

NATIONAL DECENTRALIZATION POLICY
(Second Edition, 2024)

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The Ministry of Local Government, Unity and Culture
(MoLGUC),
P.O. Box 30312,
Lilongwe 3, Malawi.
TEL:+265 1 789 388, FAX:+265 1 788 083

Website: <https://www.localgov.gov.mw>

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Foreword

Following the advent of multiparty democracy in 1994, the Malawi Government re-introduced decentralization through the approval of the National Decentralization Policy by Cabinet in 1998. The policy was adopted as a strategy for consolidation of democracy, improved service delivery and attainment of development at the local level.

The drive to decentralize remains an important commitment by the Malawi Government leading to a review of the 1998 policy.

The aim of the review process was to determine the extent to which the policy objectives have been achieved; address challenges encountered during implementation; and identify emerging issues that require attention.

This revised policy is intended to deepen decentralization by empowering local masses and establish a democratic developmental local government inspired by the government's overarching development philosophy, the Malawi 2063. The policy, therefore, prioritises governance, fiscal autonomy and infrastructure development as new areas of focus for improved quality of service delivery and socioeconomic development for all.

Government is committed to the implementation of the policy and shall provide a conducive environment to ensure that all stakeholders play their roles. It is my expectation that all stakeholders will contribute to this aspiration by aligning their plans and programmes to the policy. The revised decentralization policy, therefore, is quite key to the realisation of the country's development aspirations as embodied in the Malawi 2063, especially for the grassroots.

I would like to reassure Malawians and all other stakeholders that Government has the strongest political commitment to provide the

necessary leadership and enabling environment for effective and successful implementation of this policy.

A handwritten signature in black ink, consisting of several loops and a long horizontal line extending to the right.

Honourable Richard Chimwendo Banda, M.P.
MINISTER OF LOCAL GOVERNMENT, UNITY AND CULTURE

Preface

The underlying philosophy of this policy is the principle of subsidiarity which entails assigning governance and service delivery to the most suitable level of government. This brings government closer to people at the lowest possible level. With decentralization, there are opportunities for grassroots participation through community empowerment and citizen engagement to further directly engage duty bearers to demand accountability, transparency and timeliness in delivery of quality services.

The Malawi Government re-launched public sector reforms in 2018 with decentralization policy reforms as one of the eight priority areas. This presents an opportunity for accelerating the decentralization process that began in the late 1990s. As part of these reforms, the Ministry of Local Government, Unity and Culture (MoLGUC) is realigning and reconfiguring its policy intentions in order to push the decentralization agenda forward in line with the Malawi 2063. In pursuit of this, it has to be acknowledged that Malawi’s fiscal space remains constrained. This affects the amount of Central Government transfers to Local Government Authorities (LGAs), which in turn, affects the scope of development interventions that can be implemented. Despite this challenge, there remains considerable scope to achieve significant development gains in LGAs through efficient use of available resources, boosting the capacity of LGAs to generate their own resources and exploiting their comparative investment niches.

This policy is a culmination of wide consultations across a spectrum of stakeholders at both national and local levels. These included Council Secretariats, Civil Society Organizations (CSOs), Councillors and Members of Parliament, and citizens at large. Consultations were also made with Development Partners, the academia and Ministries, Departments and Agencies (MDAs). This policy, therefore, reflects the Malawi Government’s aspiration as the country embarks on a journey to become a middle-income country by 2063.

Internationally, studies have shown that decentralization works well when it is supported by a national policy, enabling legislation and international obligations. This policy, therefore, has been developed in line with aspirations of the African Union’s (AU) charter on the values and principles of Decentralization, Local Governance and Local Development and the Commonwealth Local Government Forum (CLGF). The CLGF provides insights into the architecture of properly functioning local governments in the Commonwealth and assists in understanding the role and importance of local governments in the wide range of areas. The AU Charter promotes the culture of entrenching democratic local governance and decentralization in AU Member States. The policy also draws further insights from the United Nations Sustainable Development Goals (SDGs) which are an international blueprint to end global poverty. SDGs have been integrated into both the national planning frameworks (Malawi 2063 and Malawi Implementation Plan 1) and local planning frameworks (Social Economic Profiles (SEPs) and District Development Plans (DDPs), both of which are important in Malawi’s decentralization and the local government development planning process. The policy offers an opportunity for Malawi, as a member of the global community, to increase her level of compliance with these international obligations and create a supportive environment for inclusive, transformative and sustainable development, especially for the grassroots.



James M.K. Chiusiwa
SECRETARY FOR LOCAL GOVERNMENT, UNITY AND CULTURE

List of acronyms and abbreviations

ADC	Area Development Committee
AU	African Union
CDF	Constituency Development Fund
CEO	Chief Executive Officer
CLGF	Commonwealth Local Government Forum
CSO	Civil Society Organisation
CSR	Corporate Social Responsibility
DC	District Commissioner
DEC	District Executive Committee
DHRMD	Department of Human Resource Management and Development
GoM	Government of Malawi
ICT	Information and Communication Technology
IMTC	Inter-Ministerial Technical Committee on Decentralization
LED	Local Economic Development
LGA	Local Government Authority
LGR	Locally Generated Revenues
LGSC	Local Government Service Commission
M&E	Monitoring and Evaluation
MALGA	Malawi Local Government Association
MDAs	Ministries, Departments and Agencies
MoFEA	Ministry of Finance and Economic Affairs
MoLGUC	Ministry of Local Government, Unity and Culture
MP	Member of Parliament
NAO	National Audit Office
NDP	National Decentralization Programme

NLGFC	National Local Government Finance Committee
NNR	Net National Revenue
NSO	National Statistics Office
OPC	Office of the President and Cabinet
ORT	Other Recurrent Transactions
PE	Personal Emoluments
PFMA	Public Finance Management Act, 2003
PPAs	Policy Priority Areas
PPDAA	Public Procurement and Disposal of Assets Authority
SDGs	Sustainable Development Goals
TA	Traditional Authority
UNICEF	United Nations Children’s Fund
WDC	Ward Development Committee
WRF	Water Resources Fund

Glossary of Terms

Administrative Decentralization refers to the transfer of decision-making authority, resources and responsibilities for the delivery of selected public services from central government to local government authorities or other lower level structures.

Ceded Revenues are a portion of specific non-tax revenues which shall include but not limited to toll fees, gambling and casino fees, fuel levy/fee (Road maintenance levy), motor vehicle registration fees, industrial registration fees that are collected by various government agencies on behalf of central government for redistribution to the local governments using an approved formula.

Development Funds comprise funding for projects that are sustained by the government and development partners

Fiscal Decentralization involves a level of resource reallocation to a local government which would allow it to function properly and fund allocated service delivery responsibility, with arrangements for resource allocation usually negotiated between the local and central government authorities. A fiscal decentralization policy would normally address such issues as assignment of local taxes and revenue-sharing through local taxation and user and market fees.

General Resource Fund (GRF) is an unconditional central government subvention to Local Government Authorities (LGAs).

Governance refers to the interaction between various stakeholders and institutions in a system for the intention of influencing and correcting action.

Gross National Revenue (GNR) refers to all local taxes and non-tax revenues collected in Malawi including direct budget support and shall exclude grants and direct donor support for specific interventions.

Local Economic Development (LED) is a locally driven process by which various actors work together to stimulate and transform their local economies, thereby, creating new job opportunities.

Local Governance comprises a set of institutions, mechanisms and processes through which citizens and their groups can articulate their interests and needs, mediate their differences, and exercise their rights and obligations at the local level. The building blocks of good local governance include citizen participation, partnerships among key actors at the local level and capacity of local actors across all sectors.

Municipal Services are services that local governments provide for the benefit of local communities regardless of whether fees, charges or tariffs are levied with respect to such services or not. Examples of municipal services include, but not limited to water supply, refuse and sewerage collection, removal and disposal, municipal health, parks and recreation, street lighting, municipal roads and storm water drainage, amongst others.

Net National Revenue (NNR) is the gross national revenue less Statutory Obligations (Personal Emoluments, loan repayments, pensions and gratuities and other arrears).

Political Decentralization refers to the transfer of political power and decision-making authority from central government authorities to sub-national levels such as local government authorities or village councils.

Popular Participation is a process whereby the majority of citizens in a local government, state or country freely take part in the affairs and decision-making processes that affect them.

1.0 Introduction

The National Decentralization Policy provides a guiding framework for the local government system. This is a revised version of the 1998 policy to further support and guide the implementation of the decentralization process in Malawi.

The policy will be implemented in line with the Constitution and the Local Government Act, and fully embraces the Malawi 2063. The policy will be operationalized through the National Decentralization Strategy that translates the aspirations of Malawians into a tangible program of action.

The policy has identified four priority areas as follows:

- i) Local governance;
- ii) Political decentralization;
- iii) Fiscal decentralization; and
- iv) Local development planning and infrastructural development.

1.1 Background

After several decades of highly centralised one-party rule, the 1990s marked the beginning of a new era for Malawi. A new Constitution based on the principles of participatory democracy was adopted in 1994. In order to operationalise this and further consolidate democracy, the government opted for reforms based on a decentralized government model. This transferred political and administrative powers from Central Government to Local Government Authorities (LGAs) and is anchored by the Local Government Act (Cap. 22:01) which was premised on the 1998 decentralization policy.

