

Country Name	Project for Capacity Enhancement in Public Sector Investment Programming Phase 2
Republic of Malawi	

I. Project Outline

Background	<p>The Republic of Malawi manages development projects (both new and on-going) in the next five years under Public Sector Investment Programme (PSIP), for effectively utilizing limited development resources. Under the PSIP Process, proposals of development projects by ministries are appraised in line with priority of the Malawi Growth and Development Strategy (MGDS), and linked to budgeting. From 2009 to 2011, JICA assisted in capacity and database development for the PSIP Process through a technical cooperation project titled “Capacity Enhancement in Public Sector Investment Programming” (hereinafter referred to as “the Phase I Project”). As a result, the number of projects without appraisal through the PSIP Process had decreased. However, issues remained such as inadequate criteria for appraising on-going projects (consisting of 80% of the PSIP at the time of ex-ante evaluation) as well as insufficient coordination among ministries. Thus, further assistance to improving the PSIP Process was requested by the Government of Malawi.</p>												
Objectives of the Project	<p>Through i) improving database and manuals, ii) harmonizing the PSIP Process with planning and budgeting processes, and iii) building capacity to use the improved database in the PSIP Unit and line ministries, the project aimed to increase efficiency and harmonization of PSIP operation, thereby enabling the development project cycle in Malawi efficient and effective.</p> <ol style="list-style-type: none"> Overall Goal: The development project cycle will be efficient and effective. Project Purpose: Public Sector Investment Programme (PSIP) is operated with increased efficiency and enhanced harmonisation within the public financial and economic management framework. 												
Activities of the Project	<ol style="list-style-type: none"> Project Site: Lilongwe Main Activities: <ol style="list-style-type: none"> To review the utilisation status of the database and manuals developed under the Phase I Project, and to improve them especially for appraising on-going projects. To review and improve the PSIP Process in planning by line ministries, and to link the PSIP Process with budgeting process under the Budget Division. To prepare and conduct a training program on the improved database and manuals on the PSIP Process. Inputs (to carry out above activities) <table border="0" style="width: 100%;"> <tr> <td style="width: 50%;">Japanese Side</td> <td style="width: 50%;">Malawi Side</td> </tr> <tr> <td>1) Experts: 6 persons</td> <td>1) Staff Allocated: 23 persons</td> </tr> <tr> <td>2) Trainees Received: 17 persons in Japan, 9 persons in Tanzania or Kenya</td> <td>2) Office space</td> </tr> <tr> <td>3) Equipment: Copy machines, a server machine, and computers, etc.</td> <td>3) Operational expenses (including travel costs for field verification as a part of PSIP appraisal)</td> </tr> <tr> <td>4) Operational expenses</td> <td></td> </tr> </table> 			Japanese Side	Malawi Side	1) Experts: 6 persons	1) Staff Allocated: 23 persons	2) Trainees Received: 17 persons in Japan, 9 persons in Tanzania or Kenya	2) Office space	3) Equipment: Copy machines, a server machine, and computers, etc.	3) Operational expenses (including travel costs for field verification as a part of PSIP appraisal)	4) Operational expenses	
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Project Period	(ex-ante) Jan. 2013 – June 2016 (actual) Apr. 2013 – Sept. 2017	Project Cost	(ex-ante) 423 million yen, (actual) 598 million yen										
Implementing Agency	<p>The PSIP Unit of the Department of Economic Planning and Development under the Ministry of Finance Economic Planning and Development (MFEPD)* * The Ministry of Economic Planning and Development and Public Sector Reforms (at the time of ex-post evaluation)</p>												
Cooperation Agency in Japan	Koei Research & Consulting Inc.												

II. Result of the Evaluation

<Constraints on Evaluation>

- Due to COVID-19 pandemic, the evaluation judgement was made by analyzing information acquired by sending and collecting a questionnaire, and through telephone interviews with officials concerned. No interviews by visiting the implementing agency were conducted.

<Special Perspectives Considered in the Ex-Post Evaluation>

- To verify the continuation status of the PSIP Process, Project Purpose Indicators (1,2 and 4) and an Output Indicator (2-2) were examined, since these indicators would show how the PSIP Process had been operated efficiently through harmonizing the appraisal process with planning and budgeting processes. (Project Purpose Indicator 3 was not re-examined under this ex-post evaluation, since it was not easy to conduct another survey with officials, and the above indicators were sufficient for evaluation judgement.)

