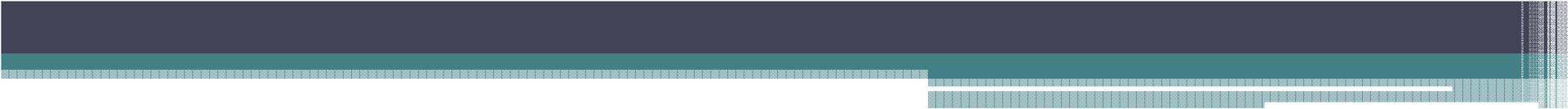


# MCC Threshold Program Ex-Post Evaluations Malawi & Zambia

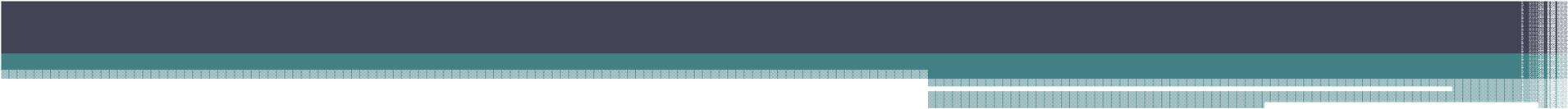
January 21, 2010

Erin Thébault-Weiser



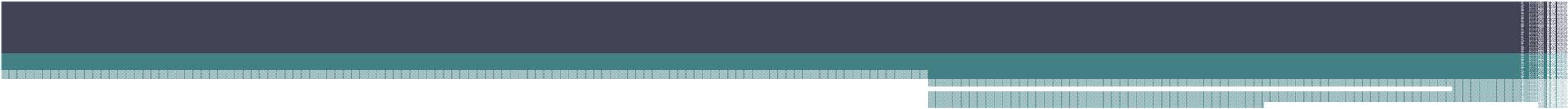
# Evaluation Objectives

- Were activities fully executed and did they result in intended, or unintended, outcomes (meaningful changes in practice, knowledge, or attitudes)?
- Have those outcomes and activities proved sustainable?
- What lessons learned can be drawn from these activities?



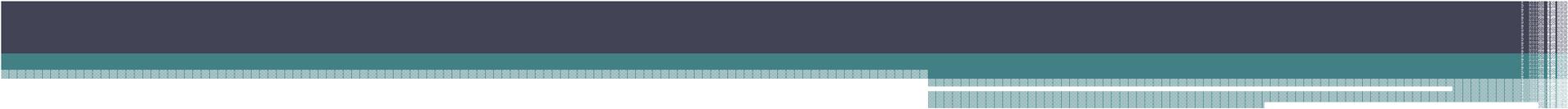
# Evaluation Methodology

- Evaluations conducted October 2009- May 2010
- Data sources included:
  - Document review
    - Project documents
    - Data from internal records of partner organizations
  - Key informants
    - Malawi- 97 interviews
    - Zambia- 73 interviews
  - In Zambia, small client surveys (total 200 respondents across 4 MDAs)



## Methodology- Limitations

- Does not attempt to determine the impact of activities on MCC eligibility criteria
- Limited baseline data (Zambia) or no baseline data (Malawi)
- Difficult to determine attribution to MCC given large presence of other donors
- Low response rate for questions on corruption (e.g. 30% refusal rate)
- Difficulty of measuring qualitative outcomes
- Could not examine cost effectiveness



# Malawi Threshold Program

- Implemented from April 2006 – June 2008
- \$20.9 million program
- Overall goal to:
  - Reduce corruption
  - Improve financial management
- Involved 15 separate activities working with 12 MDAs plus universities and NGOs
- Implemented by 2 contractors (C&A, SUNY) and Treasury and Justice (OPDAT & ICITAP)

# Malawi Program Description

## **Program Component**

## **Program Objective**

IFMIS, Procurement,  
AML/FIU, Declaration of Assets



Reduce leakages in public  
spending & deter corruption

National Audit Office, MEPD



Identify and deter leakages

Parliament, Media, Civil Society



Increase demand for zero  
tolerance & prudent fiscal policy

Ministry of Finance  
(Budget, Tax, Debt)



Increase revenues & prudent  
financial management

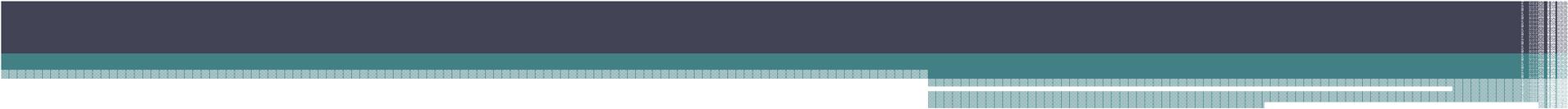
Law enforcement



Increase conviction rate for  
financial crimes

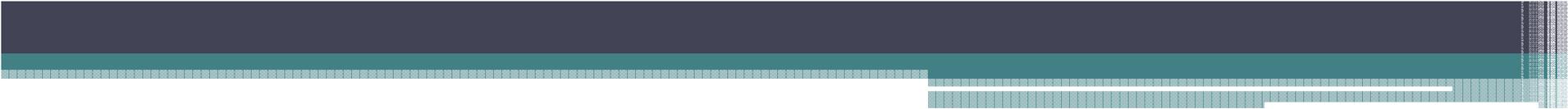
# Overall Results

- Eligibility Indicator – unable to detect impact
  - Data lags, changes in composition, measures higher level indicators rather than at the project level
- Outcomes –
  - Anecdotal improvement on financial management ;
  - Available data shows very limited impact on public sector corruption/misconduct;
  - Data shows slight increase in investigation of financial crimes (mostly private sector) but not of increased prosecution/conviction
- Outputs –achieved with exception of Declaration of Assets & Debt Office