The 1998 decentralization policy aimed to broadly achieve the following:

- (a) Devolve administration and political authority to the LGA level;

- b) Integrate governmental agencies at the LGA and local levels into one administrative unit, through the process of institutional integration, manpower absorption, composite budgeting and provision of funds for the decentralized services;
- c) Divest the centre of implementation responsibilities and transfer these to the LGAs;
- d) Assign functions and responsibilities to the various levels of government; and
- e) Promote popular participation in the governance and development of LGAs.

Specifically, the 1998 decentralization policy had the following objectives:

- a) To create a democratic environment and institutions in Malawi for governance and development at the local level which will facilitate the participation of the grassroots in decision making;
- b) To eliminate dual administrations (field administration and local government) at the LGA level with the aim of making public service more efficient, more economical and cost effective;
- c) To promote accountability and good governance at the local level in order to help Government reduce poverty; and
- d) To mobilize the masses for socio-economic development at the local level.

Consequently, from the year 2000, Government embarked on the transfer of constitutional roles and responsibilities from the centre to the LGAs. This was done through the National Decentralization Programmes (NDP 1 and 2).

The first NDP ended in 2004 and the second programme ended in 2013. Despite several achievements, these programmes have not led to successful conclusion of the decentralization processes as a result of a wide range of challenges including political, economic, social and cultural impediments. The absence of the third NDP since 2013 further worsened the situation leading to decentralization policy reforms grinding to a near complete stop.

1.2 Current status

The 1998 decentralization policy emphasised political and administrative decentralization under the banner – power to the people (Mphamvu ku Anthu). This has largely been achieved by putting in place a system of local representative democracy and devolved district administration. Elected councils have now been in place since 2000 although there was a gap (2004 – 2014) when they were suspended. After the 2014 tripartite elections, councillors were elected and the process of decentralization regained momentum. LGAs with their elected Councils are now directly responsible for most of the basic services delivered at the local level.

Another key aim of the 1998 decentralization policy was to establish unified administration in districts and urban councils (cities, municipalities and towns). All public sector staff in the districts and urban areas were to be brought under the oversight of the LGA’s Controlling Officer (District Commissioner for district LGAs and Chief Executive Officer for urban LGAs). Prior to 2017, sectoral and seconded staff in LGA administrative offices were reporting directly to parent ministries. Presently, most of these staff have been brought under LGAs. Salary payments are executed by respective LGAs. Overall, the LGAs are in the process of becoming the employer of all public servants at their level. Responsibilities for recruitment of staff for the majority of sectors has over the past years been handed over from various Service Commissions to the Local Government Service Commission (LGSC).

Government devolved functions from an initial 3 sectors in 2005/06 financial year to 18 sectors by 2020/21 financial year. Implementation of a significant number of development activities is now being handled by LGAs with central level institutions providing strategic guidance and direction through standard setting and monitoring and technical backstopping where required. Since the 2005/06 financial year, LGAs were assigned votes in the National budget. The General Resource Fund (GRF) was transferred to councils and Central Government transfers for Other Recurrent Transaction (ORT) expenditures, which were also transferred, have been increasing and now cover all the 18 devolved sectors. From the 2006/07 financial year, a development component, the

Constituency Development Fund (CDF), was introduced in LGA budgets and has also steadily increased to date. In the 2015/16 financial year, another component of development funding, the District Development Fund (DDF), was added to LGA budgets. Another addition to the LGA Development Budget is the Water Resources Fund (WRF) which was introduced in the 2017/18 financial year.

1.3 Problem Statement

Implementation of the 1998 decentralization policy in Malawi faced several challenges. These include i) weak institutional capacity, ii) inadequate citizen engagement, and iii) financial constraints. This has resulted in slow pace of devolution, limited infrastructural and economic development, and poor service delivery.

1.3.1 Weak institutional capacity

Effective decentralization requires legally mandated structures at the local level which are properly constituted to execute development activities. However, in Malawi, the existing lower-level structures such as the Area Development Committees (ADC) and the Village Development Committees (VDC) were created administratively. In addition, lack and/ or limited capacity development of these structures crippled them further to meaningfully participate and influence development inputs and outcomes at local level.

The 1994 Constitution and 1998 decentralization policy designate LGAs as the highest political authority in a district or urban council with deliberative, legislative and executive powers. However, the mandate given to their political functions has often been hindered by insufficient competences of locally elected officials to guide and hold the administration to account and instances of interference in local decision making and implementation from the centre.

Sector devolution has evolved over the past two decades, in the process creating need to explicitly provide for new functions or revise existing ones in order to align with emerging demands. However, the councils

organizational and institutional frameworks have not evolved in tandem with the emerging demands.

The majority of sector staff have now been devolved and integrated at council level. However, for some sectors this is yet to be concluded. Furthermore, devolution of additional sectors is exerting increased capacity demands on the Local Government Service Commission (LGSC) for it to be effectively functional, especially in terms of staff recruitment, discipline and capacity development.

1.3.2 Inadequate Citizen Engagement

In the current decentralized set up, citizens are not always able to make demands on their leaders. This is partly because civic engagement remains under-developed.

1.3.3 Financial constraints

LGAs require adequate financing mechanisms for meaningful local development. However, most functions and decision-making processes have been devolved without commensurate financing. This is due to the following reasons:

- a) The development budget has not been fully devolved;
- b) Limited base of own sources of revenue;
- c) The specified ceded revenue as a distinct form of revenue for LGAs is not clear;
- d) Weak accountability for the limited revenues from the few available; and
- e) Poor coordination of development assistance (NGO and Development Partners).

1.3.4 Limited Infrastructure, Economic Development and Municipal Services

Inadequate infrastructure and human resource development are key constraints to economic growth and productivity enhancement. This especially applies to agricultural, health, education, transport, communications, energy and municipal services infrastructure, all of

which are critical for business development and service delivery in both rural and urban areas.

Specific infrastructure challenges in Malawi’s LGAs include:

- a) Lack of clear financing mechanism for infrastructure development and maintenance;
- b) Inadequate municipal services infrastructure and equipment; and
- c) Weak public- private partnership (PPP) arrangements.

Moreover, LGAs have traditionally been associated with social services and livelihoods such that capacities for local development planning are heavily biased towards social development. Additionally, the role of the private sector in relation to local infrastructure development has often been undervalued by the LGAs.

1.4 Purpose of the Policy

The policy seeks to deepen decentralization by entrenching democratic values, enhancing citizen engagement and pro-activeness, promoting responsiveness and improving local government financing for infrastructure and socio-economic development, and demand driven quality service delivery.

2.0 Linkages with Other Policies, Legislation and International Instruments

The policy aligns itself and draws on the spirit of the existing legal and policy frameworks at national, regional and global level.

2.1 Linkages with national policies and legislation

The revised decentralization policy has linkages with the following set of national policies and legislation:

National Health Policy (2018)

The National Health Policy provides policy direction on key issues that are central to the development and functioning of the health system in Malawi. The policy is obliged to provide adequate health care commensurate with the health needs of Malawian society which is in line of the National Decentralization Policy which aspires for improved health service delivery in Malawi.

National Education Policy (2016)

The National Education Policy provides regulatory framework for education services in Malawi. The policy aims at promoting equitable access to education and improve relevance, quality and governance and management of the education sector. To achieve this, the Policy has direct and strong linkages to the NDP.

National Gender Policy (2015)

The National Gender Policy provides guidance for mainstreaming gender in various sectors of the economy with the overall goal of reducing inequalities and enhancing participation of women, men, girls and boys in socio-economic and political development. Implementation of the National Gender Policy shall be in line with decentralization process in Malawi.

National Youth Policy (2023)

The National Youth Policy recognizes that the youth constitutes the majority of the population. The youth are a rich resource with varied skills, experiences and capacities which if properly prepared and strategically deployed can contribute positively to their personal growth and economic development. The NDP has placed the youth at the centre of mobilizing the masses in local economic development and in taking a leading role in local governance, political participation and decision-making processes in line with the Local Government Act and the Constitution of Malawi.

National Sanitation and Hygiene Policy (2023)

Sanitation and hygiene play an important role in the health and well-being of a nation. The National Sanitation and Hygiene Policy focuses on construction of sanitation infrastructure, adequate funding for sanitation and hygiene promotion relative to water, strengthened coordination and collaboration amongst partners and provision of sanitation and hygiene services in both urban and rural areas.

The policy has been developed in the context of the National Decentralization Policy which provides the structures through which the sanitation and hygiene issues are implemented from the national to the local level.

Local Government Act as amended

The NDP has been developed to be implemented in line with the Local Government Act which provides the legal framework for decentralization in Malawi.

Public Finance Management Act (2022)

Through its emphasis on transparency and resource accountability, the policy will promote financial prudence and accountability in LGAs in line with the provisions in the Public Finance Management Act.

Public Procurement and Disposal of Assets Act (2017)

The Public Procurement and Disposal of Assets Act (PPDAA) aims to maximize economy and efficiency in public procurement and disposal of public assets and to provide for, and regulate, a decentralized institutional structure for the public procurement and disposal of public assets. The revised National Decentralization Policy supplements these aims through its commitment to the strengthening and capacitation of LGA procurement functions and oversight structures, among others.

Public Audit Act (2003)

The aim of the Public Audit Act is to give effect to the principle of accountability of Government to the public through the National Assembly. It ensures the accountability of government entities. Accountability is one of the major guiding principles and values of the revised decentralization policy.

Gender Equality Act (2013)

The Act aims to promote gender equality, equal integration, influence, empowerment, dignity and opportunities, for men and women in all functions of society; prohibits and provides redress for sex discrimination, harmful practices and sexual harassment; provides for public awareness on promotion of gender equality; and provides for connected matters. The local government system shall not discriminate any person based on their gender.

