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I. Acknowledgments

The Malawi Climate Change Institution Assessment (CCIA) assesses public sector institutional capacity for climate change action across five intersecting areas: (i) Regulatory Framework, Mandates and Coordination; (ii) Planning; (iii) Public Finance; (iv) Subnational Gov and State-Owned Enterprises (SOEs); and (v) Open Government, Stakeholder Engagement, and Oversight. The CCIA is a diagnostic tool being implemented as part of the broader Climate Change Development Report (CCDR) with the objective of identifying strengths and weaknesses of Malawi’s institutional framework with regards to addressing climate change governance.

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## II. Abbreviations and Acronyms

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>AAD</td>
<td>Annual Average Damage</td>
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<tr>
<td>ADC</td>
<td>Area Development Committees</td>
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<td>ASWAp</td>
<td>Agriculture Sector Wide Approach</td>
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<td>CAI</td>
<td>Climate Action Intelligence</td>
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<td>CBT</td>
<td>Climate Change Budget Tagging</td>
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<td>CC</td>
<td>Climate Change</td>
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<td>CCA</td>
<td>Climate Change Agenda</td>
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<td>CCDR</td>
<td>Climate Change Development Report</td>
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<td>CC-DRM</td>
<td>Climate Change and Disaster Risk Management</td>
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<td>CCIA</td>
<td>Climate Change Institutional Assessment</td>
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<tr>
<td>CDF</td>
<td>Constituency Development Fund</td>
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<td>CDM</td>
<td>Clean Development Mechanisms</td>
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<td>CDRS</td>
<td>Climate and Disaster Risk Screening</td>
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<td>CISONECC</td>
<td>Civil Society Network on Climate Change</td>
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<tr>
<td>COWFA</td>
<td>Coalition of Women Farmers in Malawi</td>
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<td>CRGE</td>
<td>Climate Resilience and Green Economy Strategy</td>
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<td>CSO</td>
<td>Civil Society Organizations</td>
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<td>DC</td>
<td>District Councils</td>
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<td>DCCMS</td>
<td>Department of Climate Change and Meteorological Services</td>
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<td>DDF</td>
<td>District Development Fund</td>
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<td>DDP</td>
<td>District Development Plans</td>
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<td>DDPF</td>
<td>District Development Planning framework</td>
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<td>DDPs</td>
<td>District Development Plans</td>
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<tr>
<td>DEC</td>
<td>District Executive Committees</td>
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<td>DoDMA</td>
<td>Department of Disaster Affairs Management</td>
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<td>DP</td>
<td>Development Partners</td>
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<td>DRM</td>
<td>Disaster Risk Management</td>
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<td>DSEOR</td>
<td>District State of Environment and Outlook Report</td>
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<td>DSM</td>
<td>Demand Side Management</td>
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<td>EAD</td>
<td>Environmental Affairs Department</td>
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<td>EMA</td>
<td>Environmental Management Action Plan</td>
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<td>EMF</td>
<td>Environmental Management Fund</td>
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<td>EPND</td>
<td>Economic Planning and Development</td>
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<td>EPWP</td>
<td>Enhanced Public Works Programme</td>
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<td>ESIA</td>
<td>Environmental and Social Impact Assessment</td>
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<tr>
<td>EU</td>
<td>European Union</td>
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<tr>
<td>FCDO</td>
<td>Foreign, Commonwealth and Development Office</td>
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<td>FEDOMA</td>
<td>Federation of Disability Organizations in Malawi</td>
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<td>GCE</td>
<td>Global Credential Evaluators</td>
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<tr>
<td>GCF</td>
<td>Green Climate Fund</td>
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<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
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NFLRA  National Forest Landscape Restoration Assessment
NFLRS  National Forestry Landscape Restoration Strategy
NFP   National Forest Policy
NGOs  Non-governmental Organizations
NLGFC National Local Government Finance Committee
NPC   National Planning Commission
NPDC  National Planning and Development Commission
NRS   National Resilience Strategy
NSC   National Steering Committee
NSCCC National Steering Committee on Climate Change
NTCCC-DRM National Technical Committee on Climate Change and Disaster Risk Management
OECD  Organization for Economic Co-operation and Development
ORT   Other Recurrent Transactions
OSR   Own-Source Revenues
PEIR  Climate-Informed Public Expenditure and Institutional Review
PES   Payment for Ecosystem Services
PFM   Public Financial Management
PIM   Public Investment Management
PPDA  Public Procurement and Disposal Authority
PSIP  Public Sector Investment Plan
R&D   Climate Research and Development
RCCG  Redeemed Christian Church of God
REDD+ Reduced Emissions from Deforestation and Forest Degradation
SAAF  Summary Appraisal and Assessment Form
SBIR  Small Business Innovation Research
SDGs  Sustainable Development Goals
SEP   Social Economic Profile
SNG   Subnational Governments
SOD   Standing Orders on Disaster
SOEs  State-Owned Enterprises
UNDP  United Nations Development Programme
UNFCCC United Nations Framework Convention on Climate Change
USAID United States Agency for International Development
VAP   Village Action Plans
VAT   Value-added tax
VFM   Value for money
VuE   Vote of Unforeseen Expenditure
WBG   World Bank Group
WBL   Waterschapsbedriff Limburg
WFP   World Food Program
WWF   World Wide Fund for Nature

All dollar amounts are US dollars unless otherwise indicated.
III. CCIA Malawi: Summary Report and Recommendations

Country Context

1. Malawi is one of the poorest countries in the world, third poorest by GDP per capita and ranked 174 out of 189 in the 2020 Human Development Report.

2. Malawi is home to 18 million people of which over 70 percent live below the poverty line of US$ 1.90 per day per capita. 94 percent of poor households are in rural areas. The country faces significant development challenges, namely: it is land-locked; it has chronic fiscal and debt vulnerability, driven in part by exogenous climate-induced shocks; it is highly dependent on rainfed agriculture sector; it lacks economic diversification; it has weak governance and institutions and a weak enabling investment environment for private sector-led job creation (153/190 for starting a business); and has experienced rapid population growth, with limited corresponding educational progress. Moreover, progress on addressing poverty has stagnated. National poverty declined marginally between 2004 and 2010 but has broadly remained unchanged since then.

3. Natural capital, the predominant asset that underpins economic activity in Malawi, is underproductive and under threat. Natural capital is the predominant form of wealth in Malawi, making up 52 percent of total wealth, double the share when compared to other low-income countries where the average share is 26 percent. The predominant sector in the country – agriculture that accounts for 30 percent of Malawi’s GDP, and contributes 80 percent of export earnings is the main source of income for two-thirds of the country’s population. The sector is, however, predominantly rainfed, underproductive, and not diversified: around 70 percent of land available is allocated to maize production. Reliance on firewood and charcoal as the main sources of energy for cooking has led to significant deforestation and land degradation in the last two decades, further worsened by the widespread use of inefficient cooking methods. 1.7M hectares (18 percent of the total land area) are estimated to be in poor condition, and this number is projected to increase. An average of 20 tons of soil per hectare is estimated to be lost every year in Malawi.

4. The last few decades have seen an increase in the number and impact of climate related disasters in Malawi - with climate change expected to exacerbate development challenges. Malawi is considered one of the most vulnerable countries to climate change, ranking 162 out of 182 in the ND-Global Adaptation Initiative Index. Malawi has experienced more than 19 major flooding events in the last five decades, and eight catastrophic droughts in the last 36 years. Tropical cyclones have become more frequent with Tropical Storm Ana hitting Malawi in 2022, three years after Cyclone Idai devastated it in 2019. Malawi is ranked 5th amongst countries where the proportion of poor people (12 percent) exposed to floods is high – with almost 2.2 million poor households exposed to flood risk. Longer-term development priorities in health, social, and economic infrastructure are compromised due to the need to shift financing toward the restoration of disaster-related damaged or impacted infrastructure. The expected impacts of climate change will put both urban and rural communities at risk, and particularly poor and vulnerable groups. Climate change will also put the country’s asset base and drivers of growth at risk, particularly those related to its agricultural sector.

5. Action to respond to climate change in Malawi will require coordination across multiple government and nongovernment stakeholders. Malawi has no shortage of policy frameworks and guidelines to guide its climate planning and investment policy - most recently the country’s National Action Plan Framework (NAP) developed in 2020. As commonly characterized in other sectors,
however, weak institutions underlie fiscal slippages and wider policy implementation gaps in the climate space. Malawi is frequently characterized as having sound policy and legal frameworks on the surface, yet these ‘forms’ remain unimplemented, while informal rules of the game responding to political economy imperatives continue to shape behavior and function. Towards these ends, the challenge is in sustaining reform by institutionalizing commitment mechanisms that today constrain authorities in the face of inevitable pressures and political exigencies.

6. **Climate-smart governance is therefore a key factor of success for Malawi to achieve its development goals defined in Malawi Vision 2063 and enhance its resilience to climate shocks.** A whole-of-government approach to climate policy design and implementation focused on function (as opposed to just form) encompasses the public financial management (PFM) cycle including climate-informed planning, budgeting, public investment, and expenditure management. Malawi’s infrastructure deficit is often viewed as a constraint on development, but it also offers an opportunity to re-evaluate infrastructure needs and priorities in the light of climate risks and to build infrastructure assets differently. Public investment spending can support adaptation and green growth outcomes and incorporate appraisal techniques integrating the costs of climate change, while public assets would benefit from spending on maintenance and operations mitigating their vulnerability to climate-induced disasters. Systems and protocols facilitating rapid and transparent mobilization of funds during emergencies, on the other hand, can reduce the public service delivery failures observed in the aftermath of natural disasters. Mainstreaming climate considerations across the budget cycle, therefore, can play an important role in enhancing the institutional readiness of a country to access climate finance while improving its capacity to mobilize the public sector machinery to better leverage green growth opportunities and respond to climate-induced natural disasters.

**Climate Change Institutional Assessment (CCIA) Approach**

7. **The CCIA is a diagnostic tool being implemented as part of the broader Climate Change Development Report (CCDR) with the objective of identifying the strengths and weaknesses of Malawi’s institutional framework when it comes to addressing climate change governance challenges.** The CCIA is a general climate governance diagnostic tool that follows a global framework and methodology developed by the World Bank. The CCIA covers five cross-cutting areas that are crucial for the realization of sectoral and national climate objectives:

i) **Regulatory Framework, Mandates, and Coordination:** This dimension assesses the regulatory framework for climate change policy, the functional mandates of government agencies, coordination arrangements, and the technical capacity to support climate change policy.

ii) **Planning:** This dimension evaluates the systems for climate change risk and vulnerability assessments, strategies, and plans and the regulatory framework for the climate change planning and policy process.

iii) **Public Finance:** This dimension considers the integration of climate strategies, plans, and policies in fiscal and PFM practices and the mobilization of resources for climate action.

iv) **Subnational Governments and State-Owned Enterprises:** This dimension examines the treatment of climate change in the intergovernmental system and in the management of state-owned enterprises, the capacity of subnational governments, and incentives for climate action.

v) **Open Government, Stakeholder Engagement, and Oversight:** This dimension reviews transparency and engagement mechanisms for civil society, the private sector, and other stakeholders and the roles of expert advisory and oversight institutions.

8. **The CCIA assesses both formal rules, institutions, and processes (de jure aspects) as well as their functioning in practice (de facto).** It has a particular focus on the central role that key cross-cutting institutions such as the Environmental Affairs Department and the Ministry of Finance
and Economic Affairs must play, in order for Malawi to undertake effective climate action. The CCIA was to be performed in close coordination with national counterparts and serves to facilitate the identification of institutional capacities and competencies needed to deliver the sustainable development ambition of Malawi and the climate commitments reflected in the NDC and the SDGs. A summary of the key strengths, weaknesses, and recommendations from across the 5 pillars are presented as follows.

9. Considering Malawi’s vulnerability to climate shocks and low contribution to global GHG emissions, the CCIA analyzes Malawi’s institutional framework by focusing on measures aimed at supporting the adaptation component. Institutional arrangements supporting adaptation measures also benefit mitigation, especially those linked to public investments as they foster a climate-smart approach through the production of climate risk assessments and the estimation of GHG emissions.

Recent Efforts to Update Guiding Policies and Strategies

10. The Constitution of Malawi emphasizes the role of the State in environmental management and has inspired the inclusion of climate change considerations in national development plans and legislation. Successive national development plans in Malawi have been designed with climate change considerations at their core – including, most recently, the Malawi Vision 2063. It is currently being implemented through the first Ten-Year Malawi Implementation Plan (MIP-I) (2021-2030) and categorically isolates environmental sustainability as one of the enablers to attain an inclusive wealth-creating and self-reliant nation by 2063. The MIP-I further seeks to have low carbon footprints through: (i) ecosystem conservation and environmental management; (ii) waste management and green economy; (iii) climate change management; (iv) environment and climate change financing; and (v) natural disaster and climate adversities preparedness. The Constitution has further fortified the preparations of several legal and policy instruments aiming at implementing the climate change and disaster risk management agenda (CC-DRM) namely: (i) the Environmental Management Act (EMA), 1996 and 2017; (ii) the National Climate Change Management Policy (NCCMP 2012); (iii) the National Resilience Strategy (NRS 2018 – 2030); (iv) the Environmental Management Action Plan (2016); (v) the National Biodiversity Strategy and Plan II (NBSP II 2015 – 2025); (vi) the National Disaster Risk Management (DRM) Policy (2015); (vii) the Nationally Determined Contributions (NDC 2021); and (viii) the National Adaptation Program of Action (NAPA). These policies have specified the needs of adaptation and mitigation towards adverse effects of climate change and disaster-related shocks and stresses at both national and local levels.

Figure 1: Climate Change and DRM Coordination Structure in Malawi

Source: Adapted from UNDRR (2022)
11. **Malawi has a wide range of climate change and disaster risk management institutions at national, local and community levels.** The Environmental Protection Agency (MEPA), was enacted by Parliament through the revised EMA of 2017, to protect and manage the environment and sustainable utilization of natural resources. The Environmental Affairs Department (EAD), the Department of Climate Change and Meteorological Services (DCCMS), and the Department of Disaster Affairs Management (DoDMA) are the entities overseeing climate change and disaster related policies in the country. The National Technical Committee on Climate Change and Disaster Risk Management (NTCCC-DRM) provides technical guidance to the National Steering Committee (NSC) on the CC-DRM, which is chaired by the Secretary to the Office of the President and Cabinet and includes Government Ministries, Departments, and Agencies (MDAs). At the district level, the CC-DRM related activities are implemented through the District Executive Committee, which has sub-committees on environment and civil protection. At the community level, CC-DRM related actions are executed through Area Development Committees (ADCs) and Village Development Committees (VDCs) which further have sub-committees on environmental and natural resources. Moreover, local committees normally develop and action the environmental action plans which are consistent with the national environmental action plans. The structure for coordinating, managing and implementation of CC-DRM actions is summarized in Figure 1 (above).

12. **International agreements have helped shape recent efforts toward improving the CC-DRM landscape in the country.** Malawi is a signatory to several agreements, including: (i) the United Nations Framework Convention on Climate Change (UNFCCC); (ii) the Paris Agreement on Climate Change-ratified in 2016; (iii) Sendai Framework of Disaster Risk Reduction; (iv) Africa Region – related Strategic Plans; and, (v) Sustainable Development Goals. In 2020, Malawi developed the National Adaptation Plan of Actions (NAPA), which has locally highlighted medium- and long-term adaptation strategic areas to enhance the country’s resilience to climate change. The NAPA has provided a foundation for the NDCs, which were updated in 2021, and are likewise aligned to international agreements, and specify a comprehensive set of strategic actions and funding requirements for CC-DRM in Malawi. Furthermore, the country has designed the National Forestry Landscape Restoration Strategy (NFLRS 2018) to outline mitigation efforts towards reducing carbon footprints, whereas the NBSP II has championed the mainstreaming of biodiversity conservation into sectoral development planning processes.

13. **The country policy framework has an outdated legal framework on National Disaster Relief and Preparedness (NDRP).** The Government of Malawi developed the DRM Policy in 2015, which became a catalyst for revising the 1991 National Disaster Relied and Preparedness (NDRP) Act into the development of a new DRM Bill in 2018. The new DRM Bill focuses on disaster risk reduction and other components across the DRM cycle, including prevention, mitigation, preparation planning, early warning, response, and recovery. The new DRM Bill also aspires to have a DRM Fund that can be used as a resource mobilization tool for resources to finance disaster risk reduction actions. In addition, the GoM has put in the National Resilience Strategy (NRS) 2018 – 2030 which aims at breaking the cycle of food insecurity in the country. The NRS promotes scaling-up of climate-resilient infrastructure, and enhanced climate-adaptation capacity of all stakeholders, through better access to climate information and early warning and response mechanisms that safeguard lives and livelihoods, help prevent, mitigate, and respond to disasters, and promote long-term development.

14. **Institutionally, the country is operationalizing the Malawi Environmental Protection Agency (MEPA), enacted by Parliament through the revised EMA of 2017, to principally protect and manage the environment and sustainable utilization of natural resources.** The Environmental Affairs Department (EAD), the Department of Climate Change and Metrological Services (DCCMS), and the Department of Disaster Affairs Management (DoDMA) are the main policy holders of climate change and disaster-related policies in the country. The EAD is legally established by the EMA 1996, while DoDMA is instituted by the NDRP 1991. DCCMS and DoDMA co-chair the National Technical Committee on Climate Change and Disaster Risk Management (NTCCC-DRM),
whereas the EAD acts as a secretariat to the committee. Membership to the NTCCC-DRM includes Directors from Government Ministries, Departments, and Agencies (MDAs), including Civil Society Organizations (CSOs). The NTCCC-DRM provides technical guidance to the National Steering Committee (NSC) on the CC-DRM, which is chaired by the Secretary to the Office of the President and Cabinet and members include Principal Sectors from various MDAs, namely, Agriculture, Environment, Energy, Land, Local Government, and others. The NTCCC-DRM is further supported by several Expert Working Groups, discussing various climate change thematic plans.