# Summary- Accomplishments

- New institutions/capacities created & sustained
  - All Nat'l Assembly Committees meeting regularly
  - FIU investigating money laundering
  - MPS Internal Affairs investigating misconduct
  - Procurement degree graduating classes
  - IFMIS improved reporting time/off budget payments
- AML & Plea Bargain legislation passed

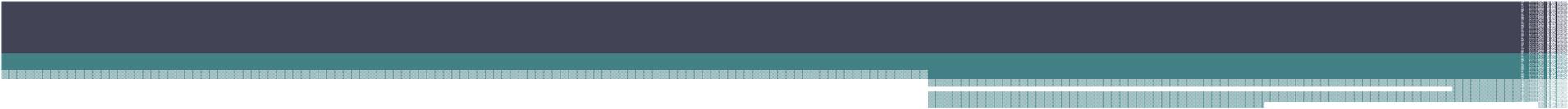


## Summary - Shortcomings

Unable to determine impact on public sector corruption

- NAO showed no increase in audit coverage
- Office of Public Procurement not tracking misprocurements or blacklisted vendors
- Investigation and conviction rate at DPP & MPS flat
- National Assembly not questioning expenditures

Capacity building diluted by staff turnover

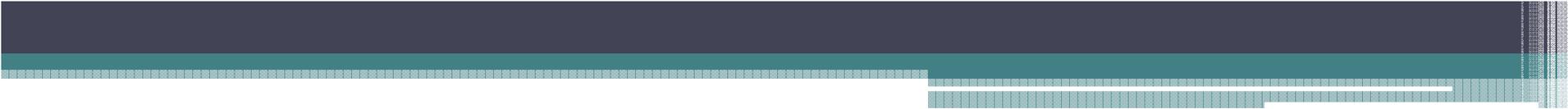


# Malawi Lessons Learned

- Addressing staff deficiencies difficult without larger administrative reform
- Fewer interventions and a clearer program logic may have increased impact
- Client-driven design increased success but reduced focus on corruption
- Resident advisors more effective than STTA or one off trainings
- Multiple implementers increased management burden but was effective

# Zambia Threshold Program





# Zambia Threshold Program

- Implemented from July 2006 - Feb 2009
- \$22.7 million program
- Overall goal to:
  - Combat administrative corruption
  - Reduce administrative barriers to trade and investment
- Worked with 9 MDAs and 2 NGOs
- Implemented by Chemonics-led consortium

# Zambia Program Design

## Component

## Program Objective

Ruling Justly  
\$11.2 million

→ Create a culture of integrity; deter administrative bribe-seeking; reduce time to obtain land title & work permits

Economic Freedom  
\$5.3 million

→ Reduce time to register a business; improve bus reg services outside capital  
Create Investor One Stop

\$6.1 million

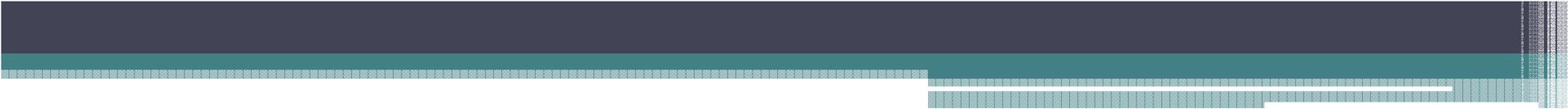
→ Reduce time to import/export cargo

# Overall Results

- Eligibility Indicator – unable to detect impact
  - Data lags, changes in composition, measures higher level indicators rather than at the project level
- Outcomes –
  - Improvements seen in business licensing and Customs efficiency
  - Available data shows very minor impact on corruption -some increased reporting of corruption but not sustained after life of program and resulting in a handful of disciplinary measures
  - Most MDAs demonstrate no improvements in operations
- Outputs – Investor One Stop, Integrated Border Management not completed; IT system at Lands never deployed

# Conclusions- Achieved Outcomes

- Patent & Company Registration Office
  - Faster and more transparent business registration (11 to 3 days for agents; 29 to 5 days for firms)
  - Easier registration for firms outside capital
- Zambia Revenue Authority
  - Faster VAT registration
  - Faster cargo clearance for firms enrolled in CACP
  - Faster bond repayment for transshipment
- Immigration- slight improvements in processing time & transparency