1 Relevance

<Consistency with the Development Policy of Malawi at the Time of Ex-Ante Evaluation>

The Project was planned and initiated in line with Malawi’s national development plan, “Malawi Growth and Development Strategy II (MGDS II) (2011–2016)”. The MGDS II includes governance improvement as one of its six (6) themes, and “Public Financial and Economic Management Reform Program (PFEM-RP) (2011-2014)” was issued in 2011 as a program to improve economic governance. Under the PEFM-RP, strengthening of the PSIP Process was aimed and prioritized.

<Consistency with the Development Needs of Malawi at the Time of Ex-Ante Evaluation>

As mentioned in “Background” above, further assistance to improving the PSIP Process was necessary especially for i) appraising on-going projects, and ii) harmonizing the appraisal process with planning and budgeting processes.

<Consistency with Japan’s ODA Policy at the Time of Ex-Ante Evaluation>

“Country Assistance Policy for the Republic of Malawi (2012)” emphasized “human resources development” under “Points to be

considered". The policy stated, "It is necessary to support the development of human resources and enhancement of organizational capability in an administrative field from the long-term view not only for Malawi but also for Japan's effective provision of assistance". The Project aimed to enhance organizational capability in financial administration of Malawi, and thus aligned with the Japan's ODA Policy.

<Evaluation Result>

In light of the above, the relevance of the Project is high.

2 Effectiveness/Impact

<Status of Achievement of the Project Purpose at the Time of Project Completion>

The Project Purpose was achieved at the time of project completion. Under the Project, the templates and database of projects were improved such that incomplete proposals were not accepted. In addition, "Quarterly Progress Report" and "Extension Request Form" were introduced for on-going projects (Indicator 1). The observance ratio of deadlines of the PSIP Process was as low as 29% in FY 2016/17, due to introduction of "new" templates/database, which improved to 47% (against the target of 90%) at project completion in FY2017/2018 (Indicator 2). Improvement in efficiency of the PSIP Process was evaluated highly by both ministries (who submit project proposals), and the PSIP Unit (who appraise the proposals) (Indicator 3). The consistency between the PSIP database with the budget book was also improved (Indicator 4).

<Continuation Status of Project Effects at the Time of Ex-Post Evaluation>

The project effects have been partially continued till the time of ex-post evaluation, but there is room to improve the efficient cycle (planning, appraising and budgeting) of the PSIP Process.

The templates and database developed by the project have been continuously well utilized (Project Purpose Indicator 1). As measured by "Output Indicator 2-2" in the table below, one issue at project completion was that the ratio of development projects which did not pass the PSIP Process did not reach its target of less than 20%. After project completion, however, this indicator has remarkably improved to 3.1%, thanks to continuous orientation for ministries to submit all the projects to the PSIP Unit for appraisal. Thus, the PSIP Process in the planning stage has been improved.

Output Indicator 2-2: Percentage of Development Projects Which Did Not Pass the PSIP Process

F/Y	%	Sources
2015/16	29.3	Terminal Evaluation Report
2016/17	Not available	-
2017/18 (Project Completion)	22 (Target:20)	Project Completion Report
2018/19	8.6	2018/19 Approved Development Budget Document
2019/20	14.5	2019/20 Approved Development Budget Document
2020/21	3.1	2019/20 Approved Revised Development Budget Document

On the other hand, the observance ratio of deadlines of submitting proposals has recently remained around 60%, although the value improved after project completion (Project Purpose Indicator 2). This is due to lack of staff in ministries to prepare and submit proposals to the PSIP Unit. Moreover, the degree of consistency between the PSIP database with the budget book has been decreasing after FY 2016/17 (Project Purpose Indicator 4). Since project commencement, it has been an issue that the budgeting process is not being fully harmonized with the PSIP Process. In other words, each ministry submits development project proposals to the PSIP Unit, whereas requesting development budget to the Budget Division, and thus development projects appraised through the PSIP Process are not necessarily examined for budgeting. This is a structural issue of the Government of Malawi, and with this constraint, the project attempted to increase the consistency between the PSIP database and the budget book through checking both. This structural issue, however, remains unresolved at the time of ex-post evaluation.