Land related laws

There are several land-related laws that align themselves to the NDP. These are the Land Act, 2016; Customary Land Act, 2016; Registered Land (Amendment) Act, 2017; The Lands Acquisition and Compensation (Amendment) Act, 2017; The Physical Planning Act, 2016; The Local Government (Amendment) Act, 2017 and The Forestry (Amendment) Act, 2017. These pieces of legislation recognize the National Decentralization Policy as a guiding framework for implementation in both urban and rural areas.

Malawi Public Service Act (1994)

The Malawi Public Service Act makes provision for the administration and management of the public service. The Act stipulates that management of the public service shall be based on modern and appropriate management concepts and techniques which meet basic requirements for efficient and effective public service delivery, concern for the welfare of public officers as employees and adherence to law. The revised decentralization policy compliments these through its emphasis on staff capacity building, promotion of conducive LGA work environments and quality service delivery in LGAs, among others.

2.2 Linkages with overarching national frameworks

The policy has linkages with the following overarching national frameworks:

The Malawi Constitution

The policy has been developed to enhance linkages with the country's Constitution as promulgated in 1994. Under Chapter 14, section 146, the constitution establishes LGAs and vests them with the responsibility of representation of the people over whom they have jurisdiction.

Malawi 2063

The policy is aligned to the Malawi 2063, which aspires to make Malawi an upper-middle income country by the year 2063. The Malawi 2063 recognizes decentralization as an enabler for the realization of inclusive wealth and self-reliance under effective governance systems and institutions.

Malawi Implementation Plan (MIP) - 2030

Through its emphasis on local planning and infrastructure development and enhanced service delivery, the policy is connected to the Malawi Implementation Plan (MIP). This is the first ten-year development plan that operationalizes the Malawi 2063 through a focus on achieving Sustainable Development Goals (SDGs) and making Malawi a middleincome country by 2030.

2.3 Linkages with International Instruments

Malawi is a signatory to various international commitments, conventions and treaties. The policy, therefore, has been aligned to such international instruments as follows:

Sustainable Development Goals (SDGs)

In 2015, Malawi adopted the SDGs, which are an international blue-print to end global poverty by the year 2030 ("the 2030 agenda"). LGAs are responsible for most of the services delivered at the local level and these services are important for the attainment of SDGs hence they have an important role in ensuring that Malawi meets targets of the SDGs.

Through its focus on improved quality service delivery in LGAs, the revised Decentralization Policy conveys government’s broad intentions and pathways for achieving the 2030 agenda.

African Union (AU) Charter on the Values and Principles of Decentralization, Local Governance and Local Development

The revised National Decentralization Policy fully subscribes to the African Union’s charter on the values and principles of Decentralization, Local Governance and Local Development. The charter’s objectives include promotion and championing of local governance and local democracy as cornerstones for decentralization; foster core values and principles of decentralization, local governance and local development; promotion of resource mobilization and Local Economic Development with a view to eradicate poverty; and promoting association and cooperation of local governments at the local, national, regional and continental levels; among others. These objectives draw directly from the Africa Union Agenda 2063, goal number twelve – capable institutions and transformative leadership - which has a focus on participatory development and local governance.

3.0 Broad Policy Direction

3.1. Policy Goal

The policy seeks to create and provide a conducive environment for inclusive citizen participation, adequate service delivery and effective local planning and infrastructure development.

3.2 Policy Outcomes

The implementation of the revised National Decentralization Policy intends to achieve the following outcomes:

- (a) Improved local governance structures, institutional and inter-institutional arrangements, coordination and administrative capacities;
- (b) Enhanced popular participation of citizens in local governance and development;
- (c) Increased local government financial sustainability; and
- (d) Improved infrastructure, local economic development and municipal services.

3.3 Specific Policy Objectives

The specific policy objectives are:

- (a) To improve local governance structures, coordination and institutional arrangements;
- (b) To strengthen citizen engagement, transparency and accountability mechanisms;
- (c) To strengthen local government financing mechanisms; and
- (d) To improve infrastructure, local economic development and municipal and social services.

3.4 Guiding Principles

The policy implementation shall be guided by the following principles:

3.4.1 Integrity and Accountability

Throughout its implementation, the policy encourages stakeholders to have a moral obligation to be upright in character, truthful and open, acting in good faith to serve public interest, thereby, earning and sustaining citizen's trust in public institutions. In the same spirit, the policy encourages stakeholders to be responsible and answerable to citizens for the decisions and actions taken and utilization of public resources and should submit to scrutiny appropriate to public office.

3.4.2 Partnerships

The policy recognizes stakeholder partnerships as mutually empowering and beneficial relationships which can further deepen decentralization. Implementation of the policy is, therefore, premised on leveraging partnerships with other stakeholders based on the tenets of mutual benefit mutual respect for institutional autonomy and independence; transparency and mutual accountability by partners; clarity on roles and responsibilities in partnerships; and commitment to joint learning when implementing partnership activities.

3.4.3 Needs based services

The policy recognizes that community needs are different and that these needs can and do change over time. These differences are often based on characteristics of particular localities and their residents including age,

gender, socio-economic status, and health status among others. The revised decentralization policy takes into account such dynamics through, among other things, emphasis on bottom-up approaches to planning, decision making and distinguished service delivery.

3.4.4 Respect for human rights

Implementation of the revised decentralization policy is grounded in recognition of the need for stakeholders to promote, respect and protect the rights of citizens to participate in decision making and defend their fundamental freedoms.

3.4.5 Inclusivity and equity

The revised decentralization policy encourages inclusiveness and equitable participation of all stakeholders. The policy recognizes matters of gender equality, youth involvement and marginalized groups such as people with disability and people with albinism, and how they are to be included to benefit from implementation of programmes. Implementation of the policy also prioritizes ensuring that grass-root communities' contributions should influence LGA decisions and that input from communities in designing how they participate in LGA affairs is sought. Communities should, therefore, be provided with the information they need to participate in LGA activities in a meaningful way.

4.0 Policy Priority Areas

There are four Policy Priority Areas (PPAs) as follows:

1. Local governance
2. Political decentralization
3. Fiscal decentralization
4. Infrastructure, local economic development and municipal services.

4.1 Policy Priority Area 1: Local Governance

Efficient and effective local governance systems and institutions are critical for the delivery of local government services. However, the governance arrangements of Malawi’s decentralized system are affected by institutional, administrative and functional challenges. These include unclear governance structures; insufficient capacities of elected officials; weak local development planning; incomplete staff integration; fragmented payroll and service provision arrangements especially in urban LGAs; existence of dual reporting or unclear reporting lines for LGA directorates; evolving changes affecting functional assignments; human resource capacity constraints; gaps in legislation and subsidiary legislation in support of decentralization; weak Information and Communication Technology (ICT) platforms and tools; and fragmented public asset ownership arrangements in LGAs.

Policy Statements and Strategies

4.1.1 Policy Statement 1: Government will ensure that there are clearly defined roles and responsibilities in the LGAs.

Strategies

- (a) Strengthening the local government Act through amendments to clarify roles and responsibilities in the LGAs;
- (b) Preparing operational guidelines for implementation of the amended or new legislation;
- (c) Raising awareness and inform citizens, elected and unelected officials and stakeholders in the LGAs on the new governance arrangements;
- (d) Raising awareness and training of relevant personnel in LGAs on the new governance arrangements; and
- (e) Redesigning the whole local planning and development system to align to the new governance arrangements.

4.1.2 Policy Statement 2: Government will ensure that there are clear and functional inter-institutional arrangements conducive to effective and efficient LGAs.

Strategies

- (a) Updating and implementing sector devolution plans and guidelines;
- (b) Clarifying service delivery responsibilities between rural and urban LGAs;
- (c) Completing the asset devolution process; and
- (d) Investing in capacity development of the Local Government Service Commission (LGSC) to match with new demands and emerging issues.

4.1.3 Policy Statement 3: Government will ensure that the LGAs have adequate administrative and coordination capacities.

Strategies

- (a) Professionalising the local government administration;
- (a) Strengthening local government staff and elected officials' capacities; and
- (b) Enhancing coordination between LGAs, MDAs, CSOs and the private sector.

4.1.4 Policy Statement 4: Government will ensure that the LGAs have adequate capacity for ICT.

Strategies

- (a) Reviewing and updating the LG Electronic Management Information System (MIS); and
- (b) Digitising the LG system for purposes of governance, access to public and improvement in service delivery.

4.2 Policy Priority Area 2: Political Decentralization

Decentralization works effectively when the general populace is empowered and can articulate their demands on their leaders to be accountable and to deliver quality services. However, several outstanding issues undermine the capacities of citizens to exercise their constitutional rights. These include: lack of political will; limited citizen engagement; inadequate platforms for popular participation for the citizens to freely express their will; insufficient capabilities of locally elected officials to ably guide and hold the secretariats to account; and interference in local decision making and implementation from the centre.

Policy Statements and strategies

4.2.1 Policy Statement 1: Government will guarantee the existence of a democratic environment and institutions for effective local governance.

Strategies

- (a) Consolidating and promoting local democratic institutions for popular participation;
- (b) Engaging Civil Society Organisations to promote citizen participation; and
- (c) Promoting accountability and transparency for good local governance.

4.2.2 Policy Statement 2: Government will ensure that citizens are empowered to demand for accountability, transparency and quality services from the duty bearers.