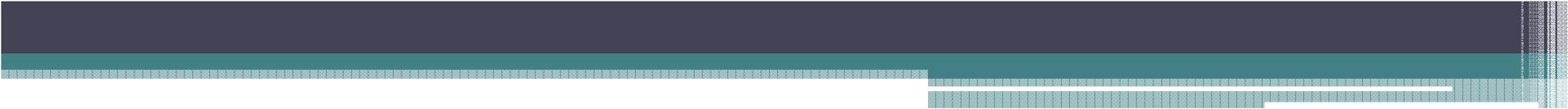


## Conclusion- Shortcomings

- Integrated border system and Investor One Stop not completed
- Half of IT systems abandoned (Land, PQPS, ZABS) & network/ programming issues in 2 others
- Corruption prevention activities resulted in minor improvements to reporting/discipline measures at ACC & Integrity Committees
- Two NGO (ALAC & Business Forum) interventions proved unsustainable

# Zambia Lessons Learned

- Perceived “low” corruption MDAs reformed more than perceived “high” corruption MDAs
- Positive results clustered in revenue-generating, semi-independent agencies
- IT solutions should be used to incentivize regulatory or process re-engineering rather than replacing them
- Local ownership of reform needs to extend to line agencies, not rely on Cabinet
- Sustainability planning should be treated as a discrete priority
- Lack of due diligence led to poor program design

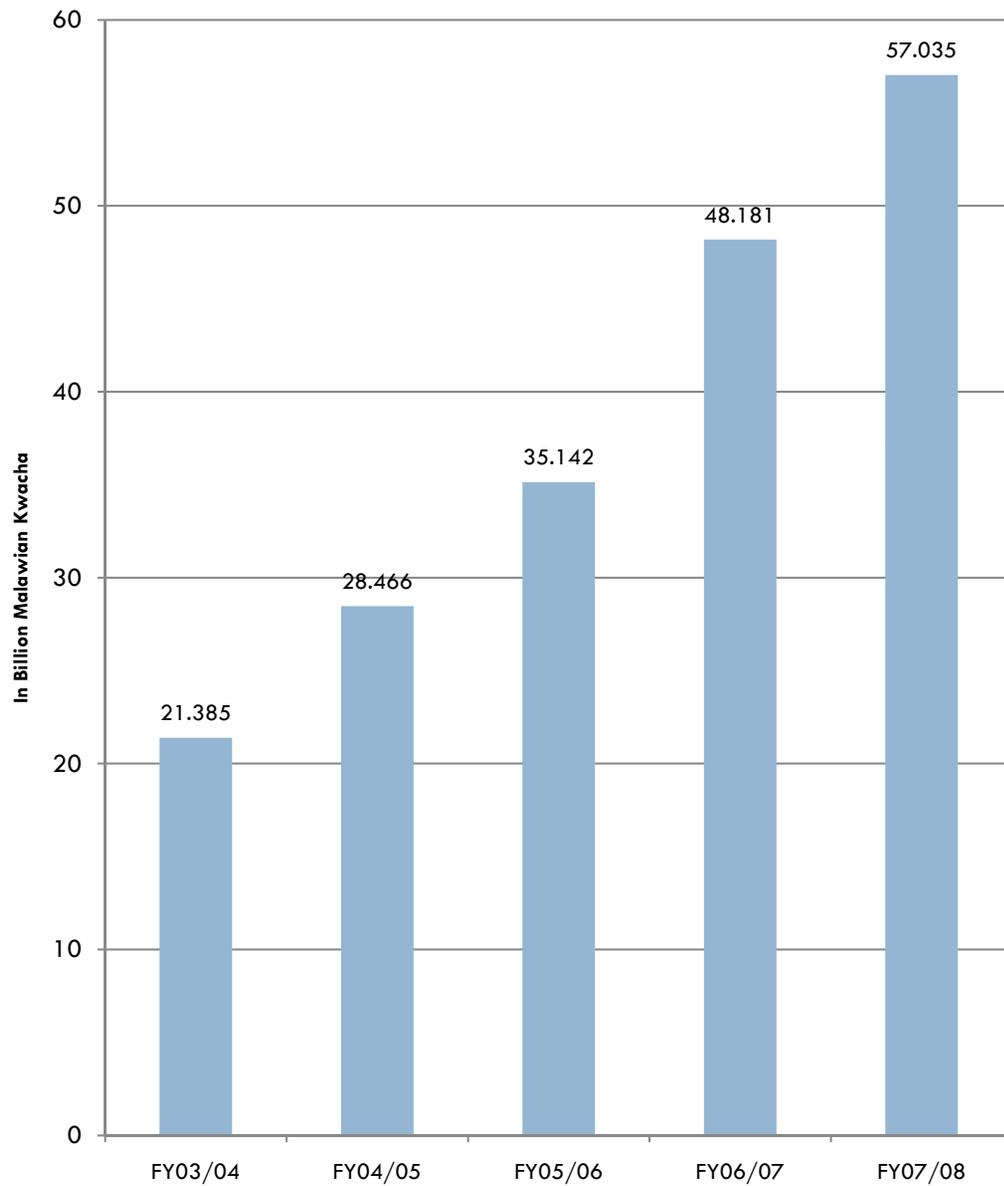


# Lessons Learned- MCC Approach

- Two year timeframe:
  - Sufficient to stand up instits when there is political will, well defined activities & ongoing donor support
  - May distort incentives to quantity over quality
- Compact incentive not reported as important to achieving reforms in either country

Thank you!





