</tr>
<tr>
<td>Mr</td>
<td>James</td>
<td>Namalima</td>
<td>Ministry of Mining</td>
<td>Economist</td>
</tr>
<tr>
<td>Mr</td>
<td>John</td>
<td>Ndwala</td>
<td>NSO</td>
<td>Assistant Commissioner</td>
</tr>
<tr>
<td>Mr</td>
<td>Clement</td>
<td>Nyangulu</td>
<td>NSO</td>
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</tr>
<tr>
<td>Ms</td>
<td>Eluphy</td>
<td>Nyirenda</td>
<td>Ministry of Industry and Trade</td>
<td>Economist</td>
</tr>
<tr>
<td>Mr</td>
<td>Jan Hakon</td>
<td>Olsson</td>
<td>Norwegian Embassy</td>
<td>Deputy</td>
</tr>
<tr>
<td>Mr</td>
<td>Happy</td>
<td>Simbowe</td>
<td>NSO</td>
<td>Assistant Statistician</td>
</tr>
<tr>
<td>Mr</td>
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<tr>
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<td>Economist</td>
</tr>
<tr>
<td>Mr</td>
<td>Wasim</td>
<td>Ul Haque</td>
<td>Norwegian Embassy</td>
<td>Country Economist</td>
</tr>
<tr>
<td>Mr</td>
<td>Simeon</td>
<td>Yosefe</td>
<td>Ministry of Energy</td>
<td>Principal Statistician</td>
</tr>
<tr>
<td>Mr</td>
<td>Elias</td>
<td>Zidana</td>
<td>NSO</td>
<td>Assistant Statistician</td>
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</tbody>
</table>
5.2 Annex II: Explanation to Permanent Survey
A permanent household data collection system

Concepts and advantages

The tradition in most developing countries has been to make household surveys as standalone surveys, sometime following a five year program. Those programs have often been interrupted. With a faster developing society and economy it is not very relevant to have a labour force survey once in five years time. Employment data, as a leading economic and social indicator, should be quarterly. Starting a new survey every year, with planning, piloting and training of new interviewers is both costly and time consuming. With ambitious data cleaning and analysis, the results have often come out late and with lack of relevant information, and funders are not eager to put in more money.

When doing ad hoc surveys it is tempting to go outside the core scope of the survey and include many other welfare measures, sometimes even forgetting the main scope (health in DHS or children in MICS). Another problem is that the ad hoc or programmed survey can be affected by temporary events, like natural disasters, not being able to capture the longer trends.

The concept of a continuous survey or data collection system is the opposite. It should be a well trimmed machine, all the time collecting data as they are needed, but spread over time as much as possible to give an even work load for the machine as well as the respondents. Very few data are needed quarterly and some data like time use and food intake change slowly and can be measured with significant changes perhaps every ten year. The users don’t need to jump on a crowdie train, as a new one soon will leave.

It would be good to talk about a household data collection system rather than a continuous multipurpose survey, to avoid the thinking on a survey as a readymade tool, instead of an adjustable tool.

The main advantages with a permanent data collection system are:

- Faster dissemination of statistics by updating annual standard publications and quarterly trends
- Increased user awareness by regular dissemination
- Synergies in output with comparability of the total database, not only for the background variables
- More flexibility to include upcoming needs
- Stable field organisation and standardisation of all other processes, supporting higher quality
- Lower costs (less planning and training)
- A regular budget can easier get sustainable funding.

A National Household Data Collection System

To facilitate standardization, cooperation, coordination and efficiency, the survey can be extended to National Household Data Collection System. The system should be viewed as the obvious mechanism for high-quality data collection and processing of data from household samples. It should also be viewed as a core part of the overall national statistical system and include, engage and train the users for efficient use of the results.

The system should be process and output oriented, meaning that the organisation and all parts of the system should support an efficient and high quality process from collection, through data processing to a database with easy access. The output should be relevant, reliable and timely to facilitate evidence based decision making.

The core of the survey should be fairly slimmed to the most necessary data that need to be monitored quarterly or annually. Other data should be collected through add-on modules rotating over time and be collected from sub-samples when a smaller sample is adequate. The core questionnaire should not
take more than around one hour to complete. Each add-on module should be limited to around 30 minutes.