<Status of Achievement of the Overall Goal at the Time of Ex-Post Evaluation>

The Overall Goal has been achieved. To measure the Overall Goal, the indicator "Projects due for completion but requiring an extension not more than 15 percent" was set, then achieved in FY 2019/20 and 2020/21. One major issue at the commencement of the Project was inadequate criteria for appraising on-going projects which consisted of 80% of the PSIP. Unexpected extension of on-going projects used to encroach onto funding meant for new projects. Under the Project, "Quarterly Progress Report" and "Request Extension Form" were developed and submitted through the database by ministries to the PSIP Unit for appraising extension (or termination) of on-going projects, which improved predictability of funding. After completion of the Project, ministries have kept using the templates by uploading to the database, and have been prioritizing on-going projects to make sure they are completed.

<Other Impacts at the Time of Ex-Post Evaluation>

No negative impacts have been observed.

<Evaluation Result>

Therefore, the effectiveness/impact of the project is high.

Achievement of Project Purpose and Overall Goal

Aim	Indicators	Results	Source																				
(Project Purpose) Public Sector Investment Programme (PSIP) is operated with increased efficiency and enhanced harmonisation within the public financial and economic management framework.	Indicator 1: Increased amount and elevated quality of information (both on new projects and on-going projects) available for an appraisal by PSIP Unit.	Status of the Achievement (Status of the Continuation): achieved (continued) (Project Completion) - Through the templates and database improved/developed by the Project, sufficient information was provided from ministries to the PSIP Unit for both new and on-going projects. (Ex-Post Evaluation) - These templates and database are still utilized and make sufficient information available for the PSIP Unit to appraise projects.	Project Completion Report, Questionnaire with the PSIP Unit																				
	Indicator 2: Improved observance ratio of the deadlines of PSIP Process by PSIP Unit and line ministries to 90%.	Status of the Achievement (Status of the Continuation): partially achieved (partially continued) (Project Completion)/ (Ex-Post Evaluation)	Refer to the table.																				
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Indicator 3: Improved evaluation on the PSIP efficiency by the stakeholders (PSIP desk officers, Planning Section of line ministries, Budget Division, etc.)	Status of the Achievement: achieved (Project Completion) Survey on PSIP Efficiency Improvement from 2013 to 2016 March	Joint Terminal Evaluation Report																					
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3 Efficiency

Both the project cost and period exceeded the plan (ratio against the plan: 141% and 126% respectively). This is due to one-year extension of the project period for one more cycle of the PSIP Process, in order to secure self-reliant management by the PSIP Unit. Project’s Outputs were produced as planned. Therefore, the efficiency of the Project is fair.

4 Sustainability

<Policy Aspect>

In January 2021, under the new administration, the National Planning Commission published the country’s long-term vision, namely “Malawi 2063”. The Vision states “All projects in the Public Sector Investment Programme (PSIP) shall be aligned to the aspirations of the Vision. This is to ensure that their implementation is translated through the medium-term strategies to avoid curtailing and/or inclusion of projects simply for political expediency.” Currently, the Ministry of Economic Planning and Development and Public Sector Reforms is working on PSIP Policy and PSIP Act, specifically addressing the challenges of unregulated inclusion of PSIP projects into the budget. Moreover, amendment to the Public Finance Management Act, for providing a legal framework for the PSIP, is expected to be tabled in next sitting of the parliament.

<Institutional/Organizational Aspect>

The institutional setting remains unchanged, and the PSIP Unit (with 10 staff) plays the pivotal role to appraise development projects. At the beginning of every financial year, the PSIP Unit in collaboration with the Budget Division conducts a review meeting on the PSIP Process. The PSIP Unit conducts not only orientation workshops but also hands-on training for planners of ministries who are responsible to submit proposals to the PSIP Unit. One issue is that those staff to prepare/submit proposals are not sufficient. To fill in the high vacancy rate of planners, 40 economists have been recruited since June 2019, and oriented on the PSIP Process. Moreover, there are hardware issues such as inadequacy of computers and internet connectivity, and there is no plan to solve this issue at the time of ex-post evaluation.

<Technical Aspect>

The technical skills developed and transferred by the Project have been adequately utilized by the PSIP Unit and ministries. For example, all the developed tools for the PSIP Process, including the templates, database and manuals, have been used and functioning. On the other hand, the PSIP Unit considers that they lack in skills in appraisal, especially on how to conduct feasibility studies of large-scale projects. The intensive training is needed for such area, but there is no plan.