15. **Several dedicated funds have been established with the objective of funding climate change and disaster-response related actions at the national and local level.** Overall, the Public Financial Management Act (2022) has the oversight on generation, appropriation, utilization, and accountability of financial resources in the country. However, it does not spell out climate change-related financial issues specifically. The EMA 2017 has established the Environmental Management Fund (EMF) to provide financial resources for the protection and management of the environment and sustainable utilization of natural resources. As fostered through the EMF, the EAD set up the National Climate Change Management (NCCM) Fund to support climate change adaptation, mitigation, research, and capacity development options in the country. Additionally, the Forest Act has further set up the Development Trust Fund to finance investments towards forest landscape restorations in the country. Additionally, the NDRP Act and the new DRM bill has the NDRP and the DRM Fund, respectively, to support activities towards disaster risk reduction, preparation, prevention, mitigation, and early warnings. Moreover, the Ministry of Finance and Economic Affairs (MoFEA) adopted the National Disaster Risk Financing Strategy (NDRFS 2018), which provides both existing and potential financial instruments for management of various climate change and disaster-related shocks and stress.

### Main Weaknesses in the Legal and Institutional Frameworks

16. **Malawi is rich in climate-focused policy documents - but there are fundamental overlaps and undefined functional mandates for leadership and implementation of CC-DRM.** The government is currently consulting stakeholders on the need for a Climate Change Bill to legally guide climate change actions in the country. Moreover, the DRM Bill revised in 2018, with support from the World Bank and United Nations Development Programme (UNDP), has still not been tabled in Parliament. The delay in passing these two bills makes the functional mandates for MEPA, DCCMS, EAD, and DoDMA difficult and unclear in managing climate change challenges. Additionally, the gap in legal frameworks dis-empowers the responsible institutions that have an oversight and leading role in CC-DRM programming, implementation, and evaluation. Furthermore, the lack of approved CC and DRM bills compromises the implementation of disaster risk reductions actions in the country. Current investments in CC-DRM are overseen and implemented by various stakeholders, thereby making it difficult for the leading institutions to coordinate and monitor resource allocation and execution. Ultimately, the absence of legal framework for CC-DRM crowds out private investments in the sector.

17. **Climate change and disaster-response related actions are under-financed on budget despite the number of dedicated funds that have been established by the Government for the same.** For instance, the EAD led the development of the National Climate Change Management Investment Plan (NCCMIP) which identified a range of key priority investment areas for climate change management in the country. Despite the high-level planning, most activities in the NCCMIP have not been implemented by various stakeholders due to a lack of financial resources. Similarly, Enabler Seven on environmental sustainability included in the MWV 2063 does not have the finances to support its proposed CC-DRM-related actions. Discussions with the Ministry of Finance (MoF) indicated that there are resources that the Treasury collects through instruments that are meant to be channeled to climate-mitigation activities, including the carbon tax and fuel levies. Despite these earmarked funds, stakeholders indicate the majority have not been transferred for climate change actions due to a ‘lack of an operationalized climate change
management fund and associated set bankable project proposals. This has manifested in a projected MK 4.1 billion collected through the carbon tax and fuel levy, of which only one-eighth was ultimately appropriated for CC investments. Equally, DoDMA under the NDRP Act has a dedicating funding instrument (NDRP Fund); however, this is rarely allocated the required resources for prevention or reduction interventions. Rather, following disasters, the Government appropriates resources from the Vote of Unforeseen Expenditure (VuE) to NDRP Fund to be used in response.

18. **The majority of funds that are flowing to finance climate and disaster-response are fragmented and off-budget.** Currently, most CC-DRM actions are financed by development partners and most implemented off-budget – which risks aligning closer to priority areas and targets of donors, as opposed to those of the Government. At the subnational level, most CC-DRM resources are not transferred to Local Authorities – but are rather retained by central MDAs to be spent on their behalf. Additionally, there is no legal backing for district or community-led response planning, and monitoring of CC-DRM intervention, resulting in most investments being identified by the center, thus working against the tenets of decentralization. With the majority of these resources are being allocated without the backing of a formal CC-DRM legal framework, the lack of clarity of functional responsibility for implementation blurs accountability lines and creates gaps when it comes to the reporting on use of resources. As these funds are often allocated in an emergency environment, Public Procurement processes are relaxed with the justification of expediency of delivery at the expense of transparency, and accountability of resource use. Finally, as the majority of funds are spent off-budget - this results the proliferation of parallel mechanisms of monitoring, evaluating, verifying, and reporting which do not go through government systems.

19. **There is minimal recognition of climate change and DRM considerations in Malawi’s Public Investment Management (PIM) processes.** The National Climate Change Policy, and the Environmental Management Act do not mention the role of the Ministry of Finance in the implementation of the climate change agenda, and in the assessment of macroeconomic risks related to climate change. Hence, the current Public Sector Investment Plan (PSIP) prioritization tools utilized to implement PIM frameworks do not include the lens of CC-DRM. It has been indicated that most public investments screening processes integrate some Environmental and Social Impact Assessments (ESIA). This consideration, however, is not systematic, and the framework does not integrate specific climate vulnerability screening. Moreover, Malawi does not have any framework in place to implement regular maintenance of public assets. Therefore, several infrastructure projects and existing public infrastructure are vulnerable to degradation, climate impact, and disruption to service delivery. This is evidenced by the impacts of several of the recent tropical cyclones (namely, Idai, Ana, and Gombe) which damaged critical physical infrastructure for the economy, including the Kapachira Dam in February 2022. The National Public Procurement and Asset Disposal Act (2017) has not mainstreamed the concept of Green PP(GPP), which also hampers the development of resilient infrastructures. In sum, most public investments are irresponsive to the adverse impacts of climate change and disaster shocks and stresses.

20. **There are overlaps and/or undefined functional mandates in the areas of climate change and disaster risk management.** The DCCMS is the current policy holder and EAD is the lead implementer of most climate change initiatives within the Ministry of Natural Resources and Climate Change. The MEPA is given the principal responsibility to protect and conserve the environment, while DoDMA has legal oversight and lead on issues of DRM in the country. However, these institutions, except MEPA and DoDMA, may not have the legal functional mandate to lead and act on climate change management. Currently, the DCCMS and DoDMA are the co-chairs of the NTCCC-DRM, yet do not have resources earmarked for the NTCCC-DRM and NSCCC-DRM. These institutions are only invited to participate in meetings without any involvement in the planning of the agenda for the NTCCC-DRM. Moreover, DCCMS does not have the transportation and communication capacity to command mobility and leadership responsibilities. Furthermore,
the EAD or DCCMS may not have the legal mandate to follow climate change management actions implemented through sectors such as agriculture, energy, forest, water resources, land resources conservation, and others. Planning of CC-DRM interventions is still individualistic, where DoDMA or EAD program their activities without engagement of the other institutions, resulting in duplication and redundancy of activities amongst agencies. Moreover, the legal framework is unclear on the complementarity existing between the CCM and DRM Fund.

21. **There is no framework to regulate climate change monitoring, evaluation, and reporting.** The Monitoring and Evaluation System managed by the Department of Economic Planning is evolving into an online harmonized platform - but the system does not have a national target for climate change adaptation and mitigation efforts. Moreover, the system does not capture data and progress on CC-DRM interventions, making it difficult for the country to account for gains and update the NDCs in relation to international agreements. Moreover, much of the data captured for the CC-DRM is siloed and not easily accessible by MDAs and other stakeholders - with several challenges around information systematization, inter-institutional coordination, and use of the data and tools. Based on the Decentralization Policy of 1998, Local Authorities are supposed to be assigned functions and services in various climate change related sectors (including M&E) - but this is a largely un-funded mandate. Finally, there is no clear policy on stakeholders’ engagement, including at community level. Discussions with Civil Society Organizations (CSOs) indicated that they are hardly consulted by the Government or by donors, when it comes to designing various strategies and programs.

**Priority Recommendations**

22. **The Government of Malawi has shown commitments towards climate adaptation, but an implementation gap remains between the CC-DRM regulatory framework and the delivery of climate change actions and investments.** The following options should be adopted to promote a “whole-of-government” approach to systematically mainstream climate change considerations in service delivery and public investments and increase resilience to climate hazards: (i) Develop and pass a coordinated CC-DRM legal framework; (ii) Increase incentives for commitments to a pooled and dedicated funding for CC-DRM interventions; (iii) Streamline CC-DRM sensitive PIM across all Government infrastructure investments; (iv) Empower local governments through deepened fiscal decentralization of CC and DRM funds to support a district-led environmental action plans; (v) Enhance citizen-led, results-driven innovations; and (vi) Prioritize targeted capacity building within and between levels of government.

i) **Develop and Pass a Coordinated Climate Change-DRM Legal Framework:** The Government should coordinate development and fast-track the approval of the new Climate Change Bill with the DRM Bill that remains on the sidelines. Within the CC Law, recommend to: (i) Integrate the NDC process in the national legal framework, by requesting for the submission of annual progress reports on NDC targets; (ii) Strengthen the leadership of the mandated government agencies, namely MEPA, EAD, DCCMS, and DoDMA, with required human and financial resources; (iii) Clarify mandates of various stakeholders at the national and local level and enhance the coordination process; and (iv) implement a CC-DRM led M&E framework to be used by relevant sectors with the support of MEPA, DCCMS, EAD, and DoDMA.

ii) **Increase incentives for commitments to pooled dedicated CC - DRM funding:** As provided in the NDC, develop a resource mobilization strategy to support the implementation of the NDCs that shall clarify eligible expenditures to be spent under the EAD (CC Fund) and DRM Fund. Considering the inadequacy of resources allocated to the various CC-DRM implementing agencies, focus the CCM Fund to support screening, prioritization, and designing of public infrastructure projects in order to integrate mainstreaming of climate change and disaster risks across infrastructure investments (on the location and
on the project itself). In other words, the relatively limited amount of climate earmarked funds should be used to make all financed infrastructure projects more climate change and disaster-resilient. Resources for these investments could also mirror an element of a matching fund with Donor Partners – establishing the foundation for bringing pooled CC dedicated funds on budget and increasing confidence in Government of Malawi (GoM) systems. Equally, the DRM fund could have a pre-determined proportion to be allocated to climate change disasters, with specific objectives on disaster risk reduction, prevention and preparedness, and with some resources earmarked for disaster response and humanitarian assistance.

iii) **Streamline Climate-sensitive Public Investment Management across all GoM infrastructure investments:** Government should integrate climate change screening risks in the PSIP process and make this process legally binding and mandatory for all projects, through forthcoming regulations and guidelines to the recently passed PFM Act 2022. The PSIP should ensure that ESIA is part of the funding qualification of the public infrastructure investments and eventually become an incentive for GPPP mainstreaming.

iv) **Empower local governments through deepened fiscal decentralization of CC funds to support district-led environmental and CC-DRM management action plans:** First, the Ministry of Finance and Economic Affairs should provide discretionary funds to local governments to empower district-led CC-DRM investments, tied to performance and existing Performance Based Grant architecture at district and local level. Second, the Department of Economic Planning should develop a monitoring, evaluation, and reporting mechanism that allows exchange of CC-DRM information between districts and central government responsible agencies, such as MEPA, DCCMS, EAD, and DoDMA. Third, the monitoring system should allow annual tracking of progress reports on CC-DRM investments. Lastly, integrate CC-DRM related objectives and actions, contained in the NDCs and NRS in District Development Plans.

v) **Augment Citizen-led, results-driven innovations:** Stakeholders in the CC-DRM landscape should embrace participatory mechanisms since CC-DRM challenges are multisectoral and include several layers of governance and engagements. Thus, the assessment recommends a combination of: (i) Community engagement in environmental and CC-DRM actions plans; (ii) Upstreaming civil society engagement in CC policy designs and implementation process; and, (iii) Experimenting further and scaling-up with best practices piloted in other countries, or within the region.

vi) **Prioritize targeted capacity building within and between levels of government:** Prioritization of CC-DRM actions are towards adaptation or response, which also lack the technical capacity, with demonstrated research, technology development, and transfer. Thus, the assessment proposes that: (i) responsible agencies, that is, MEPA, DCCMS, EAD, and DoDMA should further provide capacity building to the MoFEA and line ministries on the NDC and NRS objectives and prioritized areas; (ii) MEPA, DCCMS, EAD, and DoDMA should also offer capacity building training at the district council level to support the implementation of CC-DRM actions; (iii) District Development Planning should be informed by the production of comprehensive hazard maps, including land use planning and investments; (iv) Strengthen collaboration between MDAs with Civil Society Organizations working on CC-DRM through the NTCCC-DRM and Expert Working Groups, including the National Youth Council of Malawi; and (v) lastly, strengthen the stakeholder engagement to achieve trusted and functional accountability mechanisms.
### Institutional strengths and challenges

<table>
<thead>
<tr>
<th>Pillar 1: Organization</th>
<th>Reform options</th>
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</thead>
<tbody>
<tr>
<td><strong>1.1 Regulatory Framework</strong></td>
<td>Malawi does not have any enacted law on climate change despite the presence of a broad and robust regulatory framework composed of policies, acts, strategies, plans, and guidelines that specify mitigation and adaptation of the country’s priorities. A Disaster Risk Management Bill is in the process of being approved - but has been held in legislative processes since 2018.</td>
</tr>
<tr>
<td><strong>1.2 Functional Mandates</strong></td>
<td>• Develop and implement a climate change law to integrate legally binding targets and coordination mechanisms to address climate change challenges. By doing so, the climate change law is recommended to:</td>
</tr>
<tr>
<td></td>
<td>▪ Integrate the NDC targets in the national legal framework;</td>
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<td>▪ Strengthen the leadership of mandated government agencies;</td>
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<td>▪ Clarify mandates at the national and subnational levels, and enhance the coordination process especially in the budget planning process to support the implementation of climate change priority actions across sectors, and regarding the production of risks and vulnerability assessments.</td>
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<tr>
<td><strong>1.3 Government Coordination</strong></td>
<td>• Strengthen coordination among DCCMS, EAD, and DoDMA in the budget planning process to work with line ministries to identify key priority areas and required budget based on Malawi’s NDC and MIP-1.</td>
</tr>
<tr>
<td><strong>1.4 Technical Capacity</strong></td>
<td>Coordination between government agencies significantly suffers from overlaps due to undefined functional mandates on responsibility and leadership for climate change strategy, planning and policy across multiple bodies that support implementation of climate change mitigation and adaptation policies.</td>
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<tr>
<th>Pillar 2: Planning</th>
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<tbody>
<tr>
<td><strong>2.1 Development Planning</strong></td>
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<tr>
<td><strong>2.2 Long- and Medium-Term climate change Strategies</strong></td>
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<tr>
<td><strong>2.3 Risk and Vulnerability</strong></td>
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<tr>
<td><strong>2.2 Long- and Medium-Term climate change Strategies</strong></td>
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</table>
### Institutional strengths and challenges

#### Pillar 3: Public Finance

<table>
<thead>
<tr>
<th>3.1 Public Financial Management</th>
<th>Malawi’s Public Finance Management Act (PFM Act 2022) does not mention climate change or environmental considerations. The Environmental Management Act 2017 established the Environmental Management Fund (EMF); however, it is not resourced.</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.2 Public Investment and Asset Management</td>
<td>Malawi’s PIM framework uses a projects screening process (PSIP) which does not integrate climate change. This process is not anchored in any regulatory framework. Though the PSIP process establishes a list of priority projects to be financed when resources are made available, the CC-DRM is mostly donor funded. Malawi is currently drafting an Asset Management Policy, which envisions having an insurance policy for the public assets.</td>
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<td>3.3 Public Procurement</td>
<td>Malawi’s Public Procurement and Asset Disposal Act (2017) does not provide any evidence of green public procurement (GPP). However, it mentions the environment as a requirement to be considered in the procurement and disposal proceedings.</td>
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<tr>
<td>3.4 Climate Finance</td>
<td>Malawi’s Climate Finance priorities focus on both adaptation and mitigation. These priorities are defined in the National Climate Change Investment Plan (NCCIP 2013-2018), and NDCs. Sectors prioritized for financing include Agriculture (irrigation, development of drought tolerant seeds), Energy (renewable energy and energy efficiency), Forestry (resilient landscapes, afforestation, and natural regeneration), Water, Waste, Transport, Construction, and Fisheries. Malawi greatly depends on donor funds for climate related projects.</td>
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#### Pillar 4: Subnational Governments and State-Owned Enterprises

| 4.1 Functional assignment, coordination and capacity | Climate change has not been formally devolved to subnational governments in Malawi as a sector - but Districts are assigned functions and services in various climate change related sectors, while DRM has recently been devolved to subnational governments. There is however no policy in place at the subnational level for decarbonization and adaptation, nor for DRM. Subnational governments lack the funds and capacities to be able to implement their mandates. |
| 4.2 Strategic and Land Use Planning | Planning at district level is top-down, that is, determined by Capital Hill and currently not district driven. According to the decentralization policy, districts are ideally in charge of managing and planning local development. |
| 4.3 Subnational Climate Finance | There is no climate finance mechanism at the subnational level. Most local CC-DRM-related projects are financed by development partners. Also, climate related actions are not coordinated and systematized in local development planning. |
| 4.4 State-owned enterprises (SOEs) | Malawi’s parastatals are required to conduct their activities in a sustainable way and to report on their negative impacts on the environment. Most of Malawi’s parastatals play a key role in the implementation of the climate change agenda; however, they are not mentioned in climate change regulations or policies. They do not have a reporting framework on the role they play in CC-DRM, and if any report is produced, it is hardly publicly available. |