Traditional approach

Common in many countries, is to have a have a continuous Household Budget Survey with a smaller sample and measure all consumption with one month (or two-four weeks) diary keeping, supported by weekly visits. With many visits it is easy to add modules without over-burden the households.

New “light” approach

It is difficult to remember the purchases a longer time. In fact, a household buying many things at one time will probably have difficulties to remember all bought items in details already when they have been put into the shelves and fridge. That is why a daily diary recording is necessary for those buying a lot and probably can read and write, while poorer households can remember the little they bought. In general it is not possible to ask for aggregates of consumption, e.g. vegetables. We don’t buy “vegetables”, but tomatoes, cucumber, etc and to ask such a question we have to summarise all bought vegetable, which is more difficult than give an answer for each vegetable. There is, however, one exception and that is the lump sums of what is paid at each purchase (food, beverages, cleaning and washing items and other consumables). The households should be able to remember those lump sums for the last seven days. Visiting the households four times (once in each quarter), it is possible to include seasonal differences for each household (for better poverty classification). The panel approach will give more accurate change estimates particularly for labour force data.

It is common and useful to have indicators for the mean-end logic for monitoring interventions and cause-effect indicators for deeper analysis. In the input → output → outcome → impact chain, input → output represents the productionsupply perspective, while outcome → impact represents the user/demand side. To minimize the burden on a continuous survey, it is optimal to focus the household survey on outcome → impact and leave input → output to accountings and other administrative data.
To humanize those terms they can be transferred to an availability (output) → incentives → access (welfare) → behaviour/preferences → utilization → satisfaction/vulnerability (well-being) chain. Access to assets and services are the most common measures in welfare surveys, not considering preferences and the actual utilization of the resources. Quality aspects are not easy to measure objectively and therefore often not included. Previous figure tries to give a simplified overview of main aspects of welfare and well-being in a policy relevant mean-end (or cause-effect) logic. A more comprehensive map of well-being is found in annex 1. The map can be useful for selection of relevant indicators to include in the INCAF.

From welfare to well-being

During the last decade the interest has increased for stretching from welfare to well-being/satisfaction. Some statisticians argue that it is difficult to include people’s preferences and measure satisfaction in objective ways. But, in fact, it is not that straightforward to measure access either. E.g. a new road may not be so accessible if the household has no car, if there are no busses or if it is too expensive to use it. The same with health care, which you not even need if you are healthy (and sometimes the quality of the care is at a level when it is better to stay away). Distance or time to nearest hospital may look very objective but may not be very relevant, if a lot of supplementary questions are not asked.

Many attempts have been made to measure well-being by making composite indices. The problem is to put weights on the different components. Commonly, experts are doing it and the results are that Scandinavian indices put Scandinavia in top, while Dutch indices put the Netherlands in top. Only the people “know” the weights, but only unconsciously. Asking how important health care is, most people will put on a high weight. And so they will do on education, irrespective of their own level, and most other things.

Another way to include preferences is to ask about total satisfaction of something, say the school, and then satisfaction with different aspects of the school, e.g. distance to school, materials, classrooms, food at school, teachers, teaching methods, home work, grading system, protection, personal treatment, etc., including quality aspects. The indicators can be grouped into components, e.g. access, teaching quality, safety and participation (before or after the data collection). All indicators are measured on a scale, preferably from 1 to 10. The analysis is made with a method called Structural Equation Modeling with Latent Variables, using the PLS (Partial Least Squares) technique.

The result of the analysis gives

- For each component an index value between 0 and 100 indicating the satisfaction with this specific component
- For each component an impact value denoting the impact of the component on the overall satisfaction.
- The overall satisfaction with service performance and quality of life.

Thus, the analysis identifies the components that policy makers and managers should focus on for efficiently increasing the customers’ or citizens’ overall satisfaction. In the analysis the index values are attached to each respondent. Using background variables, it is possible to identify subgroups for further analysis.
This method is the state of the art to measure quality and service performance (SP) in the private sector in EU, US, Australia, Japan, Singapore and in other countries. Statistics Sweden is regularly monitoring child care, health care, care of elderly, schools and citizens’ satisfaction throughout Sweden.

This method can be zoomed in, e.g. to measure staff satisfaction or zoomed out to measure quality of life (QL) or combined to measure Service Performance and Quality of Life (SPQL) at the same time. It is also feasible for measuring children’s well-being in their own perspective.