<Financial Aspect>

According to the PSIP Unit, regular funding is provided to ministries, but, due to general lack of government funding, the amount is not adequate enough to promote the PSIP Process. On the other hand, the evaluator observes the change of Government Administration has indicated more funding on the PSIP, since the PSIP is emphasized in “Malawi 2063”.

<Evaluation Result>

In light of the above, some problems have been observed in terms of the institutional/organizational, technical and financial aspects of the implementing agency. Therefore, the sustainability of the project effects is fair.

5 Summary of the Evaluation

The Project achieved the Project Purpose (i.e., PSIP is operated with increased efficiency and enhanced harmonization). The project effects have been partially continued, and the Overall Goal (i.e., The development project cycle will be efficient and effective.) has been achieved. Regarding the Sustainability, some problems have been observed in terms of the institutional/organizational, technical and financial aspects of the implementing agency, while the PSIP is being promoted in the policy aspect. As for the Efficiency, both the project cost and period exceeded the plan.

Considering all of the above points, this project is evaluated to be satisfactory.

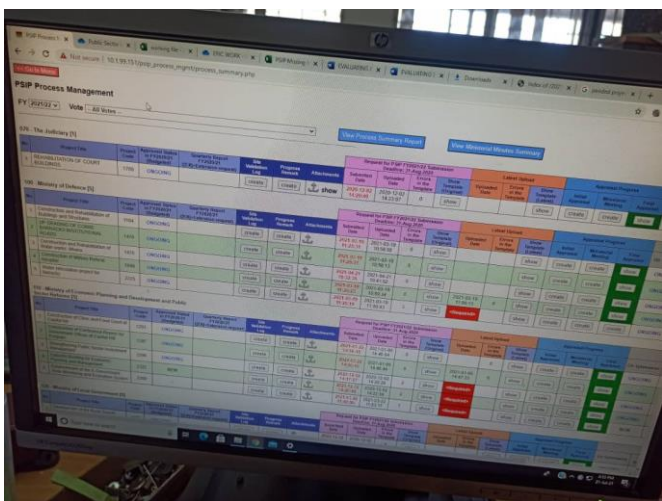
III. Recommendations & Lessons Learned

Recommendations for the National Government:

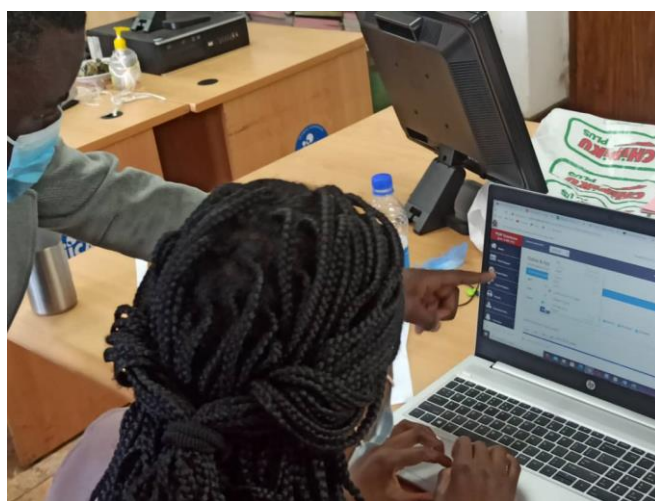
- It is recommended for the Ministry of Finance to increase funding which is necessary to sustain the PSIP Process. Although the templates and database developed by the project are well utilized, there is an issue of insufficient planners in ministries who are in charge of preparing and submitting proposals for the PSIP Unit, which impedes timely appraisal of development projects. To fill in the high vacancy rate of planners, 40 economists have been recruited since June 2019 and trained in the PSIP templates/database. Such countermeasures need to be continued and expedited. In addition, inadequacy of computers and internet connectivity is another issue to be resolved with more funding.

Lessons Leaned for JICA:

- This project aimed to harmonize the PSIP Process with planning and budgeting processes in the area of development projects. The PSIP Process with the planning process has been increasingly harmonized, and currently almost all the development project proposals are submitted to PSIP Unit for appraisal. On the other hand, since project commencement, it has been an issue the PSIP Process and budgeting process has not been fully harmonized. In other words, each ministry submits development project proposals to the PSIP Unit, whereas requesting development budget to the Budget Division. This structural issue of the Government of Malawi was not resolved during or after the project. As a lesson of this project, it is important to check the system of budget request by each ministry before implementing a project.



A Screen of PSIP Database



Hands-on Training for Encoding a PSIP Template