Strategies

- (a) Capacitating the LGAs to be responsive to citizen demands and ensure citizen pro-activeness;
- (b) Promoting town hall culture as an avenue for popular participation; and
- (c) Designing and implementing transformative civic education programmes for citizen engagement and empowerment.

4.3 Policy Priority Area 3: Fiscal Decentralization

Effective implementation of the revised decentralization policy hinges on availability of adequate financial resources and their prudent use. The Government of Malawi has over the years devolved Other Recurrent Transaction (ORT), Personal Emoluments (PE) and increasing amounts of the national development budgets to LGAs. The basic characteristics of a system for decentralised fiscal management include equitable and transparent Inter-governmental Fiscal Transfers Formulae, predictability of financing, sources of financing and local autonomy of decision making on resource mobilization and utilization. While elements of these key tenets are currently in place, gaps still exist. Fiscal decentralization in Malawi is still hampered by lack of fiscal autonomy; insufficient and often untimely Central Government transfers resulting in fiscal gaps; narrow bases for sources of financing; and legislative gaps, among others.

Policy Statements and Strategies

4.3.1 Policy Statement 1: Government will make available to LGAs at least 5% Net National Revenue (NNR) to ensure that local governments are adequately financed as stated in section 150 of the Constitution as follows:

“The Government shall be under a duty to ensure that there is adequate provision of resources necessary for the proper exercise for local government functions and to this effect shall allow a local government authority to keep such proportion of the revenue collected by that authority as shall be prescribed by the National Local Government Finance Committee.”

Strategies

- (a) Strengthening relevant legislation and regulations to ensure local government financial autonomy and flexibility;
- (b) Developing operational guidelines for implementation of amended or new legislations; and
- (c) Reviewing and implementing the Inter-governmental Fiscal Transfer Formulae.

4.3.2 Policy Statement 2: Government will ensure full devolution and greater autonomy in the allocation and management of development funds to LGAs.

Strategies

- (a) Strengthening the Inter-governmental Fiscal Transfer System to provide for discretionary block grants;
- (b) Providing guidelines for ensuring that development projects are increasingly carried out by the LGAs; and
- (c) Harmonizing all development funds.

4.3.3 Policy Statement 3: Government will ensure that the LGAs are provided with the required fiscal space commensurate to their needs and obligations.

Strategies

- (a) Formulating and implementing local revenue enhancement strategies;
- (b) Designing and integrating within the budget process the expansion of Locally Generated Revenue bases;
- (c) Enhancing the efficient and effective use of existing financial resource envelopes; and
- (d) Providing adequate financing for local capacity building in ICT to aid in the generation, use and management of fiscal resources.

4.3.4 Policy Statement 4: Government will establish direct funding mechanisms to the community structures for local services and development.

Strategies

- (a) Advocating with and engaging the Ministry of Finance and Economic Affairs (MoFEA), NLGFC and other stakeholders to decentralise the ORT and development budget to the community level;

- (b) Facilitating the inclusion of community fiscal devolution in the on-going Public Sector Reforms for key service sectors such as health, education, water and agriculture;
- (c) Scaling up local and national policy debate and discussion on community based fiscal devolution; and
- (d) Capacitating local level structures and institutions in public budgeting, social auditing, and public procurement.

4.3.5 Policy Statement 5: Government will cede to the LGAs some of its non-tax revenues.

Strategies

- (a) Developing guidelines for ceded revenues;
- (b) Making available additional types of non-tax (ceded) revenues that should be collected and transferred to local governments; and
- (c) Adopting a system of sharing revenues with central government where a specified proportion/ percentage can be retained by LGAs.

4.4 Policy Priority Area 4: Infrastructure, Local Economic Development and Municipal Services

Infrastructure development is a key catalyst for economic growth and productivity enhancement. The LGAs are, therefore, expected to take lead in the provision of necessary infrastructure in their areas of jurisdiction. In order to successfully provide for development of infrastructure, LGAs should put in place viable planning systems for managing social, economic and physical aspects of development premised on popular participation.

Currently, infrastructure development in Malawi is limited due to a number of factors as follows:

- (a) Unclear financing mechanisms for infrastructure development;
- (b) Local development plans are biased towards social infrastructure projects;
- (c) Lack of initiatives to spur economic growth;

- (d) Inadequate municipal services infrastructure and equipment; and
- (e) Weak public- private partnership (PPP) arrangements.

Policy Statements and Strategies

4.4.1 Policy Statement 1: Government will provide adequate financing for local infrastructure development.

Strategies

- (a) Increasing allocations for unconditional grants to the LGAs to cater for local infrastructure;
- (b) Expanding the revenue base for LGAs through ceded allocations; and
- (c) Enhancing transparency and accountability in infrastructure projects, procurement and contract management.

4.4.2 Policy Statement 2: Government will ensure that LGAs have adequate capacity to effectively plan, coordinate and implement development interventions.

Strategies

- (a) Strengthening linkages between the local development planning systems and national plans, especially the Malawi 2063 and the Malawi Implementation Plan (2030);
- (b) Reducing bias towards planning for social infrastructure projects;
- (c) Enhancing initiatives that spur local economic development (LED) and growth; and
- (d) Strengthening linkages between socio-economic plans and physical development planning.

4.4.3 Policy Statement 3: Government will ensure that LGAs have adequate capacity to provide quality municipal services.

Strategies

- (a) Providing support for acquisition of appropriate plant and equipment;
- (b) Mobilising resources for municipal service infrastructure; and
- (c) Prioritising municipal services as a core function of the LGAs.

4.4.4 Policy Statement 4: Government will ensure that LGAs have the capacity to engage partners in infrastructure development and LED.

Strategies

- (a) Developing guidelines for LGAs to effectively engage partners in LED;
- (b) Strengthening LGAs' capacities to effectively engage partners through Public Private Partnerships (PPP) arrangement; and
- (c) Strengthening monitoring and evaluation capacities to check on the viability of the partnerships.

5.0 Implementation Arrangements

This policy will be implemented within a multi-sectoral and decentralized framework involving public, private and civil society organisations. Detailed implementation arrangements are outlined in the Implementation and Monitoring and Evaluation Plan.

5.1 Institutional Arrangements

The following institutions will be significant in the implementation of the policy:

5.1.1 Office of the President and Cabinet

Decentralization is a government-wide policy whose issues transcend almost all sectors and ministries. Under the guidance of the Office of the President and Cabinet (OPC), all Ministries, Departments and Agencies

will play their role in Malawi’s decentralization configuration. The OPC shall, where appropriate, ensure the mainstreaming of decentralization and local governance issues in policy formulation and reviews; ensure coherence of this policy with other government policies and programmes; monitor implementation of Cabinet directives on decentralization and local governance issues; provide oversight on this policy; and ensure that issues affecting decentralization and local governance are placed on the Cabinet Agenda.

5.1.2 Ministry of Local Government, Unity and Culture

The Ministry of Local Government, Unity and Culture (MoLGUC) will be the lead agency in the coordination and implementation of this policy. It will formulate guidelines, standards and norms on all issues relating to devolution, establish the framework and mechanism for support to LGAs, and facilitate the strengthening of the legal, policy and regulatory frameworks for implementation of decentralization process.

5.1.3 Other strategic coordination and monitoring arrangements

5.1.3.1 Cabinet Committee on Decentralization and Principal Secretaries Committee on Public Sector Reforms, Public Service Management and the Economy

To ensure coordination at the highest level, the Cabinet Committee on Decentralization will play a key strategic role in monitoring implementation progress in various aspects of the policy. This shall be supported by a committee comprising relevant sectoral Principal Secretaries and will serve to further enhance strategic coordination of the decentralization process.

5.1.3.2 Inter-ministerial working group

The existing Inter-ministerial working group for decentralization will be reactivated and shall meet half yearly to review progress on devolution. The MoLGUC acts as secretary to the group and the Office of President and Cabinet (OPC) will chair the grouping.

5.1.3.3 Joint Government – Development Partner Group

In order to enhance collaboration with Development Partners and Donors, the Joint Government – Development Partner group on decentralization and local governance will be revived. The Principal Secretary (PS) of the Ministry of Local Government co-chairs this group together with the PS for Economic Planning and Development (EP&D) since the EP&D is responsible for coordinating external development assistance in government.

5.1.4 Ministry of Finance and Economic Affairs

The Ministry of Finance and Economic Affairs (MoFEA) shall provide leadership in directing, regulating and facilitating the implementation of this policy in relation to fiscal matters. Specifically, the Ministry shall allocate adequate resources and ensure availability of financial resources for implementation of the revised decentralization policy; enforce compliance with the Public Finance Management Act (PFMA) by all stakeholders involved in implementation of the policy; and demand accountability from stakeholders on the use of the resources and expected outcomes.

5.1.5 National Local Government Finance Committee

The National Local Government Finance Committee (NLGFC) shall guide Local Government Authorities (LGAs) in developing, implementing and reporting on program based budgets during implementation of the policy; make recommendations relating to the distribution of funds allocated to LGAs and vary the amount payable from time to time and area to area according to set criteria; enhance adequacy, equity, timeliness and reliability of Inter-governmental fiscal transfers (IGFTs) to LGAs; and ensure adequate institutional arrangements for management of fiscal decentralization reform as well as routine government functions for LGA financing and related M&E arrangements.