---

**Indicators**
- 35-50 questions about satisfaction with:
  - own situation
  - service performance
  - participation
  - willingness to change
  - confidence
  - vulnerability

**Latent components**
- Food safety
- Health
- Knowledge
- Housing
- Leisure
- Security
- Economic opportunities
- Consumption
- Culture
- Mobility
- Environment

**Performance measures**
- Participation
- Confidence
- Overall satisfaction
- Compared to ideal
- Fulfillment of expectations
- Compared to others

---

*Satisfaction and impact on total satisfaction by well-being components in Jamaica, 2003, the 40 % of men with lowest consumption (under the poverty line)*
Policy makers in Jamaica should focus on housing, food and economic opportunities, as those components have most impact on total satisfaction (for poor men).

It is also possible to group the indicators in other dimensions, e.g. access to services, quality of services, own situation.

This type of survey has been carried out in following countries, as ad-on modules in multi-purpose surveys or household budget surveys supported by Statistics Sweden or stand alone surveys supported by the Swedish Children Ombudsman.
The described indicators and modules (questionnaires) should only be seen as examples and possibilities. They have to be fine tuned to better facilitate national and regional needs. Such fine tuning should be done in a transparent process with main stakeholders.

<table>
<thead>
<tr>
<th>Indicator/variable</th>
<th>Visit 1</th>
<th>Visit 2</th>
<th>Visit 3</th>
<th>Visit 4</th>
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<tr>
<td>Household characteristics and education</td>
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<td>Labour force (non-structural)</td>
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<td>X</td>
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<td>Labour force (structural)</td>
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<td>Housing</td>
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<td>Non-durable expenditure last week</td>
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<td>Consumption of own produced food yesterday</td>
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<td>Durable goods past 12 months or quarterly</td>
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<td>Remittances from Abroad</td>
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<td>Consumer confidence</td>
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<td>YEAR 2 rotating modules (and YEAR 5 and 8)</td>
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<td>Detailed consumption (with diary and 4 extra visits per household), income</td>
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<td>YEAR 3-4 and 6-7 rotating modules</td>
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<td>Food intake (each 10 year) (sub-sample)</td>
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<td>Time use (each 10 year) (sub-sample)</td>
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<td>Informal sector (each third year)</td>
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<td>Education (each third year)</td>
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Agricultural production and health care could also be integrated, but they are well covered by existing surveys.

Following table shows how the IHS variables could be spread over time:

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<tr>
<th>Variable</th>
<th>Core</th>
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<td><strong>DEMOGRAHY</strong></td>
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<td>2.2 Household size</td>
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<td>2.3 Households by age and gender of household head</td>
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<td>2.4 Dependency</td>
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<td>2.6 Migration</td>
<td>X</td>
<td>Core if common</td>
</tr>
<tr>
<td>Adult equivalents</td>
<td>X</td>
<td>Calculated</td>
</tr>
<tr>
<td><strong>EDUCATION</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Mid-term review Malawi: STATISTICS FOR THE MALAWI GROWTH AND DEVELOPMENT STRATEGY (PHASE 3)