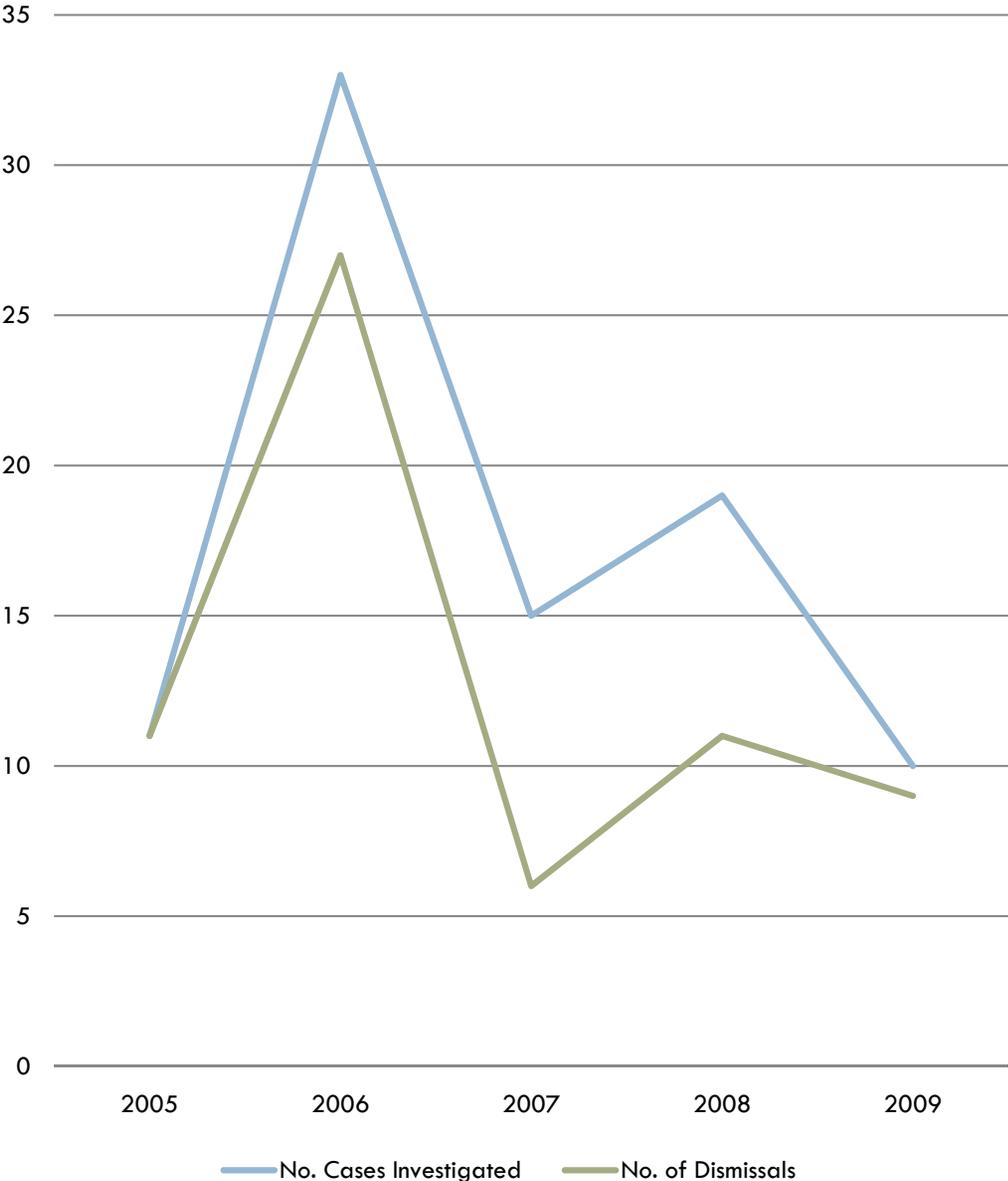
## Malawi MRA- Domestic Tax Receipts

Threshold implemented 06-08.

Receipts already trending upward prior to reorg.

# Malawi MRA Staff Dismissals

No baseline available but anecdotal evidence is that dismissals were rare prior to distribution of the code of conduct as staff would plead ignorance.