5.1.6 Department of Human Resource Management and Development

The role of Department of Human Resource Management and Development (DHRMD) in relation to the revised decentralization policy will be to:

- a) Facilitate and coordinate strategic human resource planning, development and training in LGAs.
- b) Develop and facilitate implementation of human resource management policies and systems including Human resources complements, grading and deployment for LGAs
- c) In collaboration with the Local Government Service Commission (LASCOM), develop a merit-based recruitment and promotion policy and procedures to guide all recruitment and appointments to the positions in LGAs.
- d) Facilitate and guide implementation of robust performance management systems in LGAs.
- e) Conduct strategic and functional reviews, establishment reviews, job evaluations and competency analysis in LGAs.
- f) Ensure enforcement and compliance to human resource policies, regulations, public service principles, ethos and code of conduct in LGAs.

5.1.7 Ministry of Lands

The Ministry of Lands will be responsible for providing policy guidance and standards on the implementation of land related matters such as evaluation of properties, evaluation of public and customary land, land surveys, physical planning, land registration among others. The Ministry of Lands shall work through other committees namely: physical planning council, land tribunals, customary land committees and committees of the local government authorities.

5.1.8 Local Government Authorities

The LGAs will facilitate, coordinate and implement all activities in their respective jurisdictions under the auspices of this policy. LG councils shall provide oversight during implementation of this policy and execute their functions as prescribed in Annex A of this policy.

5.1.9 Other Ministries, Departments and Agencies

All other Ministries, Departments and Agencies (MDAs) in collaboration with the MoLGUC will develop sector specific policies, guidelines, standards and norms to support LGAs in the implementation of this policy.

5.1.10 Civil Society Organizations

Civil Society Organizations (CSOs) will collaborate with the Malawi Government in implementing the policy to ensure mutual accountability. Their role will entail, among others, provision of advocacy efforts for decentralization and local governance via both local and national platforms; engaging in constant dialogue with central government and LGAs to ensure that stakeholder concerns are taken into account during implementation of the policy; collaborate with government in implementation of various development initiatives in LGAs that help attain the policy's objectives, outcomes and goals; and ensuring that the Malawi Government is held to account for its commitments to citizens in LGAs.

5.1.11 Citizens

Citizens' role in the implementation of the policy will be to participate in LGA decision making process through contributions in various relevant forums at local level; utilize public services as and when needed; monitor and provide feedback on LGA service delivery including holding duty bearers to account; and report to appropriate authorities the maladministration in LGA service delivery.

5.2 Implementation Plan

The implementation plan stipulates strategies that will be important in achieving the revised decentralization policy goal. For each strategy, it also specifies responsible stakeholders and presents an associated time frame for implementation. Annex 3 presents in detail, the implementation plan in a matrix form where objectives, strategies, responsible entities, and timelines for implementation are outlined under each priority area.

5.3 Monitoring and Evaluation (M&E)

A detailed monitoring and evaluation plan for the revised decentralization policy is presented in Annex 4. It postulates baselines and targets for a set of indicators via which performance of the policy’s implementation will be measured and evaluated. In order to track progress and inform decisions in the implementation of the policy on an on-going basis, Monitoring and Evaluation systems will be key. An M&E framework for the policy will be used. Its design will leverage on existing data management systems within government as well as those of development partners, CSOs, private sector and research institutions. It is anticipated that the revised decentralization policy will undergo a mid-term review after three years (2024) and final review after five years of implementation (2026). Overall, MoLGUC will have primary responsibility for managing the M&E of the policy through its collaboration with relevant MDAs, including the National Statistics Office (NSO), Civil Society Organizations and the private sector.

ANNEXES

Annex 1: Functions and Responsibilities of Local Government Authorities (LGAs)

Subject to the provisions of the Local Government Act, as amended, functions of the LGAs will be as follows:

- a. To make policy and decisions on local governance and development for the district;
- b. To consolidate and promote local democratic institutions and democratic participation;
- c. To promote infrastructural and economic development through district development plans;
- d. To mobilise resources within and outside the district;
- e. To maintain peace and security in the district in conjunction with the National Police Force;
- f. To make by-laws which facilitate its functions;
- g. To appoint, develop, promote and discipline its staff;
- h. To cooperate with other Councils to learn from their experiences and exchange ideas; and
- i. To perform other functions including the registration of births and deaths and participate in the delivery of essential and local services as may be prescribed by Act of Parliament.

The NDP provides for the devolution of functions in the following sectors:

- a. Agriculture;
- b. Education;
- c. Health;
- d. Information;
- e. Trade;
- f. Transport;
- g. Public Works;
- h. Lands;
- i. Housing;

- j. National Registration;
- k. Fisheries;
- l. Forestry;
- m. Environment;
- n. Water;
- o. Irrigation;
- p. Tourism;
- q. Energy;
- r. Mining;
- s. Immigration;
- t. Labour;
- u. Disaster Management;
- v. Culture;
- w. Youth and Sports;
- x. Gender and Social Welfare;
- y. Community Development;and
- z. Justice

The NDP, therefore, assigns the following services and responsibilities to the LGAs:

1. Education Services

- a. Pre-schools;
- b. Primary Schools;
- c. Community Day Secondary Schools; and
- d. Secondary schools.

2. Health Services including Clinical and Medical

- a. Health posts, Maternity Clinics; Health Centres, Dispensaries, Community Hospitals and District Hospitals;
- b. Control of communicable diseases; and
- c. Health education.

3. Sanitation Services

- a. Environmental Sanitation and Hygiene;
- b. Water Sanitation;
- c. Waste disposal;
- d. Sewerage removal and disposal; and
- e. Burial Services.

4. Environmental Services

- a. Air pollution prevention and mitigation;
- b. Environmental and Social Safeguards;
- c. Environmental infrastructure;
- d. Drainage Systems;
- e. Environmental reclamation; and
- f. Environmental outreach and education.

5. Agriculture and Livestock

- a. Livestock extension;
- b. Control of livestock diseases;
- c. Land husbandry;
- d. Crop husbandry; and
- e. Food and nutrition.

6. Irrigation

- a. Construction and rehabilitation of small dams and canals; and
- b. Maintenance of irrigation systems.

7. Water

Provision and maintenance of water supplies including:

- a. Boreholes;
- b. Piped water projects;
- c. Protected wells;
- d. Distribution of water; and
- e. Gravity fed piped water schemes.

8. Gender and Social Welfare

- a. Women and Gender in Development;
- b. Elderly affairs;
- c. Disability affairs;
- d. Street children and orphans; and
- e. Probation and welfare.

9. Community Development

- a. Community Mobilization and Capacity Building;
- b. Adult Literacy and Education;
- c. Community Economic Empowerment; and
- d. Home Management and Nutrition.

10. Youth Development

- a. Youth Employment, Enterprise and Skills Development;
- b. Transformative Leadership and Youth Inclusion in Governance Systems;
- c. Health and Nutrition;
- d. Education and Social Skills Development (out of school youth functional literacy);
- e. Community Youth Service;
- f. Youth and Social Wellbeing;
- g. Youth in Sports, Creative Industries and Culture; and
- h. Multipurpose Youth Centres.

11. Sports Development

- a. Mass Participation in Sports and Recreation;
- b. Talent Identification and Development; and
- c. Local Sports Infrastructure Development.

12. Roads and Street Services

- a. Street lighting;
- b. Street naming;
- c. Issuing of road permits; and
- d. Issuance of drivers' licences.

13. Emergency Services

- a. Ambulance Services;
- b. Fire Services; and
- c. Natural Disasters.

14. Public Amenities and Local Nature Sanctuaries

- a. Sports stadiums and playgrounds;
- b. Community halls and libraries;
- c. Public conveniences;
- d. Local gardens for social events, recreation and nature study; and
- e. Local nature sanctuaries, zoos and parks other than Game and Wildlife Reserves and National Parks.

15. Buildings

- a. Building inspections
- b. Office space for own use or commercial purposes;
- c. Housing estates including those for leasing purposes; and
- d. Control of building standards.

16. Planning Services

- a. District and Urban Planning services as a planning authority.

17. Fisheries

- a. Licensing and inspection of fishing gear i.e. nets and boats;
- b. Fisheries extension; and
- c. Community participation in fish management.

18. Forestry

- a. Establishment of wood lots and forests; Forestry surveys;
- b. Inventory of forests;
- c. Forestry extension; and
- d. Forest management.

19. Energy

- a. Development, analysis and enforcement of energy sector laws, policies, strategies and plans;
- b. Provision of alternative energy and energy conservation services;
- c. Coordination of provision of electrification services; and
- d. Coordination of Research and Development.

20. Mining

- a. Provision of mining inspectorate services;
- b. Provision of mineral extension services;
- c. Issuing of artisanal mining permits; and
- d. Dissemination of mining and geological information.

21. Lands

- a. Provision of Land Administration Services including valuation of public and customary land;
- b. Provision of Estate Management Services;
- c. Provision of Property Valuation services;
- d. Provision of land use planning services;
- e. Provision of Development Control and Enforcement Services;
- f. Provision of Land Survey Services including surveys of land within the area of jurisdiction of the local council except district and international boundaries and enforcement of lease agreement as agents of central government;
- g. Provision of Mapping Services;
- h. Provision of coordination services for the development and management of resilient and sustainable urban infrastructure and services;
- i. Management of Home Ownership Scheme Loans; and
- j. Provision of rural housing services.