<table>
<thead>
<tr>
<th>Topic</th>
<th>Available</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>3.1 Literacy status (population aged 15+)</strong></td>
<td>X</td>
</tr>
<tr>
<td><strong>3.2 Proportion never attended school</strong></td>
<td>X</td>
</tr>
<tr>
<td><strong>3.3 Reasons for never attending school</strong></td>
<td>X</td>
</tr>
<tr>
<td><strong>3.4 Highest qualification acquired (population aged 15+)</strong></td>
<td>X</td>
</tr>
<tr>
<td><strong>3.6 Enrolment rates in primary and secondary school</strong></td>
<td>X</td>
</tr>
<tr>
<td><strong>3.7 School attendance by type of school being attended</strong></td>
<td>X</td>
</tr>
<tr>
<td><strong>3.8 School participation of the population aged 6 - 24 years</strong></td>
<td>X</td>
</tr>
<tr>
<td><strong>3.9 Dropout rate and reasons for dropout</strong></td>
<td>X</td>
</tr>
<tr>
<td><strong>HEALTH</strong></td>
<td></td>
</tr>
<tr>
<td><strong>4.1.1 Incidence of sickness</strong></td>
<td>X</td>
</tr>
<tr>
<td><strong>4.1.2 Major types of illnesses</strong></td>
<td>X</td>
</tr>
<tr>
<td><strong>4.1.3 Action taken in the face of sickness</strong></td>
<td>X</td>
</tr>
<tr>
<td><strong>4.2.2 Diagnosis of chronic Illness</strong></td>
<td>X</td>
</tr>
<tr>
<td><strong>4.3.0 Reproductive health and antenatal care services</strong></td>
<td>X</td>
</tr>
<tr>
<td><strong>4.3.1 Births delivered twelve month prior to the survey</strong></td>
<td>X</td>
</tr>
<tr>
<td><strong>4.3.2 Antenatal care services and place of delivery</strong></td>
<td>X</td>
</tr>
<tr>
<td><strong>4.7 Malaria and Use of bed nets</strong></td>
<td>X</td>
</tr>
<tr>
<td><strong>CREDITS</strong></td>
<td></td>
</tr>
<tr>
<td><strong>5.1 Interaction with the credit market</strong></td>
<td>X</td>
</tr>
<tr>
<td><strong>5.2 Proportion of households that obtained loans</strong></td>
<td>X</td>
</tr>
<tr>
<td><strong>5.3 Purpose of loan</strong></td>
<td>X</td>
</tr>
<tr>
<td><strong>5.4 Sources of loan</strong></td>
<td>X</td>
</tr>
<tr>
<td><strong>5.5 Reasons for not applying for a loan</strong></td>
<td>X</td>
</tr>
<tr>
<td><strong>HOUSEHOLD ENTERPRISES</strong></td>
<td></td>
</tr>
<tr>
<td><strong>6.1 Proportion of households operating non-farm enterprise</strong></td>
<td>X</td>
</tr>
<tr>
<td><strong>6.2 Distribution of enterprises by industrial classification</strong></td>
<td>X</td>
</tr>
<tr>
<td><strong>6.3 Ownership structure of enterprises</strong></td>
<td>X</td>
</tr>
<tr>
<td><strong>6.4 Source of start-up capital</strong></td>
<td>X</td>
</tr>
<tr>
<td><strong>6.5 Business operating premises</strong></td>
<td>X</td>
</tr>
<tr>
<td><strong>6.6 Primary market of products and services</strong></td>
<td>X</td>
</tr>
<tr>
<td><strong>6.7 Formal registration status of enterprises</strong></td>
<td>X</td>
</tr>
<tr>
<td><strong>6.8 Enterprises engaged in sales of forest based products</strong></td>
<td>X</td>
</tr>
<tr>
<td><strong>6.9.1 Household members engaged in enterprise</strong></td>
<td>X</td>
</tr>
<tr>
<td><strong>6.9.2 Non household members engaged in enterprise</strong></td>
<td>X</td>
</tr>
<tr>
<td><strong>6.10 Expenses of operating household non-farm enterprises</strong></td>
<td>X</td>
</tr>
<tr>
<td><strong>6.11 Labour force participation</strong></td>
<td>X</td>
</tr>
<tr>
<td><strong>6.12 Income generating activities</strong></td>
<td>X</td>
</tr>
<tr>
<td><strong>6.13 Domestic activities</strong></td>
<td>X</td>
</tr>
<tr>
<td><strong>CONSUMPTION AND ASSET OWNERSHIP</strong></td>
<td></td>
</tr>
<tr>
<td><strong>7.1 Consumption by item, COICOP</strong></td>
<td>X</td>
</tr>
<tr>
<td><strong>Own produced food</strong></td>
<td>X</td>
</tr>
<tr>
<td><strong>7.6.1 Households owning durable goods and appliances</strong></td>
<td>X</td>
</tr>
</tbody>
</table>
7.6.2 Households owning agricultural tools and equipment  