#### Reform options

- To mainstream climate change commitments into public financial management and public investment management, it is recommended to:
  - Integrate the PSIP process in PIM regulations or in the PFM Act and extend the screening framework with specific climate change indicators;
  - Implement a donors’ dashboard to track disbursements, and implement an annual review on climate change projects advancement and impacts;
- Develop a resource mobilization strategy (recommendation under Pillar 2) to: (i) specify the CC Fund or the DRM Fund; (ii) prioritize key investments; and, (iii) specify eligible expenditures of each fund and to support the capitalization of both funds.
  - Assess short-, medium-, and long-term fiscal risks linked to climate hazards;
  - Develop a roadmap for a sustainable public procurement framework.
- To efficiently devolve climate change actions to subnational governments, it is recommended to:
  - Provide discretionary funds to local governments in order to foster district led responses to climate change, for instance through Performance Based Grants;
  - Define districts and villages’ role in climate change and disaster risk management, with strong emphasis of the grassroot level;
  - Integrate climate change objectives in District Development Plans and provide implementation plans to reach the targets;
  - EAD and DCCMS to provide capacity at the District Council level for districts to identify and implement actions to support the climate change agenda.
- For State-Owned Enterprises (SOEs) to integrate sustainable development into their activities:
  - Develop a framework for SOEs to report on their impacts on the environment and make this information publicly available;
  - Provide capacity building to support SOEs’ appropriation of the framework and support their online publication.
### Institutional strengths and challenges

<table>
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<tr>
<th>Pillar 5: Accountability</th>
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<tr>
<td><strong>5.1 Access to Climate Information</strong></td>
<td>Malawi has no shortage of climate change policies, regulations, plans, and reports. However, there is not enough evidence of the functionality and to what extent these documents are accessible and available to all stakeholders and the wider public; and whether the information is utilized to enhance climate resilience, mitigation, adaptation and disaster risk management.</td>
</tr>
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</table>
|  | To strengthen accountability and bridge the gap, it is recommended to:  
|  | • Mainstream citizen engagement in climate change policy and the implementation process;  
|  | • Conduct assessments to determine the extent of climate change information impact;  
|  | • Develop mapping mechanisms to identify gaps in provision and access to information;  
|  | • Disseminate climate information through platforms that are accessible to citizens; and,  
|  | • Integrate climate change auditing in Malawi’s national audit process. |
| **5.2 Stakeholder Engagement** | Malawi has a stakeholder engagement mechanism and recognizes that participation and ownership allow stakeholders involvement in the NAP activities. Malawi also takes into consideration the importance of soliciting stakeholder views through each step of the NAP process to enhance climate change adaptation planning and funding activities. |
| **5.3 Independent Advice** | Within the Malawi CC-DRM institutional arrangements, there are the Expert Working Groups based on areas of technical specialization. However, these working groups are not functional, and hence, do not provide a clear advisory mechanism. Moreover, these working groups do not have funding for their operations. |
| **5.4 Legislative Body** | The Ministry of Justice and Constitutional Affairs is responsible for the legal matters within the Government machinery, including the CC-DRM legal framework. The Ministry leads and coordinates the development and approval of the Bill, whereas the CC-DRM responsible MDAs only provide inputs on the content of the bill. |
| **5.5 Audit** | Malawi’s National Audit Office (NAO) is responsible for auditing all public investments and expenditures. However, most climate change related expenditures in Malawi are financed off budget through DP resources, rendering them not tracked, monitored, or evaluated. Moreover, there is no Public Institution capacitated to review implementation of CC-DRM programming, and compliance to international commitments. This reality compromises the Government’s efforts to track the impacts of donor supported programs, including auditing of climate expenditures. |
| **5.6 Judicial Review** | The Compliance and Legal Commitment Division within Malawi’s Environmental Affairs Department is responsible for the provision of legal advice on legislation and management, environment, and implementation measures for the government. There are no enforced examples of the application of legal functions as the DRM Bill is still pending at the Ministry of Justice, while the CC law is still being drafted. Meanwhile, there is no available record of climate cases brought before court. |
IV. Detailed Country Climate Institutional Assessment (CCIA)

CCIA Overview

1. The World Bank’s CCIA is a diagnostic tool to assist countries understand the cross sectoral institutions required to establish and maintain ambitious decarbonization and adaptation action. The purpose of the CCIA is to allow stakeholders to understand the strengths and challenges of their institutional architecture, and develop laws, policies, organizations, processes, and programs to improve their cross-sectoral response to climate change. The CCIA covers five pillars:

   Pillar 1 - Regulatory Framework, Mandates, and Coordination: This dimension assesses the regulatory framework for climate change policy, the functional mandates of government agencies, coordination arrangements, and the technical capacity to support climate change policy.

   Pillar 2 - Planning: This dimension evaluates the systems for climate change risk and vulnerability assessments, strategies, and plans and the regulatory framework for the climate change planning and policy process.

   Pillar 3 - Public Finance: This dimension considers the integration of climate strategies, plans, and policies in fiscal and PFM practices, and the mobilization of resources for climate action.

   Pillar 4 - Subnational Governments and State-Owned Enterprises: This dimension examines the treatment of climate change in the intergovernmental system and in the management of state-owned enterprises, the capacity of subnational governments, and incentives for climate action.

   Pillar 5 - Open Government, Stakeholder Engagement, and Oversight: This dimension reviews transparency and engagement mechanisms for civil society, the private sector, and other stakeholders and the roles of expert advisory and oversight institutions.

2. The CCIA assesses both formal rules, institutions, and processes (de jure aspects) as well as their functioning in practice (de facto). It has a particular focus on the central role that key cross-cutting institutions such as the Environmental Affairs Department, and the Ministry of Finance and Economic Affairs must play for Malawi to undertake effective climate action. The CCIA was performed in close coordination with national counterparts and serves to facilitate the identification of institutional capacities and competencies needed to deliver the sustainable development ambition of Malawi and the climate commitments reflected in the NDC and the SDGs.

Pillar 1: Organization

3. Malawi has a wide range of policies and guiding instruments aimed at supporting the country’s development ambitions, including CC-DRM. Though there is no framework law on climate change, Malawi has written commitments such as institutional arrangements for climate change, regulatory framework of policies, coordination mechanisms among government entities and other actors, and technical capacity. In terms of disaster management, the country has an outdated law, the NDRP Act - 1991, which does not include recent national development ambitions towards disaster risk reduction instead of response focus only.

1.1 Regulatory Framework

4. The Constitution of Malawi explicitly defines the role of the State in environment management and integrates the definition of sustainable development, without explicitly mentioning climate change. In that frame, Malawi has developed a large range of regulations (see Table 2) to adapt to climate change consequences and mitigate the country’s contribution. The Climate Change and
Meteorology law is still under stakeholder consultation, while the DRM bill is in draft form awaiting Cabinet re-submission and Parliamentary approval processes. The current main instrument guiding Malawi’s strategic direction is the National Climate Change Management Policy (NCCMP), adopted in 2016, guiding climate change actions and enhancing resilience at both national and local levels. The policy also aims at channeling resources and advising efforts that address the negative impacts of climate change. At the same time, climate resilience is being integrated into local planning and institutions. The NCCM Policy further gives mandate to EAD to lead, especially, technical committees on Climate Change. On the other hand, MWV 2063 and MIP-1 provide the overarching long- and medium-term strategic directions for national development planning and policy, including that related to climate change.

5. **The absence of a legal framework for CC-DRM, enacted by Parliament, compromises the leading and oversight roles of Government MDAs in the country.** Nonetheless, Malawi has a robust regulatory framework composed of policies, strategies, and guidelines that specify climate change mitigation and adaptation in the country. Meanwhile, the country primarily uses five policy instruments that guide the reduction of climate change risks and disasters. They comprise the Nationally Determined Contribution (NDCs); the NCCMP; the National Climate Change Investment Plan (NCCIP); the National Adaptation Programme of Action (NAPA); and the DRM Policy. In addition, there are three main environmental policies that also support these main instruments: (i) the Environmental Management Act (EMA); (ii) the National Environmental Policy; and, (iii) the National Environment Action Plan. Furthermore, the country has developed: (a) the national REDD+ strategy; (b) Nationally Appropriate Mitigation Actions (NAMA); and (c) the First and Second National Communications to the UNFCCC, which are aligned to the Global Sustainable Development Goals.

6. **The Malawi’s Environmental Management Act of 2017 (EMA 2017) was enacted by Parliament, and it states, “An Act to make provision for the protection and management of the environment; the conservation and sustainable utilization of natural resources and for matters connected therewith and incidental thereto.”** EMA 2017 is Malawi’s second environmental act and follows the Environmental Management Act of 1996 (EMA 1996). Part III of EMA 2017 is dedicated to establishment of the Malawi Environmental Protection Agency (MEPA), which is tasked with the principal responsibility of protection and management of the environment and sustainable utilization of natural resources. The eight parts of the Act, dedicated to the environment management and natural resources, mandates MEPA to control and manage factors affecting climate change through the development of guidelines. The actions described focus on climate change mitigation activities and greenhouse gas sinks, while Part IX of the Act is dedicated to Pollution Control, and assigns MEPA to prepare guidelines or plans for coordination and prevention regarding natural and climate change related disasters.

7. **The Government of Malawi prepared the 2020 National Adaptation Plan (NAP) Framework to guide efforts to develop its National Adaptation Plan with the aim to address climate change.** The framework provides guidance on the development and implementation of the National Adaptation Plan, in tandem with the Malawi Growth and Development Strategy (MGDS III, 2017-22), 2016 National Climate Change Management Policy (NCCMP), Nationally Determined Contributions (NDCs), National Climate Change Investment Plan (NCCIP), and other national and sectoral plans. The NAP Framework built on the NAP Roadmap, validating and updating the identified vision, objectives, mandates, and guiding principles. It established the approach for the NAP process, linking it to existing or planned policies, plans, strategies and legislation that address the country’s medium- and long-term adaptation needs towards climate change challenges. It identifies mandates (see Box 1) for the NAP process and outlines stakeholder roles. In conjunction, the National Biodiversity Strategy and Action Plan II (2015-2025) aims at mainstreaming the management of biodiversity into sectoral and local development planning with the goal to reduce direct pressure on biodiversity.
Box 1. National Action Plan (NAP) Framework Mandates

The NAP Framework stakeholder consultation process has involved review and revision of the mandates for the NAP process that were established in the roadmap. These updated mandates are:

- Improve community resilience to climate change through enhanced agricultural production, infrastructure development and disaster risk management;
- Enhance sustainable utilization of natural resources especially forest, water, fisheries and wildlife resources;
- Improve environmental management, especially soil and land management;
- Enhance conservation and/or restoration of biodiversity and ecosystems; and
- Provide climate change adaptation advocacy to policy-makers and other stakeholders with a view to enacting, updating and enforcing laws and by-laws on climate change, as well as environmental and natural resource management.

8. Malawi updated its Nationally Determined Contributions (NDCs) in 2021 and detailed interventions targeted in the international commitment are not yet integrated into Malawi’s regulatory framework. The updated NDC provides a comprehensive set of strategic actions for Malawi’s institutional framework and detailed funding requirements to guide domestic actions. These strategic actions and funding requirements could be captured in a framework law to provide more stability. Similarly, successful implementation of Malawi’s NDC requires that its objectives are strongly anchored in the National Development Plan, the Medium-Term Strategic Framework, and developmental and management plans at the subnational level. Institutionally, one of the main challenges remains the ability to track and monitor the implementation of climate related actions.

Table 1: Climate Change Legislative and Policy/Strategy Portfolio

<table>
<thead>
<tr>
<th>Legislative Portfolio</th>
<th>Year</th>
<th>Name of Bill/Law</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year</td>
<td>Name</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>Revised Disaster Risk Management Bill (yet to be tabled in Parliament)</td>
<td></td>
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<tr>
<td>2017</td>
<td>The Environmental Management Act</td>
<td></td>
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<tr>
<td>2016</td>
<td>National Environmental Act</td>
<td></td>
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<tr>
<td>1994</td>
<td>Malawi Constitution</td>
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<tr>
<td>1991</td>
<td>National Disaster Relief and Preparedness Act</td>
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<thead>
<tr>
<th>Executive Portfolio</th>
<th>Year</th>
<th>Name of Policy, Decree, Resolution or Strategy</th>
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<tbody>
<tr>
<td>Year</td>
<td></td>
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<tr>
<td>2021 – 2030</td>
<td>MWV 2063 Implementation Plan-1</td>
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<tr>
<td>2022</td>
<td>National Adaptation Plan Framework (NAP)</td>
<td></td>
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<tr>
<td>2020</td>
<td>Malawi 2063 (MW2063) Vision</td>
<td></td>
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<tr>
<td>2018 – 2030</td>
<td>National Resilience Strategy</td>
<td></td>
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<tr>
<td>2017 – 2022</td>
<td>Malawi Growth and Development Strategy (MGDS III)</td>
<td></td>
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<tr>
<td>2016</td>
<td>National Climate Change Management Policy</td>
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<tr>
<td>2015</td>
<td>National Disaster Risk Management Policy</td>
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<tr>
<td>2013 – 2018</td>
<td>National Climate Change Investment Plan</td>
<td></td>
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<tr>
<td>2006</td>
<td>National Adaptation Programme of Action (NAPA)</td>
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</table>
1.2 Functional Mandates

9. Institutional arrangements for climate change management are detailed in the National Climate Change Management Policy (2016). In Malawi, the Cabinet Committee coordinates climate actions for all arms of government, while the Parliamentary Committee helps in lobbying for the passing of environmental-related policies and legislation in the national assembly. The National Steering committee on climate change (NSCCC), chaired by the Secretary to the Office of the President and Cabinet, provides oversight and policy direction on frameworks, priority setting, and means of facilitating investments and transfer of technology on climate change initiatives in the country. The committee is co-chaired by the Secretary to Treasury who delegates to Chief Director of Economic Planning and Development, and the Deputy Resident Coordinator for UNDP. The committee meets quarterly, The DoDMA and DCCMS co-chair the National Technical Committee on CC-DRM, while the EAD serves as a secretariat. NTC on CC-DRM provides technical guidance on all climate change issues in Malawi, and it comprises of all key climate change related ministries and departments. The membership of the committee is at the Director level and meets quarterly. Both technical and steering committees meet to share updates on donor funded climate change projects; but depend on donor resources to meet. The EAD is the main custodian and national focal points of most climate change-related policies, strategies, and regulatory frameworks. The Ministry of Finance and Economic Affairs (MoFEA) and National Planning Commission (NPC) conduct the monitoring and review of the progress achieved and ensures alignment of climate change actions with the national development agenda and goals. The Department of Forests is essentially implementing climate change-related mitigation actions such as afforestation and re-afforestation at national and local levels; various MDAs like Agriculture, Energy, Transport, and Water implement adaptation actions which address the negative effects of climate change and disaster related shocks in their sectors. See Box 2 on functional mandates of the Minister of Environment in Peru.

Box 2. International experience: Framework Act on Climate Change

Peru’s 2018 Framework Act on Climate Change identifies the country’s NDCs as “binding and mandatory” for competent authorities. Peru’s Minister of the Environment must, as required by the Bill, submit annual progress reports that meet NDC targets to Parliament among other climate change-related objectives.

10. Resource mobilization is an issue to meet Malawi’s adaptation and mitigation objectives. Critical difficulties come from Development Partners (DP) coordination and operationalization of some internal functional mandates. Though the MoFEA provides annual budget appropriation for environmental management, climate change-related expenditures in the country are mostly financed off-budget through DP resources. DP resources do not necessarily align their objectives to that of Malawi’s National Development Plans. This reality constraints climate change efforts, leading to allocation of resources to areas not considered priority actions for the country. In relation to this, off-budget resources are monitored and evaluated, but not through a harmonized government system, leading to duplication of monitoring frameworks which causes difficulties in harmonizing M&E. Finally, while donors have their own priorities and goals, their projects do not necessarily follow Malawi’s Public Sector Investment Plan’s screening process but are strong on meeting Environmental and Social Impact Assessment (ESIA) requirements.

1.3 Government Coordination

11. Coordination between government agencies significantly suffers from overlaps. Meanwhile, the EAD is the policy holder and in charge of coordinating the implementation of climate change initiatives in the country, while DoDMA has a leading and oversight role on DRM investments.
across MDAs (see Figure 2, below). However, the main challenges pertaining to Malawi’s regulatory framework, climate change policy, functional mandates, coordination arrangements, and technical capacity include undefined functional mandates on responsibility and leadership for climate change strategy, planning and policy across multiple bodies that are in place to support implementation of climate change mitigation and adaptation actions. A critical example is disaster risk management which is overseen and implemented by multiple agencies and across levels of government. Moreover, there is unclear demarcation between the proposed functions and uses of the CCM and DRM Fund resources. This leads to difficulties in coordination, creating inefficiencies, and a lack of accountability. Reporting is a critical hurdle, given the absence of a repository to take stock of information on actions undertaken by the government, CSOs, DPs, and other actors, resulting in inability to scale-up good practices and success stories. The funding gap is wide and there is no deliberate strategy on how to plan climate change related investments since the 2013-2018 NCCIP expired - most investments were not implemented, nor were sources of funding identified.

Figure 2: Climate Change and DRM Coordination Structures in Malawi

12. Malawi does not have an updated development cooperation strategy to coordinate financial resources and assistance from DPs. This also implies that the MoFEA does not have regulatory backing to coordinate financial support from the DPs, such as The World Bank, UNDP, WFP, FCDO, USAID, Oxfam, and other partners. Furthermore, the MoFEA cannot monitor and review support by the DPs despite having the Government-Donor Working Group on climate change.