22. Trade

- a. Domestic Trade Facilitation;
- b. Domestic Trade Regulation;
- c. Investment promotion;
- d. Promotion and enforcement of policy and regulation on trade, local businesses and tourism (i.e. creation of a conducive environment for business operations whilst at the same time upholding of standards;
- e. Licensing of small and medium businesses, groceries, retail and wholesale shops, garages, motels, private schools and clinics; and
- f. Trade Inspection.

23. Labour

- a. Management of Labour and Employment services;
- b. Management of Labour and Industrial relations;
- c. Workman's Compensation;
- d. Occupational Health and Safety services;
- e. Technical and Vocational training;
- f. Labour Inspection; and
- g. Enforcement of Labour Laws, Policies, Regulations and Standards.

24. Tourism

- a. Tourism Planning and Development;
- b. Tourism Marketing; and
- c. Enforcement of Tourism Safety and Standards.

25. Transport and Public Works

- a. Management of urban roads (Planning, designing, new construction, reconstruction, rehabilitation and maintenance);
- b. Management of district roads (Planning, designing, new construction, reconstruction, rehabilitation and maintenance);

- c. Management of undesignated roads (Planning, designing, new construction, reconstruction, rehabilitation and maintenance);
- d. Management of public buildings (construction, maintenance, rehabilitation and landscape services);
- e. Provision of technical support for self-help projects; and
- f. Enforcement of building regulations and standards.

26. Culture

- a. Regulation and enforcement of some Entertainment Facilities;
- b. Promotion of the Arts;
- c. Management of some Monuments and Heritage Sites;
- d. Facilitation of local community Heritage Festivals;
- e. Provision of some outreach Programmes; and
- f. Provision of Records Management.

27. Information

- a. Provision of Information Services; and
- b. Provision of Communications Technology Services.

28. National Registration

- a. Provision of District Registration Services.

29. Immigration

- a. Processing of travel documents for emigration and immigration purposes.

30. Community / Municipal Police

- a. Establishment and management of police services; and
- b. Regulation and control of municipal traffic.

31. Justice

- a. Legal aid; and
- b. Access to Justice.

32. Local Government

- a. Provision of local government services;
- b. Provision of rural development services; and
- c. Provision of chiefs' administration services.

Annex 2: Committees of the Local Government Authority

In the performance of their functions, Local Councils will be mandated to form committees as prescribed by the Local Government Act. Councils shall, therefore, operate through the following statutory committees:

- a. Infrastructure Development Committee;
- b. Environment, natural resources and climate change Committee;
- c. Resource mobilization, finance and audit Committee;
- d. Administration, Human Resource, and Information Technology Committee;
- e. Local Economy Committee; and
- f. Social Development Committee.

Subject to the provisions of the LGA, as amended, all Local Government Authorities will establish governance and development committees at community level.

Annex 3: Implementation Plan for the revised National Decentralization Policy

Policy Priority Area 1: Local Governance			
PPA 1 - Policy Statement 1: Government will ensure that there are clearly defined roles and responsibilities in the LGAs.			
Objective	Strategy	Responsibility/Stakeholders	Timeframe
To improve local governance structures, coordination and institutional arrangements.	Strengthening the local Government Act through amendments to clarify roles and responsibilities in the LGAs.	MoLG and MoJCA	2024 - 2025
	Preparing operational guidelines for implementation of the amended or new legislation.	MoLG	2024 - 2025
	Raising awareness and inform citizens, elected and unelected officials and stakeholders in the LGAs on the new governance arrangements.	MoLG, LGAs and other relevant MDAs	2024 - 2025
	Raising awareness and training relevant personnel in LGAs on the new governance arrangements.	MoLG, LGAs and other relevant MDAs	2024 - 2025
	Redesigning the whole local planning and development system to align to the new governance arrangements.	MoLG, EP&E, NPC, LGAs and other relevant MDAs	2024 - 2025
PPA 1 - Policy Statement 2: Government will ensure that there are clear and functional inter-institutional arrangements conducive to effective and efficient LGAs.			
Objective	Strategy	Responsibility/Stakeholders	Timeframe
To improve local governance and structures, coordination institutional arrangements.	Updating and implementing sector devolution plans and guidelines.	MoLG and other relevant MDAs	2024 - 2025
	Clarifying service delivery responsibilities between rural and urban LGAs.	MoLG, LGAs and other relevant MDAs	2024 - 2025
	Completing the asset devolution process.	MoLG, Accountant General and other relevant MDAs	2024 - 2025
	Capacitating the Local Government Service Commission to match with new demands and emerging issues.	MoLG, DHRMD, OPC and other relevant MDAs	2024 - 2025

PPA 1 - Policy Statement 3: Government will ensure that the LGAs have adequate administrative and coordination capacities.			
Objective	Strategy	Responsibility/Stakeholders	Timeframe
To improve local governance structures, coordination and institutional arrangements.	Professionalising the local government administration.	MolG, NLGFC and other relevant MDAs	2024 - 2025
	Strengthening local government staff capacities.	MolG and LGAs	2024 - 2025
	Enhancing coordination between LGAs, MDAs, CSOs and the private sector.	MolG and other relevant MDAs	2024 - 2025
PPA 1 - Policy Statement 4: Government will ensure that the LGAs have adequate capacity for ICT.			
Objective	Strategy	Responsibility/Stakeholders	Timeframe
To improve local governance structures, coordination and institutional arrangements.	Reviewing and updating the LG electronic Management Information System.	MolG, e-Govt and LGAs	2024 - 2025
	Digitising the LG system.	MolG and LGAs	2024 - 2025

Policy Priority Area 2: Political Decentralization

PPA 2 - Policy Statement 1: Government will ensure that there is creation of democratic environment and institutions for effective local governance.			
Objective	Strategy	Responsibility/Stakeholders	Timeframe
To strengthen citizen engagement, transparency and accountability mechanisms.	Consolidating and promoting local democratic institutions for popular participation.	MolG, LGAs, MALGA, other relevant MDAs, CSOs and the private sector.	2024 - 2025
	Engaging Civil Society Organisations to promote citizen participation.	MolG, LGAs, MALGA other relevant MDAs, CSOs	2024 - 2025
	Promoting accountability and transparency for good local governance.	MolG, LGAs, MALGA other relevant MDAs, CSOs	2024 - 2025
PPA 2 - Policy Statement 2: Government will ensure that citizens are empowered to demand for accountability, transparency and quality services from duty bearers.			
Objective	Strategy	Responsibility/Stakeholders	Timeframe
To strengthen citizen engagement, transparency and accountability mechanisms	Capacitating the LGAs to be responsive to citizen demands and ensure citizen pro-activeness.	MolG, other relevant MDAs, CSOs	2024 - 2025
	Promoting town hall culture as an avenue for popular participation.	MolG, MALGA other relevant MDAs, CSOs	2024 - 2025

	Designing and implementing transformative civic education programmes for citizen engagement and empowerment.	MoLG, MALGA other relevant MDAs, CSOs	2024 - 2025
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Policy Priority Area 3: Fiscal Decentralization

PPA 3 - Policy Statement 1: Government will make available to LGAs at least 5% Net National Revenue (NNR) to ensure that local governments are adequately financed as stated in section 150 of the Constitution as follows:

“The Government shall be under a duty to ensure that there is adequate provision of resources necessary for the proper exercise for local government functions and to this effect shall allow a local government authority

to keep such proportion of the revenue collected by that authority as shall be prescribed by the National Local Government Finance Committee.”

Objective	Strategy	Responsibility/Stakeholders	Timeframe
To strengthen local government financing mechanisms.	Strengthening relevant legislation and regulations to ensure local government financial autonomy and flexibility.	MoLG and other relevant MDAs	2024 - 2025
	Developing operational guidelines for implementation of the amended or new legislations.	MoLG and other relevant MDAs	2024 - 2025
	Reviewing and implementing guidelines on Intergovernmental Fiscal Transfer System.	MoLG and other relevant MDAs	2024 - 2025

PPA 3 - Policy Statement 2: Government will ensure full devolution and greater autonomy in the allocation and management of development funds to LGAs.

Objective	Strategy	Responsibility/Stakeholders	Timeframe
To strengthen local government financing mechanisms.	Strengthening the Intergovernmental Fiscal Transfer System to provide for discretionary block grants.	MoLG, NLGFC and other relevant MDAs	2024 - 2025
	Providing guidelines for ensuring that development projects are increasingly carried out by the LGAs.	MoLG, NLGFC and other relevant MDAs	2024 - 2025
	Harmonizing all development funds	MoLG, NLGFC and other relevant MDAs	2024 – 2025

PPA 3 - Policy Statement 3 : Government will ensure that the LGAs are provided with the required fiscal space commensurate to their needs and obligation.

Objective	Strategy	Responsibility/Stakeholders	Timeframe
To strengthen local government financing mechanisms.	Formulating and implementing local revenue enhancement strategies.	MoLG, LGAs, NLGFC and MoF	2024 - 2025
	Developing guidelines for ceded revenues.	MoLG, LGAs, NLGFC and MoF	2024 - 2025
	Designing and integrating within the budget process the expansion of Locally Generated Revenue bases.	MoLG, LGAs, NLGFC and MoF	2024 - 2026

	Enhancing the efficient and effective use of existing financial resource envelopes.	MoLG, LGAs, NLGFC and MoF	2024 - 2025
	Providing adequate financing for local capacity building in ICT.	MoLG, LGAs, NLGFC and MoF	2024 - 2025

PPA 3 - Policy Statement 4 : Government will establish direct funding mechanisms to the community structures for local services and development.