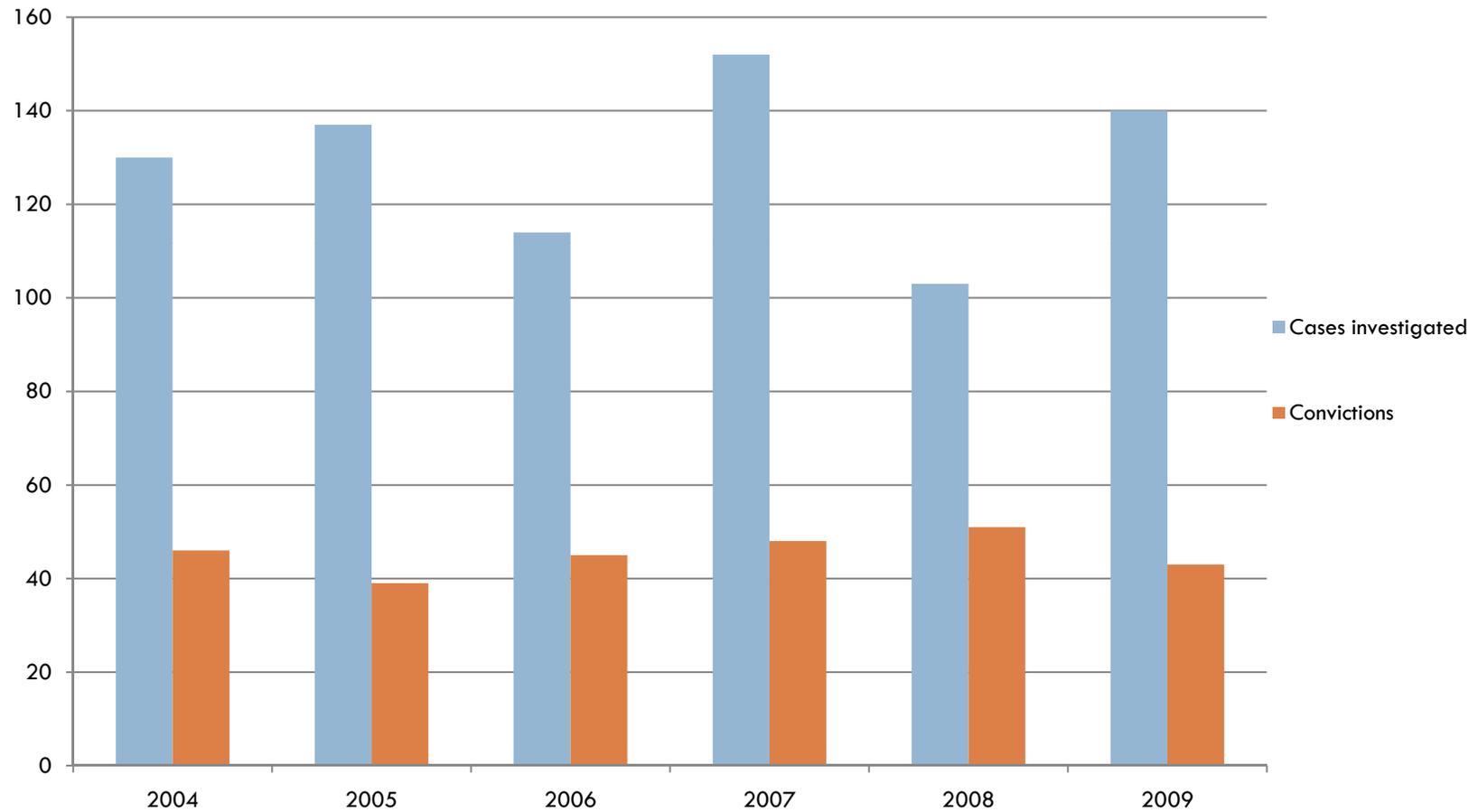


# Malawi National Assembly

Reports Prepared by Committee Department. (No baseline available)

Session of Parliament	Reports Prepared	Reports Tabled
40 <sup>th</sup> Session (2007-2009)	13	6
41 <sup>st</sup> Session (June-Dec 2009)	9	6
42 <sup>nd</sup> Session (Jan 2010-present)	N/A	1