13. Through the Green Climate Fund (GCF) funding, the NAP secretariat will house a Project Implementation Unit comprising a project technical coordinator and a finance and administrative assistant who will be responsible for day-to-day implementation of activities. It is further proposed that both the National Technical Committee on CC-DRM and the National Steering Committee on Climate Change (NSCCC) will expand their scope and mandate in order to be fully engaged in the NAP process. The Expert Working Group on Adaptation under the NTCCC should therefore take a leading role in providing technical direction to the NAP process. In order to give it prominence, it is proposed that the NAP coordination unit (which is currently part of the Climate Change section in the Environmental Affairs Department [EAD]) be strengthened by deploying more staff, and providing financial resources to support its operations.
1.4 Technical Capacity

14. The EAD developed a National Climate Change Learning Strategy in 2021. The strategy focuses on creating awareness through various channels, and capacity building for institutions. Targeted public agencies are: Department of Higher Education in the Ministry of Education, Science and Technology; Private Schools Association of Malawi; Faith-Based Organizations, Youth Networks and Associations, National Library Services; Media Institutions; Early Childhood Development Network; Association of Persons with Disability; Local Government structures; Tribal Associations; Malawi Chambers of Commerce and Industry; and Malawi Institute of Engineers and National Construction Industry Council. First, the Strategy prioritizes developing human resource capacity with knowledge and skills to write fundable project proposals. Second, it aims at undertaking stock of national budget for climate change funding in sectoral budgets with the objective of mobilizing local resources for climate change learning activities. However, the strategy does not mention procurement of various climate change-related projects. Moreover, the strategy faces implementation gaps as funds are not available to undertake prioritized different action points.

15. In practice, despite the challenges, Malawi demonstrates efforts towards achieving its national Climate Change ambitions. Some examples of key instruments include the establishment of the National Climate Change Management Fund (NCCMF), which intends to pull resources for the Climate Change agenda. In principle, the MEPA will manage the NCCMF. Nonetheless, the NCCMF is not fully operational and currently is underfunded. The NCCMF relies on the Carbon Tax and Fuel Levy, of which a ceiling of only 500M Malawian Kwacha for FY 2022-2023 is the allocated amount for the fund. Moreover, in 2021/2022, the Ministry of Finance and Economic Affairs only disbursed one-eighth of the 4.1 billion Malawian Kwacha generated resources from the Carbon Tax and Fuel Levy framework for environmental management in the country. In parallel, the Department of Forestry has its own operational fund with different sources of funding, mostly royalties from forest exploitation. Additionally, with support from the UNDP, the EAD undertook the Climate Action Intelligence (CAI) to map stakeholders’ initiatives on climate change in Malawi. The report partially highlighted the DP resources channeled through off-budget and civil society organizations, which are not accounted for by the government financial systems. CAI is an online activity which uses evidence-based information to help governments and other governance actors to recognize, understand and communicate underlying patterns and trends in relationships, resource and funding flows, inter-dependencies and overlapping activities related to climate change.

The lack of any framework law on climate change in Malawi minimizes legal responsibility and adherence to action on climate change. Malawi can learn a good practice lesson in this regard from South America’s Peru.

Pillar 1: Recommendations

- Develop, approve, adopt, and implement a CC-DRM-related legal framework to integrate legally binding targets and coordination mechanisms within CC-DRM sector.

- By doing so, the CC-DRM law is recommended to: (i) Integrate the NDC process in the national legal framework, by requesting for the submission of annual progress reports on NDC targets to the Parliament; (ii) Define priorities for adaptation measures per sector, including infrastructure maintenance and governance; (iii) Establish a concrete long-term GHG emissions target accompanied by intermediate quantitative targets, per sector and following NDC commitments; (iv) Strengthen the leadership and coordination role of mandated government agencies; and (v) Clarify functional mandates at the national and subnational level and enhance the coordination process.
Pillar 2: Planning

16. Malawi’s long-term development agenda is guided by “Malawi Vision” strategies. The current one started in 2021 and runs until 2063. Malawi Vision 2063 (MW2063) integrates environmental sustainability considerations and covers some climate change issues. In the medium-term, it is implemented through 10-year Malawi Implementation Plan (MIPs), the first of which was launched in 2021. Nonetheless, Malawi does not have any long-term strategy dedicated to climate change. The updated NDCs, published in 2021, set targets for 2040 and the National Adaptation Framework has not yet been followed by a linked implementation strategy.

2.1. Development planning

17. Malawi incorporated some climate change considerations into its 2063 Development Strategy and in some of its sectoral development plans. However, there are some coordination gaps regarding the implementation of climate change activities and the monitoring and evaluation of climate change indicators.

18. Malawi’s long-term development plan is captured in the recently elaborated Malawi Vision 2063, which promotes “An inclusively wealthy and self-reliant Nation”. The Development Plan is articulated around three pillars and seven enablers, the seventh being dedicated to Environmental Sustainability, with a focus on disaster risk reduction and the promotion of climate change mitigation and adaptation through technology transfer and capacity building. The MWV 2063 is a guiding tool that was launched in 2020 and sets the development agenda for Malawi. It provides a long-term basis for national development goals, policies and strategies. However, it does not provide any assessment of the current state of GHG emissions and climate trends and does not set adaptation and mitigation objectives. Climate change considerations are also integrated within the first pillar dedicated to Agriculture productivity and commercialization, which, among others, promotes the development of climate smart and resilient agriculture and the diversification of the agriculture sector. Malawi Vision 2063 is monitored in the medium-term through the Malawi Implementation Plan 1 (MIP-1, 2021-2030), which presents the same pillars, enablers and priority areas as Malawi Vision 2063. Eight outcomes are defined for Enabler 7, which proposes prioritized interventions and lead institutions. One of the key strategic interventions is the mandatory enforcement of Environmental and Social Impact Analysis (ESIA) on all national or local level development projects (see Box 3).

**Box 3. Climate change considerations in sectoral development plans**

Most of the National Agriculture Policy priority areas integrate actions linked to adaptation to climate change. By promoting sustainable agricultural production and productivity, the policy aims at supporting investments in climate-smart agriculture and sustainable land and water management. Sustainable irrigation development will consider the constraints linked to water resources management. Priority area #6 deals with agricultural risk management and aims at limiting the effects of fluctuations in agricultural production caused by climate change and weather variability. The policy also focuses on supporting institutional development, coordination and capacity strengthening to ensure successful implementation of the policy.

To implement the policy, a National Agriculture Investment Plan (NAIP) was launched in June 2018, to run from FY 2017/2018 to FY 2022/2023. It is the second-generation agriculture investment plan for Malawi, following the Agriculture Sector Wide Approach (ASWAp) that run from 2011-2016. The NAIP adopts the goal of the NAP, which is the promotion of a sustainable agricultural transformation that will result in significant growth of the
agricultural sector, expanded incomes for farm households, improved food and nutrition security for all Malawians, and increased agricultural exports. The NAIP promotes the implementation of nine indicators. Two of them are related to climate change adaptation actions. Firstly, the policy targets that 25% of households will be resilient to climate and weather-related shocks in 2023 (using the Resilience Index Management and Analysis methodology). Secondly, to ensure agricultural resilience, the NAIP will promote the diversification of crops, without determining the target and the baseline.

The National Forest Policy (2016) aims at supporting the conservation, establishment, protection, and management of trees and forests for the sustainable development of Malawi, as forestry is the main source of GHG emissions in Malawi, accounting for 78% of Malawi emissions in 2015. Malawi’s NDC target to reduce that part to 65% by 2040. The policy, however, does not mention this target and this baseline as it was published before the NDC. The 2016 policy follows the 1996 National Forest Policy and integrates emerging issues and lessons learnt regarding climate change issues. 2016 NFP thus emphasizes the implementation of Payment for Ecosystem Services (PES), Reduced Emissions from Deforestation and Forest Degradation (REDD+), and Clean Development Mechanisms (CDM).

The Water Policy (2005) states that water planning shall incorporate disaster preparedness and management to cope with climate change and climate variability to minimize the impact of such changes on the socio-economic status of the country. The disaster management chapter of the policy plans to formulate mitigation measures to reduce the impact of climate change and climate variability as a means of disaster preparedness and management.

The second guiding principle of the National Energy Policy (2018) is targeting energy efficiency and conservation. Regarding electricity distribution, the Policy aims to remove duty and VAT on energy efficient domestic electric cooking and water heating appliances. For biomass, the Government will promote the certification and labelling of all energy efficient commercial cookstoves that are sold as commercial products on the market. The Demand Side Management (DSM) is also focusing on improving energy efficiency, especially to limit wastages in electrical energy and biomass. Measures to improve DSM include public information campaigns, conducting energy audits, installation of energy efficient measures in households to help consumers reduce their bills, and reduce stress on overburdened utility systems, provision of financing in the form of rebates below-market loans for energy efficiency measures, and implementation of tariffs that encourage efficient use of electricity (such as inverted block rates, time of use tariffs, and dynamic or “real time” pricing).

In terms of Government actions, the policy promotes the reduction of elimination of import duty and taxes on energy efficient products. It also aims at providing duty and VAT waivers for solar water heaters and promoting R&D in energy efficient equipment.

19. The National Planning Commission (NPC) is the institution responsible for developing Malawi’s medium- and long-term development plans. The NPC has an oversight role. The implementation and monitoring of national development plans falls under the mandate of the Economic Planning and Development Department of the MoFEA. National development plans are elaborated in a consultative manner with line ministries and subnational governments, and the NPC ensures that line ministries and districts’ development plans are in line with the national objectives. The NPC also plays a coordination role regarding the implementation of MIP’s pillars and enablers, with dedicated pillar working groups that meet every three months. However, as climate change is almost exclusively donor funded, the NPC does not coordinate the implementation of climate change-related objectives. Despite the lack of legal requirements to integrate climate
change actions in sectoral development plans, there is a broad awareness of climate change consequences, and hence adaptation and mitigation measures are captured in most sectoral development plans. These sectoral plans will be updated in the coming months to integrate the objectives and indicators of MIP-1.

**Pillar 2.1: Recommendations**

- Implement an annual joint supervision of NDCs strategic actions and MIP-1 Enabler 7, integrating a session with development partners’ projects review. This supervision could be undertaken under the leadership of the National Steering Committee on Climate Change and implemented by the national technical committee on CC-DRM, with the mandatory participation of NPC, MoFEA, and relevant sector working groups. This supervision should pave the way for the development of a NDC M&E framework to be monitored by the MoFEA.

- Extensively review the sectoral plans under revision to align them with MIP-1, as well as integrate NDCs’ strategic actions. The NPC could support the coordination of the review and revision process to ensure that climate change objectives are well captured in sectoral plans.

**2.2 Long- and medium-term climate change strategies**

20. **Malawi ratified the Paris Agreement on Climate in 2016 and has since then intensified its climate change planning efforts.** The country has developed a set of medium-term strategies to respond to adverse effects of climate change, and address its causes in line with the provisions established under the Paris Agreement. Malawi developed a National Adaptation Plan (NAP) Framework, a National Climate Change Management Policy, a National Climate Change Management Investment Plan, a National Biodiversity Action Plan, a National Forest Landscape Restoration Strategy, and a National Charcoal Policy, which highlight the strategic areas to enhance the country’s resilience to climate change hazards, and contribute to the mitigation effort. Those documents were however developed before the publication of Malawi’s updated NDC, which provide more detailed actions, indicators and plans for the development of a resource mobilization plan. Malawi’s NDC provisions are not fully integrated in Malawi’s main national development plans - Malawi Vision 2063, which is monitored in the medium-term through the Malawi Implementation Plan 2021-2030 (MIP-1).

21. **Malawi’s NDCs, updated in 2021, are not legally binding and not mentioned in the MWV 2063 and the MIP-1.** The updated contributions, however, provide concrete mitigation and adaptation actions over the period to 2040, which progress shall be communicated to the UNFCCC every four years through a domestic monitoring, reporting and verification (MRV) system. The NDC mitigation targets will be tracked annually, based on the National GHG inventory estimation. Malawi being a very small contributor to global warming, its mitigation contribution consists of the reduction of GHG emissions relative to a business-as-usual scenario. The assessment proposed by Malawi aims at reducing emissions by 51 percent by 2040, 6 percent being part of the unconditional contribution and 45 percent of the conditional contribution. The conditional contribution is based on the provision of international support and funding, to support Malawi’s effort to implement a low-carbon development path, as increase in emissions will mainly be driven by the growing contribution of fossil fuel use in transport and the increasing demand for thermal power generation. For adaptation, ten main strategic options have been identified and are gathered under three pillars: institutional framework, knowledge, technology and financing, and resilience of the most vulnerable.
Table 2: NDC Strategic Actions, Institutional Framework Pillar

<table>
<thead>
<tr>
<th>Objective</th>
<th>Pillar</th>
<th>Strategic Adaptation Actions</th>
<th>Adaptation Actions</th>
</tr>
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<tbody>
<tr>
<td>Promote enabling environment to facilitate CCA mainstreaming</td>
<td>Institutional framework</td>
<td>Establishment of the institutional arrangements for the multisector coordination of climate change actions, including the definition of its composition and mandate</td>
<td>NAP’s mandate</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Testing and institutionalization of mechanisms to integrate CCA into the next “National Development Plan” or equivalent, and sectoral planning instruments, including the annual sectoral budgets and guidelines</td>
<td>NAP’s implementation, definition of guidelines to integrate CCA into sectoral planning and budgeting</td>
</tr>
</tbody>
</table>

Source: Malawi’s updated Nationally Determined Contribution (July 2021), Table ES-1

22. **Malawi’s NDC provides an estimated funding requirement to implement its adaptation and mitigation actions.** The total estimated cost for Malawi’s identified NDC mitigation measures through 2040 is estimated at around US$41.8 billion for mitigation measures, and around US$4.5 billion for adaptation measures, representing a combined funding requirement of US$46.3 billion - as a matter of comparison, for FY 2021/2022, total development expenditures were estimated at around US$620 million. Of this total, around one-third is estimated to be required over the next decade (2020-2030), and two-thirds in the subsequent decade (2030-2040) - 76 percent of this amount is targeted for the unconditional contribution. The updated NDC details the allocation of these funds and plans to elaborate a resource mobilization strategy.

23. **Malawi had developed a National Climate Change Investment Plan (NCCIP) covering the 2013-2018 period, which has not been renewed after 2018.** The NCCIP was a medium-term vision and planning framework, closely linked to the NCCMP. Its main objective was to increase climate change investments, aid allocation of resources to key environment and climate change priority areas, for timely and well-coordinated actions to address climate change. The NCCIP was a high-level strategy document which did not provide details of how investments would be operationalized and financed; hence, most of the plan was not implemented.

24. **Another important challenge limiting the effective implementation of the climate change agenda is the lack of a Monitoring, Reporting and Evaluation process.** There are no regulatory guidelines on the same, and EAD does not have any repository to take stock of information on actions undertaken by the Government, Civil Society Organizations (CSO), and Development Partners (DPs). There is, hence, no possibility to take stock of the achievement of relevant indicators and to scale-up good practices.
Pillar 2.2: Recommendations

- The climate change resource mobilization strategy, under development, should prioritize the achievement of Malawi’s unconditional commitments, identify sources of revenue for each priority action, and liaise with the country’s national and sectoral development plans.

- EAD consider providing capacity building to MoFEA and sectors’ implementation of NDCs targets, considering the cross-cutting nature of climate change, which creates bottlenecks in the implementation of climate change objectives.

- Develop a coordinated climate change MRV process.

2.3 Risk and vulnerability

25. There is no regulatory framework in place dedicated to climate change risk and vulnerability assessment and monitoring. Hence, although Malawi has made progress in the collection of information focused on climate risk and vulnerability reduction, there are still weaknesses in the systematization of assessments, in improving inter-institutional coordination in their preparation, and in ensuring that stakeholders are capacitated to use the available data and tools. In Malawi, the most frequent phenomenon with the greatest impact in terms of displaced people and destruction of private property is flooding, generally caused by the overflowing of rivers. Drought has the greatest impact in terms of food security and economic loss, due to loss of crops. As described in Malawi’s NAP Framework, Malawi loses annually an average of 1.7 percent of its GDP due to climate change-related disasters, mainly floods and drought (International Food Policy Research Institute [IFPRI, 2010]. An economic vulnerability and disaster risk assessment conducted by the Global Facility for Disaster Reduction and Recovery (GFDRR) indicates that annual flood damage in the Shire River Basin (the country’s most flood-prone area) results in an average loss of 0.7 percent of GDP per year, while elsewhere in the country drought causes an average economic loss of 1 percent of GDP annually (GFDRR, 2014).

26. The latest risk and vulnerability assessment was conducted in 2020 by the Third National Communication to the UNFCCC (2020). In order to increase resilience in the whole economy, the NAP Framework identifies, as one of its next steps, the assessment of climate vulnerabilities and the identification of adaptation options at sector, sub-national, national, and other appropriate levels. The most impacted sectors are agriculture, fisheries and livestock, ecosystems, energy, human health, infrastructure, and social protection and gender. Currently, sectoral policies and actions plans do not provide a systematic approach to address climate change-related risks and their mitigation actions; also, there is no clear mandate on the entities responsible for conducting such assessments and proposing mitigation plans. The Department of Climate Change and Meteorological Services (DCCMS) plays a central role in data collection and reporting on these topics, as it is mandated to provide, predict, monitor and disseminate information on weather and climate change, and to support the elaboration of climate change-related policies and adaptation and mitigation activities. However, DCCMS’s expertise is not sufficiently leveraged in the development of adaptation and sectoral plans, and more generally in decision-making. The Department is a co-chair of the technical committee on climate change and DRM, but does not play a leadership role regarding policy elaboration and consultation. For projects’ implementation, risks and vulnerability assessments are conducted by the Economic and Development Planning (EPD) Unit of the MoFEA. DCCMS is currently trying to implement a risk and vulnerability assessment process at the district level; however, there is no regulatory framework on the same and hence, the Department lacks resources and traction. DCCMS also plays an important role in early warning systems, as it is responsible for disseminating information to populations impacted by weather events.
Pillar 2.3: Recommendations

- Create a regulatory framework to annually update risks and vulnerability assessments.
- Develop clear mandates on responsible institutions at the national and subnational levels for data collection and reporting on climate risk and vulnerabilities.