Objective	Strategy	Responsibility/Stakeholders	Timeframe
To strengthen local government financing mechanisms.	Advocating with and engaging the MoFEA, NLGFC and other stakeholders to decentralize the ORT and development budget to the community level.	MoLG, LGAs, NLGFC and MoF	2024 - 2025
	Facilitating the inclusion of community fiscal devolution in the ongoing Public Sector Reforms for key service sectors such as health, education, water and agriculture.	MoLG, LGAs, NLGFC and MoF	2024 - 2025

	Scaling up local and national policy debate and discussion on community based fiscal devolution.	MoLG, LGAs, NLGFC and MoF	2024 - 2025
	Capacitating local level structures and institutions in public budgeting, social auditing, and public procurement.	MoLG, LGAs, NLGFC and MoF	2024 - 2025

PPA 3 - Policy Statement 5 : Government will cede to the LGAs some of its non tax revenues.

Objective	Strategy	Responsibility/Stakeholders	Timeframe
To strengthen local government financing mechanisms.	Developing guidelines for ceded revenues.	MoLG, LGAs, NLGFC and MoF	2024 - 2025
	Making available additional types of non-tax (ceded) revenues that should be collected and transferred to local governments.	MoLG, LGAs, NLGFC and MoF	2024 - 2027
	Adopting a system of sharing revenues with central government where a specified	MoLG, LGAs, NLGFC and MoF	2024 - 2027
	proportion/percentage can be returned by LGAs.		

Policy Priority Area 4: Local development planning and infrastructure development

PPA 4 - Policy Statement 1 : Government will provide adequate financing for local infrastructure development.

Objective	Strategy	Responsibility/Stakeholders	Timeframe
To improve infrastructure, local economic development and municipal services.	Increasing allocations for unconditional grants to the LGAs to cater for local infrastructure.	NPC, EP&D, MoLG and other relevant MDAs	2024 - 2027
	Expanding the revenue base for LGAs through the ceded allocations.	NPC, EP&D, MoLG and other relevant MDAs	2024 - 2027
	Enhancing transparency and accountability in infrastructure projects, procurement and contract management.	NPC, EP&D, MoLG and other relevant MDAs	2024 - 2025

PPA 4 - Policy Statement 2 : Government will ensure that LGAs have adequate capacity to effectively plan and coordinate development interventions.			
Objective	Strategy	Responsibility/Stakeholders	Timeframe
To improve infrastructure, local economic development and municipal services.	Strengthening linkages between the local development planning systems and national plans especially the Malawi Implementation Plan (2030) and Malawi 2063.	NPC, EP&D, MoL, MoLG and other relevant MDAs	2024 - 2025
	Reducing bias towards planning for social infrastructure projects; Enhancing initiatives that spur local economic development and growth (LED).	NPC, EP&D, MoL, MoLG and other relevant MDAs	2024 - 2025
	Strengthening linkages between social-economic plans and physical development planning.	NPC, EP&D, MoL, MoLG and other relevant MDAs	2024 - 2025
PPA 4 - Policy Statement 3: Government will ensure that LGAs have adequate capacity to provide quality municipal services.			
Objective	Strategy	Responsibility/Stakeholders	Timeframe
To improve infrastructure, local economic development and municipal services.	Providing support for acquisition of appropriate plant and equipment.	NPC, EP&D, MoL, MoLG, LGAs and other relevant MDAs	2024 - 2025
	Mobilising resources for municipal service infrastructure.	NPC, EP&D, MoL, MoLG, LGAs and other relevant MDAs	2024 - 2025
	Prioritising municipal services as a core function of the LGAs.	NPC, EP&D, MoL, MoLG, LGAs and other relevant MDAs	2024 - 2025

PPA 4 - Policy Statement 4 : Government will ensure that LGAs have the capacity to engage partners in infrastructure development and LED.

Objective	Strategy	Responsibility/Stakeholders	Timeframe
To improve infrastructure, local economic development and municipal services.	Developing guidelines for LGAs to effectively engage partners in local economic development.	NPC, EP&D, MoL, MoLG, MoT, MoTCW, MITC, LGAs and other relevant MDAs	2024 - 2025
	Strengthening LGAs' capacities to effectively engage partners through Public Private Partnerships (PPP) arrangement.	NPC, EP&D, MoL, MoLG, MoT, MoTCW, MITC, LGAs and other relevant MDAs	2024 - 2025
	Strengthening the monitoring and evaluation capacities to check on the viability of the partnerships.	NPC, EP&D, MoL, MoLG, MoT, MoTCW, MITC, LGAs and other relevant MDAs	2024 - 2027

Annex 4: Monitoring & Evaluation Plan for the revised National Decentralization Policy

Policy Priority Area 1: Local Governance						
Outcome: Improved local governance structures, institutional and inter-institutional arrangements, coordination and administrative capacities						
Policy Statement: Government shall ensure that there are clearly defined roles and responsibilities in the LGAs						
Objective	Output	Performance Indicator	Baseline	Target	Source of Verification	Assumptions/ Risks
To improve local governance structures, coordination and institutional arrangements.	Local Government Act reviewed	Local Government Act enacted	Local Government Act (1998)	National Local Government Bill enacted by 2025	Reports	MoLG mandate changes
	Operational guidelines for implementation of the amended or new legislation prepared	Operational guidelines for implementation in place	Operational guidelines not in place	Guidelines in place by 2025	Guidelines	Bill is passed in Parliament
	Raised awareness and informed citizens on the new governance arrangements	Proportion of citizens informed	Limited number of citizens informed Few platforms in place	90% citizens informed by 2025	Survey Reports	Availability of financial resources
	Raised awareness and trained relevant personnel in LGAs on the new governance arrangements	Proportion of LGAs personnel trained	Limited number of LGAs personnel trained	100% personnel trained by 2025	Reports	Availability of financial resources
	The local planning and development system redesigned and aligned to the new governance arrangements	Revised local planning and development system handbook in place	Local planning and development system handbook (2013)	Local planning and development system handbook revised by 2024	Handbook approved by MoLG management	Availability of financial resources
Policy Statement: Government shall ensure that there are clear and functional inter-institutional arrangements conducive to effective and efficient LGAs						
Objective	Output	Performance Indicator	Baseline	Target	Source of Verification	Assumptions/Risks
To improve local governance structures, coordination and institutional arrangements.	Sector devolution plans and guidelines updated	Number of sectors with updated devolution plans and guidelines	10 sectors with updated devolution plans and guidelines (2022)	100% of sectors with devolution plans and guidelines by 2024	MoLG and other relevant MDAs	Capacity and resources constraints
	Service delivery responsibilities clarified	Clear service delivery responsibilities	Unclear service delivery responsibilities	Service delivery responsibilities clarified by 2024	Reports implementing MDAs	Availability of financial resources

	between rural and urban LGAs	Asset devolution completed	Number of sectors with completed asset devolution	Zero sectors completed asset devolution (2022)	100% sectors with completed by 2024	Reports from MDAs	Dynamic interest
	Local Government Service Commission (LGSC) capacitated	Number of personnel trained at LGSC	Few personnel trained at LGSC	100% of personnel trained at LGSC by 2024	Report	Availability of financial and human resources	
Policy Statement: Government shall ensure that the LGAs have adequate administrative and coordination capacities							
Objective	Output	Performance Indicator	Baseline (2022)	Target	Source of Verification	Assumptions/Risks	
To improve local governance structures, coordination and institutional arrangements	LGAs administration Professionalized	Number of LGAs' administration Professionalized	Zero LGA administration Professionalized	100% of LGAs administration Professionalized by 2025	Reports from sectors and Social media		
	LGAs staff capacities developed	Number of LGAs staff capacities developed	LGAs staff capacities developed	100% of LGAs staff capacities developed by 2025			
	Increased coordination among LGAs, MDAs, CSOs and the private sector.	Number of LGAs, MDAs, CSOs and private sector engaged per activity demands	Zero LGAs, MDAs, CSOs and private sector engaged per activity demands	100% of LGAs, MDAs, CSOs and private sector engaged per activity demands by 2025	Implementation reports	Availability of financial resources	
Policy Statement: Government shall ensure that the LGAs have adequate capacity for ICT							
Objective	Output	Performance Indicator	Baseline	Target	Source of Verification	Assumptions/Risks	
To improve local governance structures, coordination and	Reliable LG electronic Management Information System established	LGAs with electronic Management Information System	Few LGAs with electronic Management Information System	100% LGAs with electronic Management Information System by 2025	Website	Capacity and resources constraints	

institutional arrangements	LG system digitized	Number of LG materials digitized	VAPs digitized	100% materials digitized	Website	Capacity resources constraints
Policy Priority Area 2: Political Decentralization						
Policy Statement: <i>Government shall ensure that there is creation of democratic environment and institutions for effective local governance</i>						
Objective	Output	Performance Indicator	Baseline (2022)	Target	Source of Verification	Assumptions/Risks