<table>
<thead>
<tr>
<th>HOUSING INFRASTRUCTURE AND ENVIRONMENT</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>8.1 Tenure</td>
<td>X</td>
</tr>
<tr>
<td>8.2 Type of structure</td>
<td>X</td>
</tr>
<tr>
<td>8.3 Room occupancy rate and overcrowding</td>
<td>X</td>
</tr>
<tr>
<td>8.4 Access to safe drinking water</td>
<td>X</td>
</tr>
<tr>
<td>8.5 Source of Fuels used for Cooking</td>
<td>X</td>
</tr>
<tr>
<td>8.6 Source of fuels used for lighting</td>
<td>X</td>
</tr>
<tr>
<td>8.7 Access to electricity and phones</td>
<td>X</td>
</tr>
<tr>
<td>8.8 Access to proper sanitation</td>
<td>X</td>
</tr>
<tr>
<td>8.9 Use of disposal facilities</td>
<td>X</td>
</tr>
</tbody>
</table>

| Imputed rent                          | X |

<table>
<thead>
<tr>
<th>AGRICULTURE</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>9.1 Households engaged in Agricultural activities</td>
<td>X</td>
</tr>
<tr>
<td>9.2 Cultivated area</td>
<td>X</td>
</tr>
<tr>
<td>9.3 Plot size, distance from plot to house and plot elevation</td>
<td>X</td>
</tr>
<tr>
<td>9.4 Means of plot acquisition</td>
<td>X</td>
</tr>
<tr>
<td>9.5 Ownership of plots</td>
<td>X</td>
</tr>
<tr>
<td>9.6 Use of non-labour inputs on plot cultivation</td>
<td>X</td>
</tr>
<tr>
<td>9.7 Use of labour inputs on plot cultivation</td>
<td>X</td>
</tr>
</tbody>
</table>

| Sale from agriculture                  | X |
| 9.8 Cropping pattern                   | X |
| 9.9 Types of crops cultivated          | X |

<table>
<thead>
<tr>
<th>WELFARE</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>10.1 Welfare in terms of basic needs</td>
<td>X</td>
</tr>
<tr>
<td>10.2 Perception over adequacy of food, housing, health care</td>
<td>X</td>
</tr>
<tr>
<td>10.3 Perception of household current economic well-being</td>
<td>X</td>
</tr>
<tr>
<td>10.4 Use of current income</td>
<td>X</td>
</tr>
<tr>
<td>10.5 Changes of clothing and types of sleeping materials</td>
<td>X</td>
</tr>
<tr>
<td>10.6 Sleeping materials used in hot and cold season</td>
<td>X</td>
</tr>
<tr>
<td>10.7 Recent shocks to the household</td>
<td>X</td>
</tr>
<tr>
<td>10.8 Response against shocks</td>
<td>X</td>
</tr>
<tr>
<td>10.9 Social safety nets</td>
<td>X</td>
</tr>
</tbody>
</table>

| Calculated |

<table>
<thead>
<tr>
<th>ANTHROPOMETRICS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>11.1 Nutritional Status of Children</td>
<td>X</td>
</tr>
<tr>
<td>11.2 Nutritional and under five clinic programmes</td>
<td>X</td>
</tr>
</tbody>
</table>

| Height, weight and physical activities for all | X |

<table>
<thead>
<tr>
<th>FOOD SECURITY</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>12.3 Food security</td>
<td>X</td>
</tr>
<tr>
<td>12.4 Food security and livelihood strategies</td>
<td>X</td>
</tr>
<tr>
<td>12.5 Behaviour, experience, conditions of food insecurity</td>
<td>X</td>
</tr>
<tr>
<td>12.6 Household food consumption profile</td>
<td>X</td>
</tr>
<tr>
<td>12.8 Underlying causes of food shortages</td>
<td>X</td>
</tr>
<tr>
<td>12.9 Food shortage during past 12 months</td>
<td>X</td>
</tr>
</tbody>
</table>
5.3 Annex III: Expenditure Verification Procedure
Annex III: Verification Process and Methodology

1. Listing of Procedures, Documentation and Verification Evidence

The evidence to be used for performing the expenditure verification is all financial and non-financial information which makes it possible to examine the expenditure declared in the Record of Expenditure. Verification means that the Auditor examines the factual information in the Record of Expenditure of the Consulting Company and compares it with the terms and conditions of the Contract. The Auditor uses the evidence obtained from these procedures as the basis for the report of factual findings.

The Auditor documents matters which are important in providing evidence to support the report of factual findings, and evidence that the work was carried out in accordance with the contract.

1. Planning - Start of the verification

The Contracting Authority requires the verification of the expenditure to commence as soon as possible but not later than within <xx calendar> days after the signature of the Contracting Authority's order form/contract.