Pillar 3: Public Finance

27. In the recent years, Malawi has taken concrete steps in terms of international commitments and cooperation and regulatory actions in the climate change area. These efforts are yet to be mainstreamed within public financial management. Malawi presents institutional challenges pertaining to financial management of public finances related to climate change. Firstly, fiscal risks associated with climate change are not yet managed and climate change related expenditures are not identified in the budget. Secondly, environmental impact assessments (EIA) are not systematic in Public Investment Management (PIM), even though the Economic and Planning Public Sector Investment Program (PSIP) uses a standardized template that integrates EIA in the screening of public financed projects. Lastly, the climate change agenda is mostly funded by donors, which hampers standardized reporting, monitoring and evaluation, creates overlaps, and sometimes, excludes the Government’s priorities.

3.1. Public financial management

28. Effective responses to climate change require a whole-of-government approach, with strong involvement of the MoFEA. In Malawi, there is limited attention to the fiscal risks associated with climate change. The National Climate Change Management Policy does not mention the role of the MoFEA in the assessment of macroeconomic risks related to climate change, and particularly in the assessment of short- and long-term fiscal risks linked to climate change. Likewise, the MoFEA does not assess the costs of transition to a lower emissions economy, and to support the financing of climate action. Malawi is, however, highly exposed to climate change hazards. A Malawi Economic Vulnerability and Disaster Risk Assessment was conducted by the World Bank in 2009, to better understand the socioeconomic effects of disasters. The analytical study indicated that annual flood damage in the Shire River Basin resulted in an average loss of 0.7 percent of GDP (US$9 million) per year. Elsewhere in the country, drought caused an average economic loss of 1 percent annually (US$13 million). Financial losses incurred because of disasters reduce revenues and create unanticipated expenditures that may increase deficits. They can also lead to a reallocation of resources from development policies to disaster response and recovery.

29. Risk management and resilient systems support the implementation of risk retention, and risk transfers mechanisms to accommodate additional financing needs and allow flexibility to reallocate resources. Hence, fiscal risks assessment and expenditure planning for disaster risk reduction improve PFM resilience to climate hazards. Fiscal risk assessment and quantification should include: (i) the direct costs and the explicit contingent liabilities: emergency response, repair and reconstruction of public physical assets; (ii) implicit contingent liabilities: liabilities for which the government has no legal obligations but provides compensation or pay-outs, such as payments to businesses and households for disaster relief and recovery, support for SOEs; and (iii) fiscal impacts: reduction in revenue collection, increases in prices, worsening public debt-to-GDP. To ensure risk management consistency, fiscal risk statements should integrate and quantify disaster risks for the short-, medium-, and long-term, while making them publicly available.

30. Malawi’s Public Finance Management Act (PFM Act, 2022) does not mention climate change or environmental considerations. Section 36 is however dedicated to Adjustment for unforeseen
expenditure, as Malawi is particularly vulnerable to droughts and floods. It states that “the annual Estimates presented to the National Assembly shall contain a Vote for Unforeseen Expenditure, with a proposed appropriation not exceeding one per cent of the total appropriation for outputs”. However, in practice, the budget allocated each year to unforeseen events is below 1 percent, and as the DRM Bill has not been approved yet, the country keeps facing challenges to gather and send funds to respond to disasters. The DRM Bill will strengthen Malawi’s risk retention framework by increasing the scope of actions that can be financed under the DRM fund, by including activities related to prevention and preparedness.

31. There are no budget classifiers to clearly identify the budget items allocated and executed in actions related to Climate Change and Malawi Budget statements do not mention climate change. However, resource allocations in the national budget are guided by the MWV 2063, MIP-1, and sectoral planning. For example, in the 2022/2023 budget statement, the agriculture sector has been allocated MK447.66 billion representing 3.9 percent of GDP and 15.8 percent of the total budget. Within this budget, a significant part of sector investments was linked to the implementation of adaptation activities. Moreover, the MIP-1 advocates that the MDAs’ planning and budgeting should be aligned to MIP-1. This creates an opportunity to identify financial resources for implementing the environmental sustainability enabler, as well as climate change related activities undertaken by MDAs such as Agriculture, Water, Forestry, Transport, and Energy.

32. Malawi is currently improving its monitoring and reporting system to harmonize the framework and digitize the process. Most of the data are currently collected by the National Statistics Office, with support of World Food Program’s servers and are reported in silos, with each sector having its own management information system. Economic Planning and Development (EP&D) supports the drafting of indicators, and strategic framework development, and conducts quarterly performance reviews for all sectors. As climate change is a cross-cutting issue, there is no specific review for climate change, and the reporting of climate change-related indicators falls under the leadership of EAD. Another major challenge regarding the monitoring and evaluation of climate change programs is because most of the climate change agenda is financed by development partners and is thus indicated off-budget. These programs are indicated in an annex of the budget; hence the Ministry of National Development and Planning does not monitor indicators, baselines, or even disbursements. The coordination between partners on financed activities is weak and the alignment to Malawi’s national development priorities is not systematic. Box 4 demonstrates the integration of climate change in public financial management.

Box 4. International experience: Integrating climate considerations into PFM

Framework legislation should require national government to address climate change risks and policy objectives in the preparation of its public financial management instruments. The principal instruments include macroeconomic and fiscal risk assessments; medium- and long-term fiscal and budget frameworks; the identification, appraisal, and selection of programs and investment projects; annual budget documents; budget execution reports; and financial statements. Medium- and long-term fiscal planning and predictability in the allocation of resources is critical. It allows public entities to plan and finance long-term structural changes in infrastructure and economic activity, and it communicates the government’s policy commitment to businesses and households. Detailed arrangements for how climate change risks and policy objectives should be reflected in these instruments are best addressed in subsidiary regulations.

Climate Change Budget Tagging in Uganda

Climate change budgeting tagging (CBT) helps countries track and monitor climate related expenditure within national budget systems. To address climate change impacts, governments
need to mobilize and align resources to support the implementation of national and/or sectoral climate change plans and strategies. CBT provides comprehensive data on climate related spending to inform governments’ decisions on climate action and investment priorities. Furthermore, CBT encourages planning officials and policy makers to incorporate climate considerations into project design throughout all stages of the project cycle. Finally, it fosters accountability by enabling public (including donor) scrutiny and evaluation of climate programs.

CBT in Uganda was developed in 2018 by the Ministry of Finance, Planning and Economic Development (MFPED) with technical support from the World Bank. The CBT methodology is based on the Ugandan National Climate Change Policy, its (costed) Implementation Strategy, and other relevant national and sector policies. It enables the Government to identify, classify, and track climate change and/or green growth-related appropriations in its national budget. Once an appropriation is tagged as climate change responsive, the CBT enables: (a) the statistics and baseline information to be generated in a timely fashion for assessing trends; (b) tracking of budget execution; and (c) monitoring of financial and physical performance. The stated objective of identifying, classifying, and tracking climate expenditure under CBT is to “assess trends, track budget execution and monitor financial and physical performance.” Rather than addressing a specific climate related issue, CBT represents a whole-of-government approach to deal with impacts of climate change in the country.

Uganda’s approach to CBT requires coordination of multiple government ministries, departments, and agencies (MDAs). MFPED, the leading government agency on CBT in Uganda, is responsible for: (a) raising awareness and coordination among government MDAs and local governments; (b) reviewing tagged budget submissions; and, (c) generating annual reports on climate-change allocations and expenditures. The National Planning Authority reviews climate-tagged investment projects to ensure alignment with national and/or sector climate-change priorities and assesses project performance. Finally, the Climate Change Department under the Ministry of Water and Environment advises MDAs and local governments on the application of the tagging and compiles and consolidates information on climate change expenditures to inform budget hearings.

Budgeted interventions are identified based on their stated objectives. Interventions are considered climate relevant if their objectives include a reference to climate change risk/vulnerability (adaptation), or a greenhouse gas reduction and energy efficiency (mitigation). Climate-relevant programs and projects are further classified according to a typology based on the National Climate Change Policy, which specifies policy objectives, sectors, types of response, and specific strategies (32 policy objectives and 141 specific strategies are included in the typology). There is no ‘negative’ list and expenditures with adverse climate change effects are not considered under CBT. While CBT is not considered in the budget circular, the methodology specifies that budget entities should tag programs and projects during the preparation of the Budget Framework Papers, following the issuing of the first budget call circular. Tagging may be revised during ensuing budget consultations.

Planning officials and staff in technical directorates, working with climate change focal points from local governments, identify climate-relevant programs and projects and tag the planned expenditures. Tagging is applied to outputs and subprograms, and it is fully integrated into the program budgeting system using a five-digit code, so that actual expenditure can be tracked in the budget system. The annual report on climate expenditure includes both actual and planned expenditures.
The Kenya Green Climate Fund

In 2013, the National Treasury and Planning Ministry of Kenya was confirmed as the National Designated Authority of the Green Climate Fund (GCF) in Kenya with the following responsibilities: (a) providing strategic overview and guidance of GCF activities in Kenya; (b) convening relevant public, private, and civil society stakeholders to identify priorities for GCF funding; (c) communicating nomination of entities seeking accreditation to the fund; (d) issuing ‘Letters of No Objections’ on funding proposals submitted; and (e) communicating Kenya’s strategic priorities for financing low-emission and climate resilient development in all sectors of the economy. Moreover, through issuing Green Bonds, the Fund provides access to funding by impact (and other non-traditional) investors to finance green, low-carbon, and climate resilient infrastructure projects (global bond markets have been growing exponentially between 2016-2021; the total bond issuance in 2018 amounted to US$167.5 billion). Entities accredited by GCE and those with projects in the pipeline with issued ‘Letters of No Objections’ include the African Development Bank, United Nations Development Programme, International Finance Corporation, and GIZ (German Development Agency).

Pillar 3.1: Recommendations

- Use the NDC and MIP-1 frameworks to identify climate change-related expenditures and develop a monitoring framework, which should include off-budget projects.
- Revitalize historical efforts on a donors’ dashboard within MoFEA to track disbursements and implement an annual review on climate change projects’ advancement and impacts.
- Develop short-, medium-, and long-term assessment and quantification of fiscal risks linked to climate hazards, which include the direct costs and the explicit contingent liabilities, the implicit contingent liabilities, and the fiscal impacts.

3.2. Public investment and asset management

33. The Malawi 2018 Public Investment Management (PIM) Assessment written by the IMF notes that MDAs have developed criteria to select capital projects and follow a process to prioritize investments. However, in practice, projects can still be selected without going through this required process. Sector strategies are linked to the MGDS III and to a multi-year investment plan, from which an annual work-plan, including a short list of priority projects, is derived. The MoFEA’s Public Sector Investment Plan (PSIP) Unit is mandated to have a final say in project selection, in consultation with the Budget Division. The PSIP is a five-year rolling plan which provides details of new, ongoing and proposed projects, and the government maintains a pipeline of appraised projects to be implemented, depending on resources availability.

34. Project selection is informed by clear criteria designed to meet the minimum standards of service delivery, and by a screening process captured in the PSIP framework, which includes, according to the PSIP Unit, some indicators assessing projects’ impact on the environment, and the sustainability of the project over its life cycle. In case of negative impacts, a mitigation plan is provided; however, there are no legal requirements for the plan to be implemented and monitored. However, the guidelines have not been made available to the World Bank team, and if they integrate an Environmental Impact Assessment, they do not seem to consider a climate change screening.
35. In practice, projects that have not been selected through this process can still be included because of a shift in priorities driven by external factors such as national disasters or political influence. Furthermore, the PSIP Unit is not capacitated with resources or time to scrutinize significant project proposals and almost systematically accepts the information provided by MDAs. Moreover, development partners articulate their interventions considering Malawi’s development agenda, but also based on their own priorities, which may lead to the financing of projects which are not part of the prioritized pipeline. This is particularly true for climate change-related projects, as the climate change agenda is almost exclusively financed by development partners. Box 5 displays climate smart informed project development in Zimbabwe and Ethiopia.

Box 5: Climate Smart Project development – The examples of Zimbabwe and Ethiopia

Project concepts note design and guidance must give explicit recognition to climate change. Experience shows that in most jurisdictions, unless climate change is singled out as an issue, it will not be adequately reflected in the development of the project concept: ‘business-as-usual’ procedures tend to prompt ‘business-as-usual’ responses. A generic concept note will not implicitly reflect climate change (under such broad headings as ‘strategic relevance’, ‘environmental impact’ and ‘risk’) and specific action is required.

Climate-smart public investment management in Zimbabwe

The legal and regulatory framework for climate-smart PIM is based in the National Climate Policy of 2017, which was spearheaded by the Ministry of Environment (MoE). MoE and the Ministry of Economy and Finance (MoEF) are the main government agencies responsible for climate-smart PIM. Climate-informed planning is anchored in the country’s National Development Strategy and the NDC. Assessment of hazards and vulnerabilities is conducted by the Department of Civil Protection (under the Ministry of Local Government, Public Works, and National Housing). At the stage of project appraisal, vulnerabilities and risks are assessed selectively in project concept notes, preliminary feasibility studies, and feasibility studies. Appraisal of adaptation measures is applied selectively to high-value and/or high-risk projects. A climate-informed methodology for cost-benefit analysis, guidelines on quantitative linkages with budgeting processes, and a monitoring and evaluation framework are being developed.

In November 2017, the Government officially adopted a PIM framework and accompanying guidelines. However, the PIM framework did not incorporate climate-change considerations. Therefore, the WBG has been supporting the Government in developing a climate-informed PIM framework and guidelines, by incorporating climate-change considerations.

Ongoing technical assistance to MoEF focuses on strengthening and extending the PIM system to inform the country’s NDC implementation (particularly in the energy, transport, water, and irrigation sectors). There are three channels of policy interventions, with their respective activities. Under the Diagnostic and Policy Advice component, the WBG supported amendments to the PIM 2017 guidelines and sector manuals (in the sectors mentioned above), by incorporating climate resilience and adaptation considerations. It further supported mainstreaming of climate-smart PIM in the context of updating the NDC Implementation Framework and designed a climate-informed public expenditure and institutional review (CPEIR) for Zimbabwe. Under the Knowledge Management component, the WBG helped organize stakeholder workshops, training sessions, and other capacity development programs, as well as initiatives to enhance awareness on climate issues more broadly. Finally, the project is in the process of piloting its approach by conducting preliminary feasibility and feasibility studies on a sample of projects from the priority list.
The WBG is currently conducting a CPEIR of Zimbabwe. Within the scope of CPEIR, the WBG is supporting the Government in identifying key technical, policy, and institutional issues regarding climate change resilience and adaptation and exploring policy options available in the view of limited resources and the existing institutional framework. The objective is to institutionalize the most appropriate channels and governance structures to address climate resilience and adaptation, leveraging national and international climate-disaster experience, data, and adaptation models. The task involves developing mechanisms and procedures for climate-risk screening and vetting, as well as amending the project selection and design processes. The CPEIR will also identify major capacity gaps, and recommend appropriately targeted training.

Climate-Smart Public Investment Management in Ethiopia

The WBG supported the National Planning and Development Commission (NPDC) of Ethiopia in development of public investment management (PIM) guidelines with a module on climate and disaster risks, adapting the Bank’s Climate and Disaster Risk Screening (CDRS) tool. Under the Public Projects Administration and Management System Proclamation and Guidelines, climate and disaster risks are to be considered internally by the respective line ministry as a part of the project concept note preparation and preliminary screening for all projects. For larger projects, climate- and disaster-risk screening is mandatory by line ministries as a part of the feasibility study during the project appraisal phase, and the evaluation of risk should be included in the Summary Appraisal and Assessment Form (SAAF). SAAF s are then reviewed by NPDC to inform their decision regarding recommending a given project to the Council of Ministers. CDRS has a versatile application to multiple sectors, including agriculture (irrigation and drainage measures, crop, land and livestock management, storage, processing, and rural transport), energy (oil, gas, coal, hydropower, thermal, energy efficiency, transmission and distribution, and renewables) and transport (roads, aviation, multi-modal and transit systems, rail, and river transportation).

The Ministry of Finance applied the guidelines in the 2021 budget and all projects are now subject to climate- and disaster-risk screening and appraisal. Ongoing WBG support is focusing on further embedding of climate-smart considerations within the CDRS system and mainstreaming the climate change agenda in all relevant PIM procedures and decisions, in line with CRGE Strategy and GTPII.

Ethiopia has demonstrated considerable progress in establishing a climate-smart PIM system. In terms of a legal and institutional framework, the country has in place specific laws in sectors including energy, disaster risk management, and rural land administration. The Ministry of Finance, the Commission on Environment, Forests and Climate Change, and NPDC are the main government bodies leading the climate-smart PIM agenda in Ethiopia. Climate-informed policy and strategic planning is based on the CRGE Strategy, the National Development Plan, the country’s National Determined Contributions (submitted to UNFCCC in 2016), and the National Adaptation Plan. Hazard and vulnerability assessment is further conducted on basis of the National Policy and Strategy for Disaster-Risk Management, and the related Strategic Program and Investment Framework. In the phase of project appraisal, vulnerability to climate and risk assessment is conducted through selective adoption of the CDRS tool, in particular to high-value and/or high-risk projects (since 2020). In addition, the country has experimented with climate-smart budgeting for PIM since 2017, and the GTPII includes some elements of a robust monitoring and evaluation framework.
36. **Malawi is currently drafting an asset management policy, as well as an evaluation of all government’s buildings and assets to develop an insurance policy.** A climate-informed asset management system is an important foundation for climate-smart planning. A well-designed asset register can include information that identifies the vulnerability and the criticality of existing infrastructure assets. It can help in planning for greater resilience, including identification of pure adaptation projects to protect existing vulnerable and critical assets, or retrofitting projects, whereby existing assets are made more resilient by investment in adaptation after completion. As with other climate-informed PIM reforms, a minimally functional asset management system is a prerequisite for introducing climate change considerations.