# Malawi MPS- Fiscal Fraud Unit

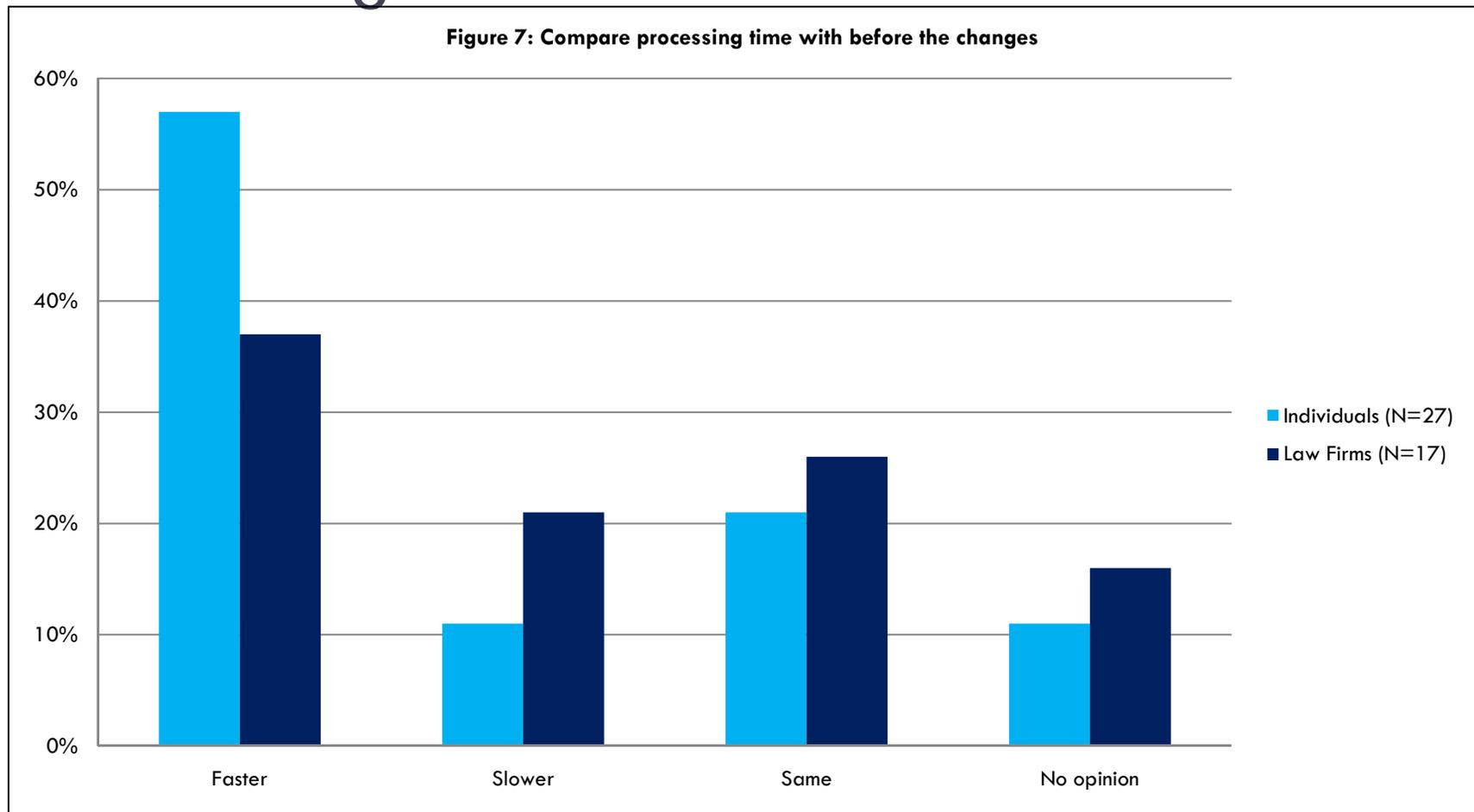


# Malawi MPS Internal Affairs Unit

Year	No. of Complaints Received & Investigated	Nature of Complaints	Resolution of Complaints
2007 (Sept – Dec)	56	14 cases of improper treatment by police; 42 cases of dealing in firearms.	14 disciplined 42 sent for prosecution
2008	32	13 cases of improper treatment by police; 11 cases referred by ACB; 8 cases referred by Ombudsman.	6 cases disciplined, remaining 7 under investigation. All referred cases under investigation.
2009	27	8 cases of improper treatment by police; 1 case of cheating; 18 cases referred by ACB.	1 conviction 4 disciplined 18 under investigation.
2010	44	6 cases of offensive behavior; 38 cases referred by ACB.	6 disciplined 5 referred cases exonerated 33 referred cases under investigation