2. Reporting

The report on this expenditure verification should describe the purpose, the agreed-upon procedures and the factual findings of the engagement in sufficient detail in order to enable the Contracting Authority to understand the nature and extent of the procedures performed by the Auditor and the factual findings reported by the Auditor.

It is recommended that the auditor submits, before issuing the final report, a draft report to the Consulting Company in order to validate the findings (i.e. to sort out potential misunderstandings, additional information/documents to be provided, etc).

3. Procedures to verify selected Expenditure

   The Auditor verifies, for each expenditure item selected, the compliance and so the eligibility of the expenditure with the terms and conditions of the applicable Financing Agreement. For this purpose the Auditor examines supporting documents (e.g. invoices, contracts) and proof of payment. The Auditor also examines proof of work done, goods received or services rendered and he/she verifies the existence of assets if applicable.

   The Auditor verifies that the expenditure for a selected item was actually incurred for and pertains to the PE. For this purpose the Auditor examines supporting documents (e.g. invoices, contracts) and proof of payment. The Auditor also examines proof of work done, goods received or services rendered and he/she verifies the existence of assets if applicable. The Auditor verifies besides that the expenditure for a selected item was indicated in the budget.

   - The Auditor verifies whether it is plausible that the expenditure for a selected item was necessary for the implementation of the Project and that it had to be incurred for the contracted activities by examining the nature of the expenditure with supporting documents.
   - The Auditor verifies that expenditure for a selected item is recorded in the accounting system and that it was recorded in accordance with the applicable accounting standards and the usual cost accounting practices of the country where the Project is implemented.
   - The Auditor verifies that expenditure for a selected item is substantiated by evidence and notably the supporting documents.
   - The Auditor examines the nature of the expenditure for a selected item and verifies that the expenditure item has been classified under the correct (sub)heading of the Record of Expenditure.
The Auditor verifies that expenditure for a selected item is substantiated by evidence (see section 1 of Annex 2B, Guidelines for Specific Procedures to be performed) and notably the supporting documents as specified in Section 4.1.3 of the Practical Guide.

The Auditor verifies that the monetary value of a selected expenditure item agrees with underlying documents (e.g. invoices, salary statements) and that correct exchange rates are used where applicable.

The Auditor examines the nature of the expenditure for a selected item and verifies that the expenditure item has been classified under the correct (sub)heading of the Record of Expenditure.

Where applicable the Auditor examines which procurement, nationality and origin rules apply for a certain expenditure (sub)heading, a class of expenditure items or an expenditure item. The Auditor verifies whether the expenditure was incurred in accordance with such rules by examining the underlying documents of the procurement and purchase process. Where the Auditor finds issues of non-compliance with procurement rules, he/she reports the nature of such events as well as their financial impact in terms of ineligible expenditure. When examining procurement documentation the Auditor takes into account the risk indicators listed in Annex 2B and he/she reports, if applicable, which of these indicators were found. When examining these procurement documents the Auditor takes into account the risk indicators listed at the end of this page.

4. Risk Indicators Procurement

Inconsistencies in the dates of the documents or illogical sequence of dates.

Examples:
- Offer dated after the award of contract or before the sending of the invitations to tender
- Offer of the winning tenderer dated before the publication date of the tender or dated significantly later than offers of other tenderers
- Offers of different candidates participating in the same tenders all having the same date
- Dates on documents not plausible/consistent with dates on accompanying documentation (e.g. date on the offer not plausible/consistent with the postal date on the envelope; date of a fax not plausible/consistent with the printed date of the fax machine)

Unusual similarities in offers of candidates participating in the same tender. Examples:
- Same wording, sentences and terminology in offers of different tenderers
- Same layout and format (e.g. font type, font size, margin sizes, indents, paragraph wrapping, etc) in offers of different tenderers
- Similar letterhead paper or logos
- Same prices used in offers of different tenderers for a number of subcomponents or line items
- Identical grammatical, orthographical or typing errors in offers of different tenderers
- Use of similar stamps and similarities in signatures

Financial statement or other information indicating that two tenderers participating in the same tender are related or part of a same group (e.g. where financial statements are provided, the notes to the financial statements may disclose ultimate ownership of the group. Ownership information may also be found in public registers for accounts)

Inconsistencies in the selection and award decision process. Examples:
- Award decisions not plausible / consistent with selection and award criteria
• Errors in the application of the selection and award criteria
• A regular supplier of the beneficiary participates as a member of a tender evaluation committee

Other elements and examples indicating a risk of privileged relationship with tenderers:
• A same tenderer (or small group of tenderers) is invited to different tenders with unusual frequency
• A same tenderer (or small group of tenderers) wins an unusually high proportion of the bids
• A tenderer is frequently awarded contracts for different types of goods or services
• The winning tenderer invoices additional goods not foreseen in the offer (e.g. additional spare parts invoiced without clear justification, installation costs invoiced while not foreseen in the offer).