37. **When assets are acquired, their vulnerability and risk level can be recorded in an asset management system.** The risk level would be the residual risk after any adaptation measures have been incorporated in the design. Where the real options approach has been followed, a dynamic asset management system has the potential to help in monitoring the evolution of risks from climate hazards and inform a decision to trigger the option to adapt. Since vulnerability and risk are highly location specific, it is also important for geo-referencing (location coordinates) to be included as part of the comprehensive data held in the asset register and supporting systems.

38. **Ideally, public asset management should have an asset life cycle perspective and incorporate maintenance.** A well-designed system can be used to monitor asset condition and maintenance interventions, and then warn when maintenance of vulnerable or critical assets is falling behind what is required to ensure adequate resilience. It can also be used to provide evidence for changing maintenance regimes, either the frequency or the intensity of effort, in response to increasing frequency of climate-induced hazards. Rather than using historic values, regularly updated market or fair values should be used in the asset register. These should reflect stranded assets and maladaptation effects on valuations.

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**Box 6. International example: Insurance of Public Buildings in Colombia**

In its Policy Strategy for Public Financial Management of Natural Disaster Risk, Colombia’s Ministry of Finance and Public Credit, identifies three priority policy objectives in order to strengthen management of the Government’s contingent liabilities and thus support the goal of achieving macroeconomic stability and fiscal balance: (i) identification and understanding of fiscal risk due to disasters; (ii) financial management of natural disaster risk, including the implementation of innovative financial instruments; and (iii) catastrophe risk insurance for public assets. In fact, public entities in Colombia have been legally required to purchase insurance or self-insure the value of their physical assets since 2002, but technical guidance to responsible staff was not initially provided. In 2012, the government developed a database of central government buildings and their insurance policies and a manual of good practices for insurance of public buildings, including standard terms and conditions for required property insurance coverage.

**Lessons learned from the experience include:**

- Assess legal requirements for insurance coverage and identify gaps in coverage;
- Assess the local insurance market for adequate policy coverage and identify weaknesses;
- Include insurance coverage and details in the asset register;
- Standardize terms and conditions for insurance products across all government agencies; and
- Maximize efficiency by negotiating centrally and collectively, and consider establishing a coordinating facility dedicated to insurance of public assets.
39. **The entry points of development of climate risk and vulnerability assessments (under the NAP Framework)** in combination with the asset management policy presents a unique opportunity to introduce a digital records system to ensure functionality and information flows following disasters. The legal and regulatory framework could thus consider the following data management, IT system and working arrangements, at the national and at the subnational level:

- Use of disaster-resilient storage arrangements for data and IT assets (for example, storing data on the cloud or off-site);
- IT disaster recovery plan addressing risks to hardware, software and communications tested annually;
- and, robustness of backup routines.

**Pillar 3.2: Recommendations**

- Integrate the PSIP process in PIM regulations following PFM Act 2022 to ensure a systematic screening of public financed projects, and extend the screening framework with a specific climate change risk assessment. Climate change considerations should be included into regulations, appraisal, and selection processes of projects.
- Mandate a bottom-up approach to assess vulnerabilities and risks in project concept notes; with PSIP’s screening process as the top step of project.
- Develop a medium-term investment plan (based on the PSIP priority list) to be made publicly available and request DPs to anchor their support in this strategy and to have projects screened through the PSIP process.
- Develop and implement an asset management policy which considers infrastructure maintenance of climate change impacts.

**3.3 Public procurement**

40. **In Malawi, the key institution responsible for the normative and regulatory function for procurement is Public Procurement and Disposal Authority (PPDA).** PPDA is responsible for the regulation, monitoring, and oversight of public procurement and disposal of assets in Malawi. PPDA also carries out procurement reviews, and is responsible for handling complaints. PPDA is required to establish and maintain institutional linkages with the Malawi Institute of Procurement and Supply (MIPS), and other professional bodies in regulating the ethical behavior and standards of supply chain management professionals.

41. **Malawi’s Public Procurement and Asset Disposal Act (2017) does not provide any evidence of green public procurement (GPP).** However, it mentions the environment as a requirement to be considered in the procurement and disposal proceedings. While Malawi may not have GGP embedded in its public procurement procedures, it can consider looking at innovative approaches rooted in research and global experiences. According to the World Bank, GPP uses the public sector’s purchasing power to achieve environmental objectives. The purpose of the GPP note is to support the design and implementation of effective GPP reforms, customized to country contexts and informed by global experiences.

42. **Green public procurement requires the integration of green criteria into the procurement process so that procurers can identify the products and services that deliver the best value for money (VfM).** Environmental criteria can be applied at each stage of procurement, from supplier selection to technical specifications, award criteria, and contract performance. While this may seem complicated, many countries and international organizations have developed tools that simplify the choice of buying green, and reduce the administrative and technical burdens on procurers. These include standardized environmental criteria for priority product and service groups; ecolabeling schemes that simplify the use of environmental criteria; and, life-cycle
costing (LCC) tools focused on a few high priority environmental impacts. Many of these tools are available online, and can be adapted to specific country contexts.

43. **GPP can be used to promote innovation in green technologies and business practices.**

Innovation procurement is relevant where the procuring entity has identified a problem that does not have a technological solution or where the technological solutions available do not meet the procurer’s needs. Innovation procurement typically entails elements of research, design, testing, market development, and commercialization. There are significant risks at each stage of this innovation process. Partners in innovation procurement typically include firms, research institutions, some of which are publicly funded, and other public entities. The 2014 EU Procurement Directive distinguishes three types of procurement approaches for innovation: competitive dialogue, innovation partnership, and pre-commercial procurement. These are recent developments in public procurement that are still only applied exceptionally in OECD countries. See Box 7 for details on Green Procurement.

### Box 7. International Experience: Green Public Procurement

**Competitive dialogue.** The utility company Waterschapsbedrijf Limburg (WBL) is responsible for the transport and treatment of municipal and industrial wastewater in the province of Limburg, Netherlands. WBL sought to replace an outdated, inefficient sludge treatment plant with a new sludge hydrolysis digestion plant, using a proven technology for sludge pretreatment and following a competitive dialogue process that would identify innovative technologies for the subsequent treatment steps. The tender covered plant design, construction, operation, and maintenance for an initial six-year period, with the possibility of an extension for up to 10 years. The tender did not identify a technological solution; instead, it described the desired outcome of the sludge treatment process in terms of key performance indicators for dimensions, such as dry solids, energy yield from biogas production, and energy and water consumption. Bidders were required to provide cost estimates in terms of net present values for their solution, which would serve as the basis for the contract. Four qualified candidates were preselected based on a demonstration of the feasibility of their technological solution. Several rounds of dialogue, put in writing, helped define the requirements for a viable contract, and three companies were invited to submit bids. The contract provided for performance incentives by defining economic bonuses and penalties based on key indicators as well as deadlines for the achievement of performance targets after installation (WWF 2018, 101-107).

**Pre-commercial procurement.** The government of Netherlands’ Small Business Innovation Research (SBIR) program seeks to find innovative solutions to social problems. SBIR awards contracts through a three-phase competition: feasibility, research, and commercialization. The procuring entity fully funds the first two phases through a fixed-cost R&D contract. The company holds intellectual property rights to the solution, and must finance the commercialization. The Directorate-General of Public Works and Water Management used the SBIR process to develop a real-time dike observation and inspection system to identify weak spots and, thereby facilitate preventive action before dike breaches. 21 proposals were received for stage 1, and 5 were selected for feasibility assessments, each receiving a grant of up to €50,000 and six months to present a proposal. Only two of the proposals proceeded to R&D in stage 2, each receiving a grant up to a maximum of €450,000 per project to develop a non-commercial prototype over a period of not more than two years. Both research projects generated commercially viable proposals: one based on sensors inserted in dikes, and the other using remote sensing technology (Edquist and Zabala-Iturriagagoitia 2015).
3.4 Climate finance

44. Malawi’s Climate Finance priorities focus on both adaptation and mitigation. These priorities are defined in the National Climate Change Investment Plan such as NCCIP (2013-2018) and NDCs. Sectors prioritized for financing include Agriculture (irrigation, development of drought tolerant seeds), Energy (renewable energy and energy efficiency), Forestry (resilient landscapes, afforestation, and natural regeneration), Water, Waste, Transport, Construction, and Fisheries. To a high degree, Malawi depends on international financing for climate change action. Currently, the Green Climate Fund (GCF) board has approved funding for 2 projects and programmes: (i) Scaling Up of Modernized Climate Information and Early Warning Systems in Malawi (total cost of US$16.2m (US$12.3m GCF grant; co-financing GOM US$2.2 & UNDP US$1.8m); (ii) Climate Investor One – financing to develop renewable energy projects in regions with power deficits to reduce energy costs and CO2 emissions (total project financing US$821.5m; GCF Grant US$100m).

45. Projects in Malawi can also be financed through the Adaptation Fund Global Environmental Facility which helps the government of Malawi adapt to climate change through integrated risk management strategies, and enhanced market opportunities for resilient food security and livelihoods. In 2019, the government started consultation with various stakeholders, and is in the process of establishing a National Climate Change Fund. Once operational, the fund will be a single institutional framework that will act as a basket for domestic and international resources, and coordinating climate change funds. It will serve as a national mechanism to leverage climate finance and support tracking of climate financing and investment in the country. Finance Management Information System (MIS) is being developed as a system to track inflows of climate resources towards climate change related interventions by different stakeholders, including international NGOs, bilateral and multilateral institutions, development banks, United Nations programmes, academic institutions, the private sector, and various non-state actors. Currently, a prototype of the system is being tested by climate change expert working groups.

46. Furthermore, an important part of Malawi’s mitigation agenda is directly managed by communities, which, by protecting forests, contribute to the preservation of carbon sinks. The overdependence on traditional biomass (wood, charcoal) and other fossil fuels to meet Malawi’s growing energy needs are threatening the country’s sustainability, as forest resources are being depleted as carbon sinks. The Ministry of Forestry hence put in place some payments for environmental services, which reduce the opportunity cost of not cutting trees, and thus incentivize communities to combat deforestation. In the short run, benefits of this protection are not perceived by communities - the Forestry Department of the MNRCC is thus considering reinforcing the system by integrating some carbon credits. Payment of environmental services could also be extended to the agriculture sector to support sustainable use of soils.

47. The Government of Malawi also elaborated some domestic sources of financing. The Malawi Revenue Authority generates financial resources through the Carbon Tax and Fuel Levy, which was introduced in the 2019/2020 fiscal year to raise funds for climate change mitigation and adaptation agenda. The Malawi Revenue Authority collects these resources through the National Roads Authority and the Malawi Energy Regulatory Authority. These carbon-related financial resources are supposed to be allocated to the National Climate Change Management Fund, which is currently not operational. Similarly, the disaster-related fund is supposed to receive financial resources from the vote of unforeseen expenditure. However, much of the financial allocation have targeted response side of the DRM instead of disaster risk reduction actions, which equally address climate change. Moreover, these appropriated resources are inadequate to cater for all climate change and disaster-related priority areas, implying the need of a more robust resource mobilization strategy.
Pillar 3.4: Recommendations

- Considering the inadequacy of the domestic resources collected and allocated to the national climate change fund, this fund could focus on supporting the screening of infrastructure for climate change risks and support project developers in integrating measures to support infrastructures resilience. This could be posed as a matching fund with Donor Partners, as it would establish the foundation for bringing pooled climate change dedicated funds on budget and increasing confidence in GoM systems.
  - Equally, the DRM fund could have a determined proportion to be allocated to climate change disasters, with specific objectives on prevention and preparedness, and a minimum amount to be spared for response to climate disasters.
- Develop and implement a resource mobilization strategy to: (i) specify the National Climate Change Monitoring Fund or the DRM Fund; (ii) prioritize key investments; (iii) specify eligible expenditures of each fund and to support the capitalization of both funds.
  - The resource mobilization strategy should be based on Malawi’s unconditional commitments under the NDCs, focus on adaptation, and identify a list of projects and adequate funding;
- Considering the amount of available resources and the cross-cutting nature of Climate Change, the National Climate Change Fund could be used to systematize EIA and climate change screening in all projects financed by domestic resources or donors;

Pillar 4: Subnational Governments and State-Owned Enterprises

48. Climate change has not been devolved to subnational governments in Malawi, but District Councils are assigned functions and services in various climate change-related sectors, and DRM has recently been devolved to subnational governments. There is however no policy in place at the subnational level for decarbonization and adaptation, nor for DRM. Moreover, subnational governments lack funds and capacity to be able to implement their mandates. Malawi’s SOEs are expected to report on their negative impacts on the environment, as per the Revised Code of Corporate Governance; however, there is no evidence that such reports are produced.

4.1. Functional assignment, coordination, and capacity

49. The Decentralization Policy (1998) provides that Local Authorities (LAs) are assigned functions and services which include sectors with important adaptation and mitigation potential, such as water, forestry, agriculture and, recently, DRM. Climate change per se has not been devolved to subnational governments, even though the Local Government Act (1998) assigns LAs to put in place a Health and Environment Committee and states that District Assemblies shall assist the Government to preserve the environment through protection of forests, wetlands, lake shores, and streams. Some district environment officers have thus been staffed at the Counsel Secretariat, but there are no environment officers at the grassroot level. Resilience related issues at the village level are overseen by forestry assistants and agriculture officers, who sit at the village natural resources management committee, created under the Environment Management Act (2017). Local natural resources management committees are mandated to prepare Local Environment Action Plans, which are meant to be consistent with the District Environment Action Plan and the National Environment Action Plan. Also, according to the NCCMP, the organizations and committees at all levels - Village Development Committees (VDC), Area Development Committees (ADC), District Executive Committees (DEC), District Councils (DC) - must ensure that climate change considerations are integrated into their programs, projects, and plans.
50. **District and Local levels of government are however not capacitated enough regarding climate change issues, even though Malawi developed some strategies on climate change learning.** The 2013 Strategy made a key achievement in developing training modules on climate change, which targeted 28 District Forestry Officers, 28 Directors of Planning, and 26 Environmental District Officers. The current Malawi Strategy on Climate Change Learning (2021) establishes as one of its four priorities the training of government professional officers at national and district levels in basic knowledge of climate change science, impacts of climate change on sustainable development, climate change financing, governance, and negotiation. The strategy also aims at developing human resource capacity with knowledge and skills to write fundable project proposals, and mobilizing local resources for climate change learning activities. The 2021 Strategy, however, does not provide any financing plan or timeline, which may hamper its implementation.

**Box 8. International example: The role of subnational governments in climate change policies**

The role of subnational government in framework legislation will be shaped by the institutional arrangements and functional responsibilities of national and subnational governments, as defined in the constitution and organic legislation. Framework legislation or other regulatory instruments may require subnational governments to set targets, prepare plans and strategies, and report on implementation. Institutional arrangements may be put in place to facilitate coordination across tiers of government, while allowing for flexibility to respond to local conditions.

**Mexico’s** General Law on Climate Change mandates Mexico’s 32 states and 2,475 municipalities to develop local mitigation and adaptation programs, and provides for their representation in the National Climate Change System. Colombia’s framework law requires regional, municipal, and district authorities to incorporate climate change management into their development and land management plans.

**Bangladesh** improved local coordination and collaboration for Disaster Risk Reduction. Bangladesh is highly vulnerable to disaster risks associated with climate change, such as tropical cyclones and storms, sea level rise and storm surges, coastal flooding, and vector-borne diseases. Although the country has made considerable progress over the past two decades in developing national disaster management policies and strategies, along with technical improvements in weather forecasting and early warning systems, the benefits of these efforts have not always reached local communities. To help improve local coordination and collaboration, national Standing Orders on Disaster (SOD) have increasingly recognized the role of local governance structures and actions at the community level, and the need to prioritize vulnerable groups for leadership positions. For instance, the 2019 SOD requires local government executive officers to work with youth volunteers (40 percent of whom must be women) to establish a first line of community defense and involvement in key functions, including early warning dissemination, evacuation, search and rescue, humanitarian assistance, and post-disaster rehabilitation. Progress on establishing more inclusive community level structures, however, has not always been matched with the fiscal resources needed to increase protective infrastructure in vulnerable communities.

51. **Urban local governments need to actively plan and coordinate climate investments and policies across sectors and with national-level actions.** Urban development encompasses the activities of several infrastructure and human development sectors that interact in cities (transportation, water, energy, health, education, jobs, etc.). While Malawi has adopted a National
Decentralization Policy in 1998 and assigned a wide range of functions to urban and local governments, in practice, the mandates are not clear and often conflict or overlap which reduces the effectiveness of public investments and service delivery. Local governments are also resource constrained and rely heavily on own-source revenues which are used to sustain overhead and operation and management functions. These revenues are not sufficient to finance large capital investments, which would typically rely on fiscal transfers from the central government. As a result, city councils are at a severe disadvantage to adequately plan and finance needed basic infrastructure for service delivery and for climate change adaptation. Local governments therefore require additional clarity on functional assignments for service delivery and greater levels of fiscal transfers for capital investments to better plan, coordinate, and implement a range of investments within urban areas.

52. The National Climate Change Policy (2012) implements some National and District Fora to engage with society to review climate change-related progress and advise on strategies and actions. District Fora are supported by a Secretariat based at the District Council - themselves being put under the supervision of the Ministry of Environment and Climate Change Management and other line ministries. District Fora have similar multi-sectoral representation to the National Forum: the parliamentary committee, civil society, including representation of disadvantaged groups, the private sector, academia, media and development partners, private sector and youth representation. The NAP Framework particularly emphasizes the need to develop context specific plans as climate change impacts communities differently. However, there is no mechanism in place to support coordination at the grassroot level with communities impacted by climate change. There is also a lack of clarity on how often the fora meet and the extent to which civil society’s inputs are considered. There are no minutes or reporting available on these discussions.