To strengthen citizen engagement, transparency and accountability mechanisms	Increased popular participation	Number of local democratic institutions involved	Few local democratic institutions involved	100% of local democratic institutions involved by 2025	Reports from LGAs	Availability of financial resources
	CSOs engaged in promoting citizen participation	Number of CSOs engaged	Few CSOs engaged	100% of CSOs engaged by 2025	Report or Minutes from meetings with CSOs	
	Strengthened LGAs and citizen relation	Proportion of governance structures that are accountable	Few governance structures that are accountable	90% of governance structures that are accountable by 2025	Reports	Inadequate enablers
Policy Statement: Government shall ensure that citizens are empowered to demand for accountability, transparency and quality services from duty bearers						
Objective	Output	Performance Indicator	Baseline	Target	Source of Verification	Assumptions/Risks
To strengthen citizen engagement, transparency and accountability mechanisms	LGAs capacitated to be responsive to citizen demands and ensure citizen pro-activeness	Number of LGAs capacitated	30% of LGAs capacitated	100% LGAs capacitated by 2025	Reports	Availability of financial and human resources
	Increased informed citizen through town hall meetings	Proportion of informed citizens through town hall meetings	10% of informed citizen through town hall meetings	50% of informed citizen through town hall meetings by 2025	Reports	Availability of resources
	Transformative civic education programmes designed and implemented	Proportion of transformative civic education programmes	Limited transformative civic education programmes in place	80% of transformative civic education programmes to be in place by 2024	Reports and media coverages	Availability of financial resources
Policy Priority Area 3: Fiscal Decentralization						
Policy Statements: Government shall ensure that the LGAs are provided with the required fiscal space commensurate to their needs and obligation						
Objective	Output	Performance Indicator	Baseline	Target	Source of Verification	Assumptions/Risks

To strengthen local government financing mechanisms	Relevant legislation reviewed to ensure local government financial autonomy and flexibility	Number of relevant legislation reviewed	Zero relevant legislation reviewed	100% of relevant legislation reviewed by 2027	OPC MoLG	Political will
financing mechanisms	Operational guidelines developed for implementation of the amended or new legislation	Operational guidelines for implementation of the amended or new legislation in place	Operational Guidelines not in place	Operational guidelines to be in place by 2024	MoLG	Availability of financial resources
	Guidelines reviewed and implemented on Intergovernmental Fiscal Transfer System	Guidelines in place and implemented on Intergovernmental Fiscal Transfer System	Guidelines not in place	Guidelines to be in place by 2024	Implementation Reports from LGAs	
Policy Statement: Government shall ensure that the LGAs have greater autonomy in the allocation and management of development funds						
Objective	Output	Performance Indicator	Baseline	Target	Source of Verification	Assumptions/Risks
To strengthen local government financing mechanisms	Intergovernmental Fiscal Transfer System reviewed	Intergovernmental Fiscal Transfer System reviewed	Intergovernmental Fiscal Transfer System reviewed (2002)	Intergovernmental Fiscal Transfer System reviewed by 2024	Reports	Lack of coordination among Project Implementation teams at LGAs
Policy Statement: Government shall ensure that the LGAs are provided with the required fiscal space commensurate to their needs and obligation						
Objective	Output	Performance Indicator	Baseline	Target	Source of Verification	Assumptions/Risks
To strengthen local government financing mechanisms	Local revenue enhancement strategies reviewed and implemented	Proportion of LGAs with revenue enhancement strategies reviewed/ formulated and implemented	30% of revenue enhancement strategies in place	100% of LGAs with revenue enhancement strategies by 2025	Reports by LGAs	Fiscal space is not limited

	Guidelines for ceded revenues Developed	Guidelines for ceded revenues in place	Guidelines for ceded revenues not in place	Reports	Commitment by stakeholders
	Budget process re-designed and integrated with Locally Generated Revenue bases.	Budget process redesigned and integrated with Locally Generated Revenue bases	Budget process not integrated with Locally Generated Revenue bases	Reports	Commitment by stakeholders

	Increased financial resource envelopes	Number of LGAs with increased financial resource envelopes	Zero LGAs with increased resource envelopes	Returns	Commitment by stakeholders
	Increased capacity of LGAs' ICT personnel	Proportion of LGAs' ICT personnel capacitated	No capacity	Reports	Resource constraint

Policy Statement: Government shall ensure to establish direct funding mechanisms to the community structures for local services and development

Objective	Output	Performance Indicator	Baseline	Target	Source of Verification	Assumptions/Risks
To strengthen local government financing mechanisms	Advocacy and policy engagements for devolving ORT and development budget to the community level conducted involving Treasury, MoLG and NLGFC Community fiscal devolution included in the on-going Public Sector Reforms Inclusion of by key service sectors such as health, education, water and agriculture.	Advocacy and policy engagements conducted Number of sectors that included community fiscal devolution included in the ongoing Public Sector Reforms	Advocacy and policy engagements not done Zero sectors included community fiscal devolution included in the on-going Public Sector Reforms	Advocacy and policy engagements initiated by 2025 Key sectors included community fiscal devolution included in the ongoing Public Sector Reforms by 2024	Reports Reports	Fiscal space is not limited

	Local and national policy debate and discussion scaled up on community based fiscal devolution by directly engaging the natural resources sector	Number of LGAs conducted policy debate and discussion conducted	Few policy debates by LGAs	Regular policy debates conducted quarterly by 2025	Reports	
	Local level structures and institutions capacitated in public budgeting, social auditing, and public procurement	Number of national policy debate and discussion conducted	Few national debates conducted	100% of national debates conducted annually	Reports	
	Proportion of LGAs' local structures capacitated	Few local structures capacitated	80% of LGAs local structures capacitated by 2027	Reports by LGAs	Availability of financial resources	
Policy Statement: Government shall ensure that LGAs have access to ceded revenues						
Objective	Output	Performance Indicator	Baseline	Target	Source of Verification	Assumptions/Risks
To strengthen local government financing mechanisms	Guidelines for ceded revenues developed	Ceded revenues guidelines in place	Guidelines not in place	Guidelines in place by 2024	Guidelines	Central government is committed and political will
	Additional types of non-tax (ceded) revenues collected and transferred to LGAs	Non-tax revenues collected and transferred to LGAs	Non-tax revenues not transferred to LGAs	Non-tax revenues transferred in LGAs by 2027	Revenue return	Government commitment and political will
	System of sharing revenues adopted where a specified % share can be shared with LGAs	Revenue sharing system in place	Revenue sharing system not in place	Revenue sharing system to be in place by 2025	Revenue return	Sustainable economic growth
Policy Priority Area 4: Local development planning and infrastructure development						
Policy Statement: Government shall ensure to provide adequate financing for local infrastructure development.						
Objective	Output	Performance Indicator	Baseline	Target	Source of Verification	Assumptions/Risks

	Increased infrastructural development	Proportion of LGAs with increased infrastructural development	Few LGAs with increased infrastructural development	100% LGAs with increased infrastructure development by 2027	Reports by LGAs	Resource constraint
	Increased revenue base through ceded allocations	Percentage increase of the revenues to LGAs through the ceded window	Zero increase of the revenues to LGAs through the ceded window	50% increase of the revenues to LGAs through the ceded window by 2027	Reports	Commitment by Government
	Increased project delivery and completion rate	Proportion of LGAs' projects completed within schedule	30% of LGAs' projects completed within schedule	80% of LGAs' projects completed within schedule by 2027	Reports by LGAs	Lack of coordination among Project implementation team
Policy Statement: Government shall ensure that LGAs have adequate capacity to effectively plan and coordinate development interventions						
Objective	Output	Performance Indicator	Baseline	Target	Source of Verification	Assumptions/Risks
To improve infrastructure, local economic development and municipal services	LDPs aligned to national plans especially the MIP-1 Increased inclusion of both hardware and software investment projects in LDPs	Proportion of LDPs aligned to MIP-1 Proportion of LGAs with hardware and software investment projects in LDPs	Zero LDPs aligned to MIP-1 Zero LGAs with hardware and software investment projects in LDPs	100% of LDPs aligned to MIP-1 by 2025 90% of LGAs with hardware and software investment projects in LDPs by 2027	LDPs LDPs	Resource constraint Resource constraint
	Linkages strengthened between social-economic plans and physical development planning	Proportion of LGAs with strengthened linkages	Few LGAs with strengthened linkages	100% of LGAs with strengthened linkages by 2027	Reports	Resource availability
Policy Statement: Government shall ensure LGAs have adequate capacity to provide quality municipal services						
Objective	Output	Performance Indicator	Baseline	Target	Source of Verification	Assumptions/Risks

To improve infrastructure, local economic development and municipal services	Accelerated procurement of appropriate plant and equipment	Proportion of LGAs with accelerated procurement of appropriate plant and equipment	Few LGAs with accelerated procurement	80% of LGAs with accelerated procurement by 2025	Procurement reports	Availability of resources
	Increased funding for municipal service infrastructure	Proportion of LGAs with increased funding	Few LGAs have increased funding	100% of LGAs with increased funding by 2027	Reports	Resource availability
	Municipal services prioritized as a core function of the LGAs.	Proportion of LGAs prioritizing municipal services	Few LGAs prioritizing municipal services	100% of LGAs prioritizing municipal services by 2025	Reports	Lack of prioritization
Policy Statement: Government shall ensure that LGAs have the capacity to engage partners in infrastructure development and LED.						
Objective	Output	Performance Indicator	Baseline	Target	Source of Verification	Assumptions/Risks
	LGAs guidelines for engaging partners in LED developed	Guidelines in place	Guidelines not in place	Guidelines in place by 2023	LGAs Guidelines	Capacity and resource constraint
	Increased LGAs capacity on Public Private Partnerships (PPP) arrangement	Proportion of LGAs capacitated on (PPP)	Few LGAs capacitated in PPP	100% of LGAs capacitated in PPP by 2025	Reports	Resource constraints
	LGAs personnel trained in PPP M&E short courses	Proportion of LGAs trained in PPP M&E short courses	10 % of LGAs trained	90 % of LGAs trained by 2025	Reports	Resource constraints