Other documentation, issues and examples indicating a risk of irregularities:
• Use of photocopies instead of original documents
• Use of pro-forma invoices as supporting documents instead of official invoices
• Manual changes on original documents (e.g. figures manually changed, figures "tippexed", etc)
• Use of non-official documents (e.g. letterhead paper not showing certain official and/or compulsory information such as commercial registry number, company tax number, etc.)

The Auditor shall undertake this engagement in accordance with:
• the International Standard on Related Services (‘ISRS”) 4400 Engagements to perform Agreed-upon Procedures regarding Financial Information as promulgated by the IFAC;
• the Code of Ethics for Professional Accountants issued by the IFAC. Although ISRS 4400 provides that independence is not a requirement for agreed-upon procedures engagements, the Contracting Authority requires that the Auditor is independent from the Beneficiary and complies with the independence requirements of the Code of Ethics for Professional Accountants.
5.4 Annex IV: Terms of Reference of Mid Term Review
Annex 2a

TERMS OF REFERENCE (ToR):

MID-TERM REVIEW

STATISTICS FOR THE MALAWI GROWTH AND DEVELOPMENT STRATEGY (PHASE 3)

MWI-2617 – MWI-10/0025

1. BACKGROUND

The Governments of Norway and Malawi signed an Agreement regarding institutional co-operation between the Ministry of Finance (MoF), Ministry of Economic Planning and Development (MEPD), the National Statistical Office (NSO) and Statistics Norway (SN) on 3 June 2003 which was prolonged by Addendum dated 17 July 2007, for Phase 1.

This cooperation was continued in a new Agreement regarding Capacity Building for Statistics and Planning (Phase 2) entered into 12 October 2007, extended by Addendum No 1 dated 9th June 2010 and Addendum No 2 dated 9th December 2010.

Based on the results from the two previous phases it was decided to continue with a third phase of the project. In the third phase the program was split in two agreements, one concerning the cooperation with National Statistics Office and Statistics Norway and one concerning the cooperation with Ministry of Economic Planning and Development, Ministry of Finance and the Reserve Bank of Malawi (RBM). An agreement for the NSO component was entered into 8th of December 2011, based on the program document of 9th November 2011.

The overall goal of the Programme is to contribute towards reduction of poverty and increasing the welfare of the population in Malawi by efficient fact-based policy planning.

The specific goals of the Programme is to contribute to the overall goal by strengthening the national statistical system and by strengthening economic and social policy planning in a manner reflecting user needs.

The purpose of the Programme is to strengthen and further build the capacity of NSO for production of statistics for mid- and long-term monitoring of the Millennium Development Goals (MDG) and the Malawi Growth and Development Strategy II (MGDS II)

According to Article X in the Agreement dated 8 December 2011, a Mid-Term review shall be carried out by September 2013. During the Annual Meeting held 4 June 2013 in Zomba, it was agreed that the review should take place in 2013.

In addition to this project Norway has financed technical assistance in developing a Strategic Plan for NSO and together with DFID Norway has signed a joint agreement to support the development and implementation of a National Statistical System (NSS) Strategic Plan. As part of this project it will be looked at opportunities for improved donor coordination of the support to statistics and especially if it is possible to...
establish a common donor fund to finance the implementation of the NSS Strategic Plan.

2. PURPOSE, CONTEXT AND INTENDED USE

The purpose of the review is to review implementation, progress and impact up to date and to make recommendations for improvements for future support. The institutions involved in the Programme will, on basis of the findings and recommendations from the review, consider any need for changes in the implementation of the Programme. The review may also form a basis for a dialog between Norway and Malawi in terms of a follow-up and how support to statistics and evidence based planning can be organised in the future.