53. At the LA level, the Directorate of Planning and Development is supported by an M&E committee, which is composed of representatives from all devolved sectors, including the environment officer. A Local Authority M&E framework is in place and includes indicators on DRM and risks and vulnerabilities. Environment related indicators are used to produce District State of Environment reports, which, however, lack data on climate. DCCMS has indeed not devolved its functions, and there is no devolved officer for early warning systems and DRM.

54. Some work is currently ongoing to implement a management information system for the devolved sectors at the Local Government level. The Local Authority Management Information System (LAMIS) aims at integrating information on all devolved sectors at the Counsel Secretariat to inform the decision-making process. There is no indication whether the LAMIS has been institutionalized with local government systems to date – and equally, the system currently lacks consolidated indicators and data in the forestry and environment sectors. The LAMIS development process may be an opportunity to integrate climate change related indicators in the system to strengthen the monitoring of the climate change agenda at the local level.

Pillar 4.1: Recommendations

- Define districts and villages’ role in climate change and disaster risk management - mitigation activities, infrastructure management, preparedness, prevention, response and recovery.
- Support good ownership of the climate change mandate at the subnational level and within District Environment Committees through the provision of adequate funds and capacities in line with decentralized functions.
4.2 Strategic and Land Use Planning

55. Subnational governments (SNG) are not required to prepare decarbonization and adaptation strategies and plans. SNGs are, however, in charge of managing and planning local development, as the Local Government Act empowers local authorities in Malawi “to promote infrastructural and economic development by formulating, approving and implementing Local Development Plans (LDPs)” - District Development Plans (DDP) in district councils, or Urban Development Plans in city, municipal and town councils. The District Development Planning System involves the following activities: (1) production of district social economic profile (SEP); (2) formulation of a district development planning framework (DDPF); (3) preparation of district development plan (DDP), which also incorporates village action plans (VAP); (4) programming and implementation of projects; (5) monitoring and evaluation; and, (6) annual review and reappraisal. The Decentralized Environmental Management Guidelines introduce the preparation of District State of Environment and Outlook Report (DSEOR), to be part of the Socio-Economic Profile, elaborated in the District Development Plan. The DSEOR includes a chapter related to climate change, with a focus on vulnerability to natural disasters. This information is, however, not publicly available for all districts.

56. The Guidelines for Climate Change Adaptation in Development Planning (2017) provide key questions and priorities for integrating adaptation in the local development planning process. The guidelines present standard development planning stages for alignment with the Malawi local government district development planning system. Key questions, possible interventions and priorities for integrating adaptation into the local/district development planning process are highlighted. The implementation of these guidelines is not clear at this stage.

57. Malawian cities must act now to protect themselves from the impacts of climate change, particularly the impact of flooding. The high concentration of people, infrastructure, and economic activity in urban areas make them particularly vulnerable to climate change. The location of most cities next to water bodies, coupled with poor drainage due to impervious land cover and obstructed waterways, makes cities particularly prone to flooding, a hazard that is exacerbated by climate change. Currently, the flooding annual average damage (AAD) risk in Lilongwe is estimated over US$11 million (through a high resolution, semi-probabilistic flood risk assessment), a figure that is expected to increase exponentially with the combination of climate change.
change and city growth. Policy measures to anticipate the impact of these two flood risk drivers are urgent particularly when considering the growth rate of cities in Malawi.

59. **Flood risk-informed urban land use planning can keep flood risk at bay.** Land use planning can avoid development in flood prone areas, keep urban drainage clear from encroachment, and maintain or even enhance the ground infiltration capacity as the city expands. Under these conditions, flood risk should not increase as city expands. It is key to have appropriate information and knowledge to understand flooding and flood risk dynamics in cities to formulate cost effective policies and investments. In the case of Lilongwe, for example, the Lilongwe Flood Risk Assessment concluded that Lilongwe is exposed to both pluvial and fluvial floods. Flood risk mitigation strategies should respond to the particularities of each city.

**Pillar 4.2: Recommendations**

- Systematically integrate climate change objectives into District Development Plans.
- EAD and DCCMS to provide capacity at the District Council level to support the realization of preliminary recommendation bulletin #2.
- Encourage bottom-up reporting from villages to districts and from districts to EAD to support evidence-based decision-making and increase communities’ involvement in projects’ implementation.
- Formulate a land use and catchment management plan for the catchments upstream of the cities and urban centers of Malawi.

**4.3 Subnational climate finance**

60. **Subnational governments need to play an important role in mobilizing climate finance for low-carbon, climate-resilient urban development, but are instead highly dependent on national transfers.** Local governments and the national government have the joint responsibility of providing all public services, including the provision of environmental protection. However, financial autonomy of cities in Malawi is low. In FY2019/20, fiscal transfers represented 88 percent of on-budget financing for Malawi’s 28 rural District Councils, with the balance primarily funded through own-source revenues (OSR). City Councils and Municipal/Town Councils, on the other hand, fund 75-80 percent of their budgets through OSR. Since OSR is not tied to any specific services, cities and towns have significantly more financial autonomy vis-à-vis the national government and, as a consequence, their expenditure allocations vary significantly from their rural peers.

61. **The IGFTS is characterized by a large number of fragmented transfers that are primarily earmarked or conditioned by the center.** The system comprises 33 different transfers, which can be broadly broken into three categories: (i) development transfers reserved for capital investments; (ii) the General Resource Fund (GRF), originally designed as flexible funding for LAs (development or recurrent spending), but that is now only sufficient for District Councils to fund basic administrative and policy functions; and (iii) non-wage other recurrent transactions (ORTs), earmarked for specific sectors. Across these three categories, only eight percent of the total transfers in FY2021/22 were “discretionary”, such that local governments control how the funds are used, and for which they are directly accountable to their local citizens. The bulk of the transfers are represented by ORT transfers to 17 sectors earmarked for activities and, in effect undertaken by local governments on behalf of higher-level entities. Although personal emoluments account for 75-80 percent of all budgeted funds at the local level, these funds are not part of the transfer formulas and are never actually transferred to local council accounts.
62. **There are no explicit development transfers to Local Authorities dedicated to climate change projects.** Development transfers have increased in volume and as a percentage of the transfer pool in recent years, are driven by the introduction of the Performance Based Grant (PBG) in FY21/22 as a complement to the District Development Fund (DDF). These are purely discretionary, and are meant to fund priority development projects identified in District Development Plans (DDPs). Some projects could specifically target climate related objectives, but those actions are not coordinated, and environmental considerations are not systematic in local project identification and development. The Constituency Development Fund (CDF) - an amount allocated to each MP for development projects in their respective constituencies - has also steadily grown, and most notably was increased by 2.5 times in the FY22/23 budget to MK100 million per constituency. Other recurrent transactions (ORT) for Environment are transferred to Local Authorities, but have declined on a real, per capita basis by almost 50 percent since FY09/10. Notably, an ORT for Disaster Risk Management (DRM) was introduced in FY20/21 – which is now the largest sector ORT transfer behind health, education, and agriculture.16

63. **The Local Government Act established some Local Government Finance Committees but does not grant subnational climate related revenue competences** - it states that locally generated revenue shall include but not be limited to: (1) property rates; (2) ground rent; (3) fees and licenses; (4) commercial undertakings; and (5) services charges. The National Agriculture Policy states that the Ministry shall promote decentralization of decision-making, including fiscal decentralization, which could be the opportunity to develop subsidies or levies to create incentives for climate investments in the sector. No guidelines were, however, produced to implement this fiscal decentralization. Moreover, the National Strategy on Climate Change Learning includes actions related to local resource mobilization by stating that “the Forestry Department should allocate some of tobacco levy collected to capacity building on climate change learning”.

64. **Coordinated action between national and local governments could play an important role for advancing the climate change agenda by mainstreaming climate resilience into urban planning and capital investments.** The country can mobilize finance for urban climate action by leveraging or earmarking intergovernmental fiscal transfers to incentivize cities to prioritize low-carbon and resilient investment, and developing the capacity of subnational governments to incorporate climate change considerations into their spatial planning and investment planning process, facilitating subnational government’s access to climate finance, and mobilizing private investment.17 City councils will also have to take steps to develop data systems and screening tools to evaluate and assess trade-offs in identifying and prioritizing different capital investments in terms of climate and resilience impacts (such as carbon footprints, lifecycle and replacement costs, operations and maintenance, and so on). Currently, with support from the World Bank, the NLGFC is implementing a Climate Smart Enhanced Public Works Programme (EPWP) pilot in 10 district councils: Chitipa, Karonga, Nkhotakota, Kasungu, Dowa, Lilongwe, Balaka, Chiradzulu, Phalombe, and Blantrye. The focus of the EPWP is on integrated watershed management interventions covering subprojects such as land resource conservation, afforestation, environment and road infrastructure, as well as sustainable livelihoods.18

**Pillar 4.3: Recommendations**

- Provide discretionary funds to local governments in order to empower district led responses to climate change. These funds could be allocated following performance-based architecture and integrating allocation criteria related to communities’ engagement.

- Strengthen property tax collection systems and the introduction of land value capture tools to support urban regeneration, densification in the urban cores and the provision of all-serviced affordable land for low-income population in line with urban planning and land use standards.
4.4 State-owned enterprises

65. The Revised Code of Corporate Governance (RCCG, 2010) introduces the definition of sustainable development to apply to all Malawian companies' operations, including SOEs: “Organizations should conduct their operations in a manner that meets existing needs without compromising the ability of future generations to meet their needs. It means having regard to the impact that the organizations’ operations have on the environment, economic and social life of the community in which it operates. This should include its supply chain i.e., access to the resources and raw materials it needs to carry out its operations”. In terms of reporting, the RCCG also requests corporations to report on “how they have both positively and negatively impacted on the environment and on the economic and social life of the community in which they operate and how they believe they can improve the positive and eradicate or lessen the negative aspects in the coming year”. This sustainability reporting should be integrated with the organization’s financial reporting.

66. Most Malawi’s parastatals play a key role in the implementation of the climate change agenda; however, they are not mentioned in climate change regulations or policies. There are close to fifty parastatals in Malawi, most of them operating in sectors related to climate change actions, especially agriculture and water, energy and natural resource, industry, transport and technology. SOEs should play an incremental role in assisting the government to meet climate change goals and limiting environmental damage by being on the frontline regarding the shift to climate-smart public investments. However, SOEs are not mentioned among key stakeholders in climate change regulations and no framework was provided for them to report on their impact on the environment and these reports, if produced, are not publicly available.

Pillar 4.4: Recommendations

- Develop a framework for SOEs to report on their impacts on the environment and make this information publicly available.
- Provide capacity building to support SOEs’ appropriation of the framework and support their online publication.

Pillar 5. Accountability

67. Malawi does not have strong transparency and engagement mechanisms for civil society, the private sector, and other stakeholders, as well as the roles of expert advisory and oversight institutions. This study examined various documents and found that, in theory, efforts are dedicated to achieving accountability through policies, framework, action plans, strategies, guidelines, reports, and mechanisms. However, there is a wide gap between these theoretical commitments and the ground reality. For Malawi to bridge the gap and achieve accountability, it will need to strengthen existing commitments on access to information, independent expert advice, legislation, audit, and judicial capacity.

5.1. Access to Climate information

68. Malawi has no shortage of climate documents that cement grounds for climate information. However, there is not enough evidence of the functionality, and the extent of their accessibility and availability to all stakeholders and the wider public; and whether the information is utilized to enhance climate resilience, mitigation, adaptation, and disaster risk management. Examples of key climate documents studied include Environmental Impact Assessment Guidelines, National Climate Change Policy 2016, Malawi’s Strategy on Climate Change Learning, National Biodiversity
Environmental Impact Assessment guidelines facilitate compliance with Malawi’s environmental impact assessment requirements by the Government, project developers, and the general public. The guidelines apply to both public and private sectors, and are intended for use by government ministries and departments, project developers, politicians, consultants, NGOs, and environmental pressure groups. The Director of Environmental Affairs in the Environmental Affairs Department manages the EIA process. National Climate Change Policy 2016 is a key instrument for managing climate change in Malawi and is in line with national aspirations, as well as regional and international obligations. Its role is to also guide and coordinate implementation of relevant provisions, and ensure review every five years to incorporate emerging issues.

Malawi’s Strategy on Climate Change Learning is broken down into individual learning to create awareness through various channels. They are: Individual learning which comprises the creation of awareness through social media, workshops, online courses, panel discussions, conferences, translating information to local languages, and creating local climate change champions; Capacity building for institutions focusing on learning needs and capacity gaps that target Department of Higher Education in the Ministry of Education, Science and Technology, Private Schools Association of Malawi, Faith-Based Organizations, NGOs, and environmental pressure groups. The Director of Environmental Affairs in the Environmental Affairs Department manages the EIA process. National Climate Change Policy 2016 is a key instrument for managing climate change in Malawi and is in line with national aspirations, as well as regional and international obligations. Its role is to also guide and coordinate implementation of relevant provisions, and ensure review every five years to incorporate emerging issues.

The National Adaptation Plan (NAP) process started in 2014 and its objective is to reduce vulnerability to the impacts of climate change by building adaptive capacity and resilience, while integrating climate change adaptation into relevant new and existing national development policies, programs and activities. The National Adaptation Plan Framework published in 2020 involved the process of identifying available information on climate change impacts, vulnerability and adaptation, and assessing gaps and needs of the enabling environment for NAP.

National Forest Landscape Restoration Strategy presents the results of the National Forest Landscape Restoration Assessment (NFLRA) for Malawi and provides data, analysis, and vision to achieve large-scale restoration. Malawi’s national goals for forest landscape restoration are: increase agricultural productivity and food security; enhance community resilience to climate change; address water scarcity for household consumption, irrigated agriculture, and hydropower generation; and, enhance the availability and sustainability of biomass energy, and other forest products.

The Government of Malawi has put in place policies and strategies to address climate change impacts across different sectors as a requirement to track and reduce emission targets. There are institutional mechanisms for coordination of climate change, but they suffer from inadequate systems to mainstream climate change adaptation issues into national and subnational planning processes and activities. The report provides crucial climate projections such as increase in average annual temperatures from the 1970-99 average of 1.1-3.0°C by the 2060s, and of 1.5-5.0°C by the 2090s. Projected changes in annual precipitation for the 2030s range from a decrease of 13 percent to an increase of 32 percent from the 1970-99 average. Even with an estimated increase in total annual rainfall, the number of rainfall events is likely to decrease, with significant increases in the intensity of each episode. There will also be an increase in the frequency of droughts and floods.
Pillar 5.1: Recommendations

- Disseminate climate information through platforms that are accessible to citizens.
- Require mandated government agencies to provide climate change information through Access to Information Act.
- Strengthen inclusion of CSOs in climate change plans.

5.2 Stakeholder engagement

74. Malawi has a stakeholder engagement mechanism and recognizes that participation and ownership will allow stakeholders and beneficiaries to be involved in the National Adaptation Plan activities - hence, enabling information sharing and reduction of duplication of climate related efforts. Malawi takes into consideration the importance of soliciting stakeholder views through each step of the NAP. It is noted that the many climate change adaptation actors in Malawi are to engage with the NAP process, guided by the framework to increase focus that goes into climate change adaptation planning and funding activities, considering the reality that adaptation activities are underfunded at both central and district level. An example of Malawi’s recognition of stakeholders’ involvement is the participation of civil society, non-government organizations, and the private sector’s role in supporting the country’s Strategic Programme for Climate Resilience which was formulated by the government in collaboration with the World Bank and the African Development Bank.

75. The biggest civil society network focused on climate change issues is the Civil Society Network on Climate Change (CISONECC). According to Malawi’s Ministry of Forestry and Natural Resources, Environmental Affairs Department Strategy on Climate Change Learning, CISONECC is made up of 70 member organizations and was established in 2008 to coordinate civil society responses to climate change and related disasters in Malawi; as well as provide a platform of engagement with government and other stakeholders on climate change and related fields. In addition, CISONECC exists to contribute to the improvement of adaptation and mitigation of climate change impacts. CISONECC states that it is involved in policy research and advocacy to influence the development of various policies such as the NDRM, the National Climate Change Policy and the National Meteorological Policy, as well as the initial NAP process. Part of its mandate is to coordinate civil society networks and collaborate with relevant stakeholders to facilitate dialogues during international processes such as the UN climate negotiations. The network is represented in various national level committees and participates in national climate change-related campaigns.

76. Southern Voices on Adaptation engaged with different civil society partners to provide input to a Least Developed Countries Expert Group (LEG) meeting on National Adaptation Plans (NAPs) in February 2018, upon invitation from UNFCCC. For Malawi, CISONECC provided feedback on participation and transparency in the NAP and highlighted that the mechanism in place is not implemented consistently. Further, the Environmental and Social Impact Assessment (ESIA) is said to be a requirement by law, but its practice or implementation is not properly conducted. Some issues related to the NAP include the stalling of the process due to financial constraints. Regarding participation, feedback includes: the needs of vulnerable groups are not prioritized in implementation and lack support beyond official documents; inadequate resources to bring CSO stakeholders together; lack of clear monitoring and evaluation framework of NAP and dissemination to all stakeholders; mechanism to publish budget allocation for specific projects seems to not be transparent and decentralized; and, transparency of information from government on funding is stated as “controlled and regulated”.

77. **Through further analysis of what is happening in practice, the study revealed that non-government stakeholders are active in various capacities.** For example, the Malawi-Scotland Partnership exists to coordinate projects mainly focused on capacity building, mobilizing young Malawians, training and exposing the youth on the process of international climate change, and to operate technology. National Youth Network on Climate Change focuses on climate justice regarding issues of climate change and natural resources, and capacity building for girls and women through training with an objective to gain knowledge on the effects of climate change. Pressing challenges affecting engagement of stakeholders as identified include lack of human and financial capacity in the area of climate change among key sectors; little involvement from the private sector which affects investments in climate change management; lack of organized and consolidated social, economic and climate data across relevant sectors; and lack of predictability of funding.