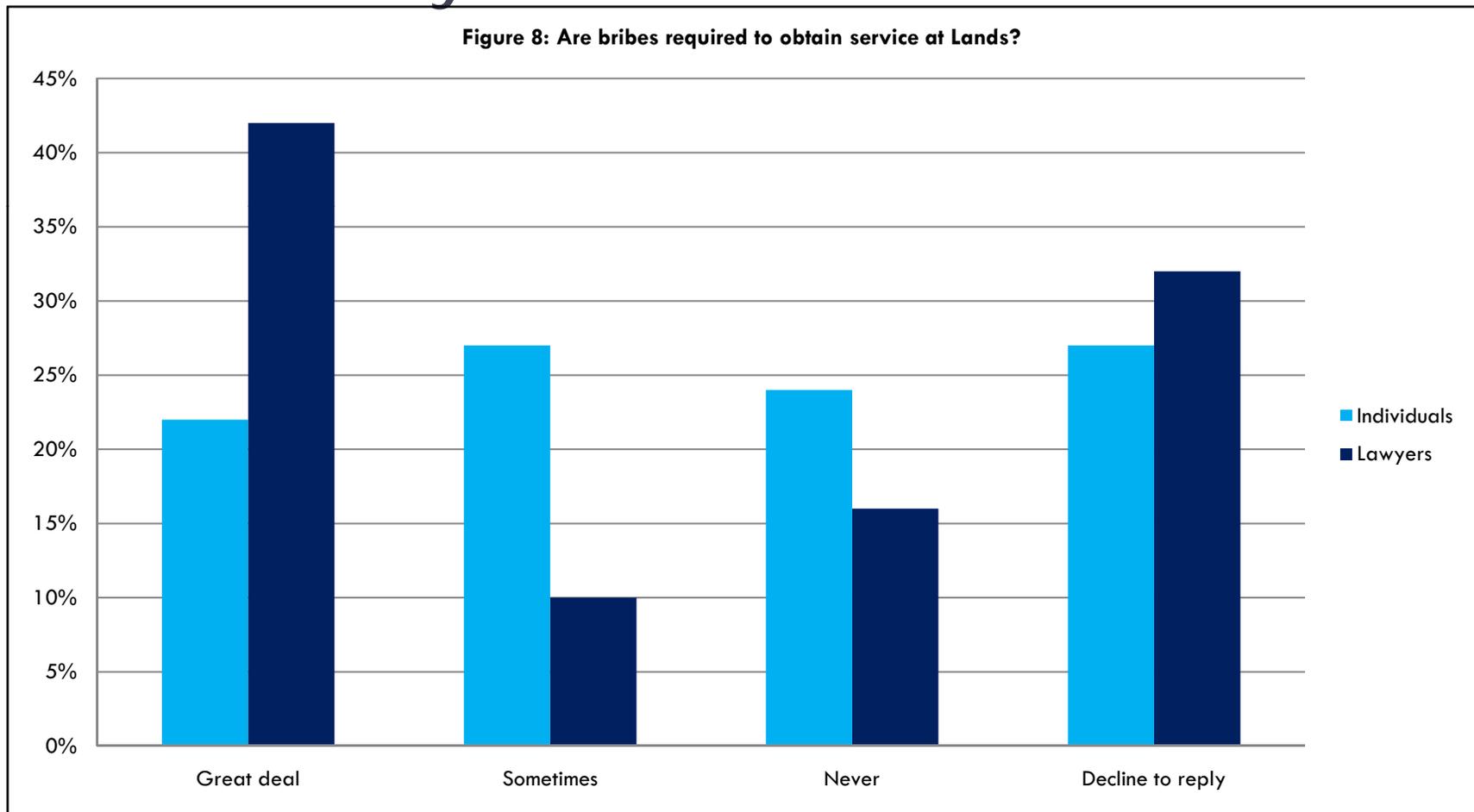
# Zambia Ministry of Land-Processing Time

Figure 7: Compare processing time with before the changes



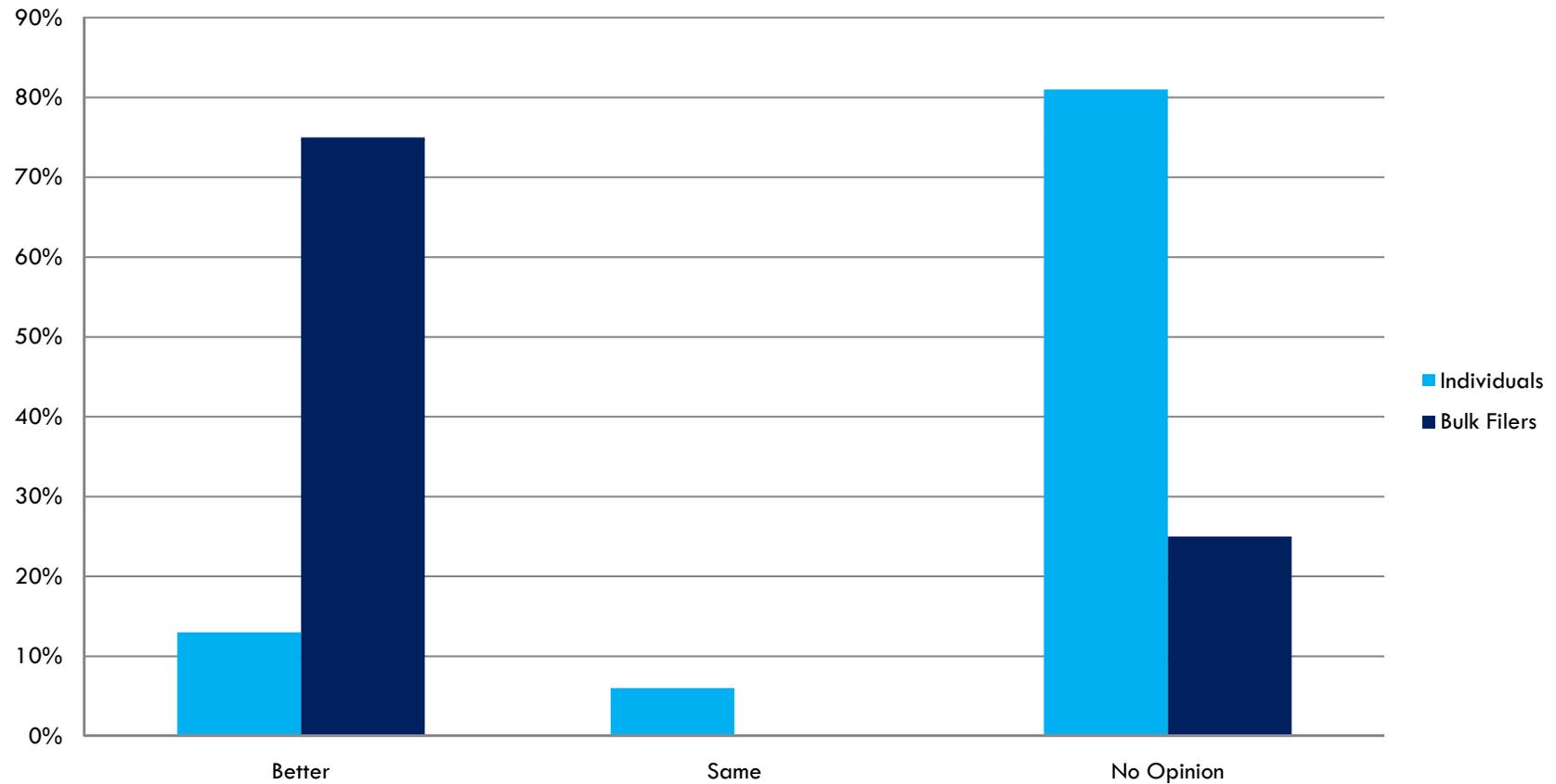
# Zambia Ministry of Land- Informal Payment