The review report will be shared by other stakeholders involved in support to Malawi’s Public Financial and Economic Management.

3. SCOPE OF WORK

The scope of work includes both review of available documentation and field work with interviews with relevant parties as described in section 4. The review covers the third phase of the project from 2007, but shall also include lessons learned from the previous two phases. The work shall comprise, but not necessary be limited to, the following tasks:

a) If possible, assess impact of the Programme taking into account achievements reached in Phase 1 and 2
b) Review progress and results so far and to what extent the Programme’s goals and objectives are expected to be achieved.
c) Review the use of resources in terms of effectiveness, efficiency and intended use;
d) Assess sustainability elements, with special focus on institutional and organisational sustainability;
e) Assess the effects of the technical support from Statistics Norway, future need for support in different areas and how technical support can be organised within a larger common donor program for statistics.
f) Assess the Malawian ownership of the program;
g) Assess the user needs and capacity to use the statistics and the national capacity in terms of human and financial resources in relation to the ambitions of the programme, including the coordination of statistical data produced and key results indicators for development documents such as the Malawi Growth and Development Strategy, the budget support and the SWAP documents for Health, Education and Agriculture;
h) Assess the relevance of program in relation to “National Statistical System – Strategic Plan 2012-2016” and the new “National Statistical System – Strategic Plan for 2013-2017” including relations to build systems for official statistics and dissemination of official statistics;
i) Assess if gender issues are sufficiently addressed throughout the project, also in basic economic statistics.
j) Assess the risk mitigation measures implemented during the Programme period, based on the risk analysis in the Project Proposal from November 2011;
k) Review how the terms and procedures related to administrative arrangements in the agreement between Norway and Malawi have been followed, including a brief review of the financial arrangements;
l) Review to what extent the GoM financial incentive structure, i.e. per diem and salaries is conductive for the achievement of the Programme’s goals and objectives.
m) Review the anti-corruption measures and in particular how the Norwegian zero-tolerance policy on corruption is being managed.
n) Review any unexpected factors that have occurred that may prevent achievement of expected results. This should include institutional and organisational aspects, financial aspects and technological aspects or any other aspect that could influence the Programme negatively.
o) Map other donors support to statistics in Malawi.

Based on the assessment of the above points, the team will make recommendations for the continued implementation and fulfilment of the objectives of the project. The report should especially advise on how the results achieved can be continued in a joint donor program for statistics and if the institutional cooperation with Statistics Norway will be an effective way of providing technical support in a joint programme. A separate joint fiduciary risk assessment of the NSO is planned for the second half of 2013 as part of preparations to consider a joint donor fund for statistics. It is therefore only included a brief review of the financial arrangements in this review.

4. IMPLEMENTATION OF THE REVIEW

Norway by Norad and the Malawian government shall appoint one consultant each to the review team. The consultant appointed by Norway shall be the team leader (who may be assisted by a second international consultant). A senior adviser from Norad may assist the team. All practical arrangements with the consultant chosen by Norad (contract, payment etc.) should be the responsibility of Norad. All practical arrangements with the consultant chosen by Malawi (contract, payment etc.) should be the responsibility of NSO.

The team members should familiarise themselves with all relevant project documents, reports etc. that shall be provided by the involved partners. The Team will be expected to familiarise themselves with Norwegian development policy regarding Malawi.

The team should meet and interview staff in NSO, MEPD, MoF, SN and the Royal Norwegian Embassy. Other donor representatives or other stakeholders may also be interviewed. The Embassy will assist the team in making appointments. The team by the team leader will report to Norad, that will also approve the review report.

The Consultant team shall present preliminary findings and recommendations in a debriefing note to be presented at a meeting in Lilongwe at the end of the field visit.

The consultants are expected to start preparations for the review in September/October 2013 for the field visit to Malawi to take place October.

5. REPORTING

The team will submit a draft report of up to 25 pages, excluding annexes and executive summary, in Word format in English to Norad not later than two weeks after the end of the field visit. Norad will submit the review to NSO, MEPD, MoF, SN and the Royal Norwegian Embassy for comments. Any comments shall be submitted to the consultants within two weeks and the consultant team shall submit their final report to the above institutions two weeks thereafter. The report will be the property of the
Government of Malawi and the Royal Norwegian Embassy in Lilongwe and shall be publicly available.