Figure 8: Are bribes required to obtain service at Lands?

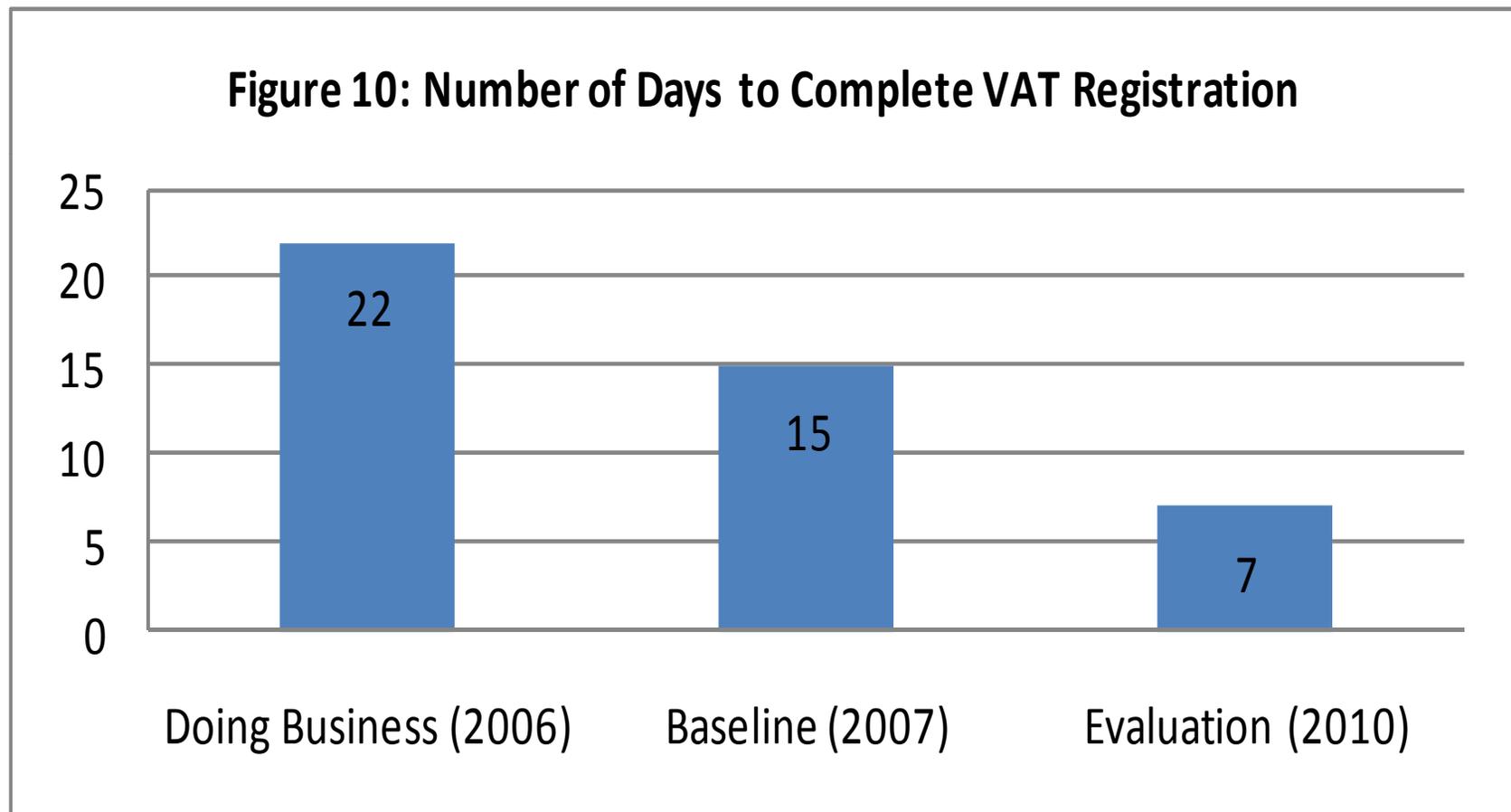


# Zambia PACRO- Informal Payments

Figure 15: Compare Corruption with before the Changes- PACRO



# ZRA Findings- Time to Register



# ZRA Findings- Informal Payments