78. **Malawi has the institutional space for consideration of stakeholder inputs. The extent to which these inputs are considered requires the study of practical examples.** Based on the data analyzed, lack of coordination with government sectors such as DoDMA limits the contribution and involvement of CSOs. In a similar light, CSOs have not made significant contributions to checks and balances, involvement in budget analysis, and participation in parliamentary affairs to ensure accountability. CSOs are currently involved in pressuring the parliament for the DRM Bill to be passed, and if enacted, it would lead to achieving financing and fiscal decentralization. CSOs are also involved in following the development fund to ensure that funds go to climate change from sources such as carbon tax and fuel levy.

79. **One of the objectives for the National Forest Policy (2016) is to provide a framework for the promotion and participation of local communities, civil society, and the private sector in the management of and forest conservation.** The role of civil society in the framework is to support capacity building of local communities, and the provision of inputs for afforestation and community mobilization. The private sector’s role is to ensure the creation of small and medium scale industries to increase employment in forestry, provide financing to forestry sector, and develop markets for forest goods. Other stakeholders that are listed with inputs to contribute include academia, traditional leaders, city and district councils, media, and other important stakeholders.

80. **An assessment of stakeholder participation in Malawi found that the government’s implementation, monitoring and evaluation strategy does not provide for the monitoring and evaluation of community participation, including marginalized groups.** Stakeholder interviews yielded mixed responses and organizations representing the disabled, and women farmers were not consulted while youth groups, civil society organizations, and human rights groups were consulted. Participants in farmers’ field schools were engaged with major magnitude and significance, whereas lack of coordination and leadership across sectors and between stakeholder groups exists. This includes a lack of a well-structured policy monitoring and evaluation framework.

81. **An assessment of stakeholder participation in Malawi’s NCCMP, and Implementation, Monitoring and Evaluation Strategy for the NCCMP reported the following issues regarding the development and implementation of the policy.** It appears that there is an issue of access and inclusion of all stakeholders to participate; in the process of conducting interviews, some organizations participated while others did not. For example, the organization for disabled (FEDOMA) and women farmers (COWFA) were not involved, while organizations like CISONECC and Action Aid were involved; non-expert stakeholders were not involved in the planning and designing processes of the policy; stakeholders such as government entities, development partners including UNDP and DFID, international, national and local NGOs were involved; it was found that expert stakeholders showed a lack of well-structured policy results monitoring and evaluation framework, leading to failure to report on targets and report on progress achieved; per case
study in the assessment, the NNCMP is yielding positive impact regardless of the degree to which organizations representing communities participate in the process.

82. During CISONECC’s delivery of community priorities to the inception of Malawi’s NAP, it provided data on climate change where the government lacked information on the needs of local communities. CISONECC is Malawi’s Southern Voices on Adaptation partner, and therefore followed the key objective of the Southern Voices on Adaptation project for the NAP process to adopt and implement priorities of vulnerable groups. While CISONECC’s close involvement with the government enabled it to produce vulnerability reports in 2015 and 2016, a culmination of the organization’s contribution to addressing climate issues in the country, it is not clear whether it made attempts to ensure inclusion of stakeholder inputs from vulnerable groups and ensuring government was accountable.

83. While Malawi has a commendable platform for citizen participation in climate issues, it can look to other countries with similar initiatives and borrow lessons that can be applied in Malawi. Participation can enhance policy design and planning by raising awareness and enabling a better understanding of the complex issue of climate change. It can build trust, ownership and support for proposed policies and plans, and facilitate their implementation. The creation of a permanent multi-stakeholder mechanism to advise on climate change policy can foster effective and inclusive participation.

Box 9. International Experience: Stakeholder Engagement

Costa Rica created the Consejo Consultativo Ciudadano de Cambio Climático as a permanent platform for citizen participation. As a consultative space, it contributes to the design and implementation of national climate change policy and the NDCs. It is composed of representatives of social organizations and the private sector covering seven key sectors. The Ministry of Environment and the Direction of Climate Change are represented, but do not have the right to vote.

Argentina created the Mesa Ampliada as a permanent consultation mechanism under its National Climate Change Cabinet. The Mesa includes representatives of civil society, the private sector, trade unions, academia, political parties, indigenous communities, and municipalities, amongst others. It is complemented by an ongoing Climate Change Dialogue bringing together a broad range of actors.

Source: World Bank Note on Open Government and Climate Change

Pillar 5.2: Recommendations

- Coordinate with non-governmental stakeholders through a unified coordination body and mechanism for CSOs, government and DPs in the CC and DRM Sectors.

5.3 Independent expert advice

84. While Malawi’s Climate Change Policy provides capacity for Expert Working Groups focused on specialized thematic groups and technical guidance, it does not provide a clear advisory mechanism that is adequately functional. Malawi’s treatment of all project-specific committees as expert groups raises institutional concerns regarding stability of funding for the mechanism, transparency of the mechanism’s governance and management, and effective assessment of technical and financial resources, among others. The Working Groups report to the National
Malawi CCDR Climate Change Institutional Assessment

Climate Change Technical Committee which focuses on Adaptation, Mitigation Clean Development Mechanisms (CDM), and Climate Finance. However, the National Technical Committee on Climate Change, which is a part of the national climate change structure, provides technical guidance to all key ministries and departments undertaking all climate change-related issues. Malawi would benefit from a diverse expert advisory body that conducts studies or evaluations to inform laws and policies - and requires the government to respond to advice as a constituted responsibility. Some countries Malawi can look to for lessons are Mexico and the United Kingdom.

Box 10. Climate change considerations in sectoral development plans

In Mexico, independent advice is provided through the Consultative Council on Climate Change (C3). A permanent consultative body, C3 comprises representatives from civil society, the private sector, and academia. C3 recommends studies and policies, proposes adaptation and mitigation goals, and promotes stakeholder participation. C3 does not have a designated budget and its members operate on a voluntary basis. The law designates the National Institute of Ecology and Climate Change as the entity for coordination of scientific research on climate change and the provision of technical and scientific assistance to the Ministry for the Environment. In Costa Rica, Decree No. 40615 creates the Scientific Council on Climate Change as an independent consultative body of academics, researchers, and experts to advise the government on climate science and technological development. The council is attached to the Climate Change Directorate of the Ministry of Environment and Energy and prepares reports at the request of the ministry, as well as having the authority to express itself on relevant matters.

The UK Climate Change Committee plays a critical role in maintaining political commitment to climate goals and adherence to the Climate Change Act. The committee comprises eight experts from academia, business, civil society, and politics, with an adaptation sub-committee of six members. The act requires the committee to recommend emissions reduction targets to Parliament, advise the government on setting carbon budgets, and assess progress made in meeting them. The act requires Parliament to have access to the committee’s advice and obliges the government to respond to the committee’s recommendations, so that government cannot ignore their advice. The committee has an effective public communications function, and its advice is regularly referred to in the media.

5.4 Legislative body

The legislative power in Malawi is exercised by the parliament and oversees policymaking and government action on climate change. However, the Ministry of Justice and Constitutional Affairs is responsible for the legal matters within the Government machinery, including Climate Change - Disaster Risk Management legal framework. The Ministry leads and coordinates the development and approval of the Bill, whereas the CC-DRM responsible MDAs only provide inputs on the content of the bill.

Malawi faces critical challenges and gaps in practice to implement a legally binding climate change framework. The DRM Bill has been sitting in parliament for more than two years, leading to slow action by the government in responding to climate related shocks. A climate Bill is underway; however, the functional structures of the parliamentary committee are weak, especially among committees within departments. Funding constraints, limited awareness of data and research on climate change, and broad agendas contribute to the weak functional structures. For example, the committee on Agriculture and Natural Resources only meets once per quarter. In addition, there exists a wide capacity gap between climate policy and climate change and can limit the content of the Bill and extend the time of preparation and adaptation.
Pillar 5.4: Recommendations

- Provide capacity building for parliamentary committees on climate change to enhance sustainable knowledge and awareness of current climate trends.

5.5 Audit

87. **Malawi’s climate change-related expenditures are mostly financed off-budget through DP resources that are not tracked, monitored, or evaluated by the government.** This reality makes it a challenge for the Government of Malawi to know the impacts of donor-supported programs, including auditing climate expenditures. There is no available evidence of Malawi’s Supreme Audit Institution’s capacity to review implementation of government climate change policies and evaluations of fiscal and program performance, compliance with international commitments and established targets, publication of audit reports and evaluations, and government action taken to address climate-informed audits. Globally, climate change is an increasingly important subject for Supreme Audit Institutions, as a large and growing amount of money is being spent on reducing emissions, enhancing sinks, and adapting to climate change. Climate change audits can provide governments with useful information on the risks of climate change and how to address them.

**Box 11. International Experience: Audit**

**INTOSAI:** The International Organization of Supreme Audit Institutions (INTOSAI) has elaborated general Guidance on Auditing the Government Response to Climate Change. Bangladesh, for example, has adapted the INTOSAI guidelines for climate performance audits and published its own Guidelines for Planning Climate Performance Audits, which are applied to climate-relevant projects identified through the climate budget tagging system.

Source: World Bank Note on Open Government and Climate Change.

**Tanzania:** The National Audit of Tanzania (NAOT) audits various development partner-funded projects. Regarding instances where development partners have concerns with projects in Tanzania, they ask the NAOT to conduct audits; and in different cases, produce joint audit reports. While this process does not appear as mandated by the law, it creates room for the NAOT to collaborate with DPs, hence pushing for transparency. Given that Malawi’s climate change-related expenditures are mostly financed off-budget through DP resources that are not tracked, monitored, or evaluated by the government, learning from NAOT as an example of good practice would benefit Malawi’s climate change expenditure, through focus on auditing climate related projects and spending.

Pillar 5.5: Recommendations

- Integrate climate change dimensions in Malawi’s national audit process.
- Require implementing government agencies to submit climate expenditure documents.
Priority Recommendations

87. **The Government of Malawi has shown commitments towards climate adaptation - but there remains an implementation gap between the CC-DRM regulatory framework and the delivery of climate change actions and investments.** The following options should be adopted to promote a “whole-of-government” approach to systematically mainstream climate change considerations in service delivery and public investments and increase resilience to climate hazards: (i) develop and pass a coordinated CC-DRM legal framework; (ii) increase incentives for commitments to a pooled and dedicated funding for CC-DRM interventions; (iii) streamline CC-DRM sensitive PIM across all Government infrastructure investments; (iv) empower local governments through deepened fiscal decentralization of CC and DRM funds to support a district-led environmental action plans; (v) enhance citizen-led, results-driven innovations; and, (vi) prioritize targeted capacity building within and between levels of government.

i) **Develop and Pass a Coordinated Climate Change-DRM Legal Framework:** The Government should coordinate development and fast-track the approval of the new Climate Change Bill with the DRM Bill that remains on the sidelines. Within the CC Law, make recommendations to: (i) integrate the NDC process in the national legal framework, by requesting for the submission of annual progress reports on NDC targets; (ii) strengthen the leadership of the mandated government agencies, namely, MEPA, EAD, DCCMS, and DoDMA, with required human and financial resources; (iii) clarify mandates of various stakeholders at the national and local level and enhance the coordination process; and, (iv) implement a CC-DRM led M&E framework to be used by relevant sectors, with the support of MEPA, DCCMS, EAD, and DoDMA.

ii) **Increase incentives for commitments to pooled dedicated CC - DRM funding:** As provided in the NDC, develop a resource mobilization strategy to support the implementation of the NDCs, that shall clarify eligible expenditures to be spent under the EAD (CC Fund) and DRM Fund. Considering the inadequacy of resources allocated to the various CC-DRM implementing agencies, focus the CCM Fund to support screening, prioritization, and designing of public infrastructure projects in order to integrate mainstreaming of climate change and disaster risks across infrastructure investments (on the location and on the project itself). In other words, the relatively limited amount of climate earmarked funds should be used to make all financed infrastructure projects more climate change- and disaster-resilient. Resources for these investments could also mirror an element of a matching fund with Donor Partners – establishing the foundation for bringing pooled CC dedicated funds on-budget and increasing confidence in GoM systems. Equally, the DRM fund could have a pre-determined proportion to be allocated to climate change disasters, with specific objectives on disaster risk reduction, prevention and preparedness, with some resources earmarked for disaster response and humanitarian assistance.

iii) **Streamline Climate-sensitive Public Investment Management across all GoM infrastructure investments:** Government should integrate climate change screening risks in the PSIP process and make this process binding and mandatory for all projects through regulations following the recently passed PFM Act 2022. The PSIP should ensure that ESIA is part of the funding qualification of the public infrastructure investments and eventually becoming an incentive for GPPP mainstreaming.

iv) **Empower local governments through deepened fiscal decentralization of CC funds to support a district-led environmental and CC-DRM management action plans:** First, the Ministry of Finance and Economic Affairs should provide discretionary funds to local governments to empower district led CC-DRM investments that are tied to performance and existing Performance Based Grant architecture at district and local level. Second, Department of Economic Planning should develop a monitoring, evaluation, and reporting mechanism that
allows exchange of CC-DRM information between districts and central government responsible agencies, such as MEPA, DCCMS, EAD, and DoDMA. Third, the monitoring system should allow annual tracking of progress reports on CC-DRM investments. Lastly, integrate CC-DRM related objectives and actions, contained in the NDCs and NRS, in District Development Plans.

v) **Augment citizen-led, results-driven innovations:** Stakeholders in the CC-DRM landscape should embrace participatory mechanisms, since CC-DRM challenges are multisectoral and include several layers of governance and engagement. Thus, the assessment recommends a combination of: (i) Community engagement in environmental and CC-DRM actions plans; (ii) upstreaming civil society engagement in CC policy designs and implementation process; and, (iii) experimenting further and scaling-up with best practices piloted in other countries or within the region.

vi) **Prioritize targeted capacity building within and between levels of government:** Prioritization of CC-DRM actions are towards adaptation or response, which also lack the technical capacity, with demonstrated research, technology development, and transfer. Thus, the assessment proposes that: (i) responsible agencies, that is, MEPA, DCCMS, EAD, and DoDMA should further provide capacity building to the MoFEA and line ministries on the NDC and NRS objectives and prioritized areas; (ii) MEPA, DCCMS, EAD, and DoDMA should also offer capacity building trainings at the District Council level to support the implementation of CC-DRM actions; (iii) District Development Planning should be informed by the production of comprehensive hazard maps, including land use planning and investments; (iv) strengthen collaboration between MDAs and Civil Society Organizations working on CC-DRM through the NTCCC-DRM and Expert Working Groups, including the National Youth Council of Malawi; and (v) strengthen the stakeholder engagement to achieve trusted and functional accountability mechanisms.
Annex 1: CCIA Instrument

1. Organization

1.1. Regulatory Framework

Questions

1.1.1. **Legal basis for climate change policy and action.** Assesses the certainty and clarity provided by the regulatory framework (for example, laws, regulations, decrees) in the governance of climate change, including:
- The existence of a climate change framework law, or other laws, decrees, etc.
- Whether national and sectoral, medium- and long-term, decarbonization and adaptation targets (in line with those in the NDC/LTS) are legally grounded
- Legal mechanisms for translating targets into action (for example, carbon budgets, sector targets) and to develop decarbonization and adaptation policy instruments (who will prepare and by when).

1.2. Functional mandates

The purpose of this section is to assess whether the key functional mandates for overarching climate leadership, sectoral technical advice, planning and finance have been appropriately assigned among government agencies for the production of climate strategies, plans, policies, regulations, programs and evaluations - and whether there are any overlaps, gaps, uncertainties and inefficiencies.

Questions

1.2.1. **Leadership.** Assesses the mandate for economy/society-wide leadership on climate change strategy, planning and policy, including:
- Clarity, consistency, overlaps/gaps/inefficiencies/uncertainties and legal basis
- Interaction of leadership function with other parts of government
- Examples of leadership being exercised (for example, update to the NDC or preparation of a long-term strategy).

1.2.2. **Technical/sectoral advice.** Assesses the mandate to provide technical advice and develop sectoral regulation, policy, programs and evaluations (for example, in energy, agriculture, transport, nature conservation etc.), including:
- Clarity, consistency, overlaps/gaps/inefficiencies/uncertainties and legal basis
- Interaction of technical mandate with leadership and finance/planning
- Examples of technical advice being provided in economy-wide processes (for example, update to the NDC or preparation of a long-term strategy).

1.2.3 **Finance and planning.** Assesses the mandate for economy/finance advice to be provided functions on climate change issues and climate included in national plans and budgets, including:
- Clarity, consistency, overlaps/gaps/inefficiencies/uncertainties and legal basis
- Interaction of finance/planning mandate with leadership and technical
- Examples of finance/planning advice being provided in economy-wide processes (for example, update to the NDC or preparation of a long-term strategy).
1.3. **Government coordination**

The purpose of this element is to determine how effectively the government is coordinating efforts on climate change strategy, policy and implementation.

**Questions**

1.3.1. **Establishment.** Assesses the existence of a body/ies to coordinate the country’s response to climate change, including:
- Basis in law/regulation
- Level of authority/seniority to undertake the task (for example, housed in a central and high-level location; led by a senior official; received high-level support)
- Incentives to participate (for example, inclusion in government/leadership performance framework).

1.3.2. **Mandate and composition.** Assesses the mandate and composition of the coordination bodies, including:
- Coverage of strategy, policy, planning, and implementation
- Convening, advisory or decision powers
- Appropriate ness of ministries, departments, agencies included
- Inclusion of subnational governments
- Inclusion of actors from outside government.

1.3.3. **Functioning.** Assesses the effectiveness of the coordination body *in practice*, including:
- Regularity of meetings, level of participation, substantiveness of decisions, and publication of minutes
- Sufficiency of human and financial resources
- Examples of coordination (for example, in NDC update, LTS, climate law or other cross-cutting process).

1.4. **Technical capacity**

This assesses the technical capacity at the core center of government agencies (such as planning, economy and finance) to mainstream climate change into their functions.

**Questions**

1.4.1. **Strategic management.** Alignment of the strategic framework with national climate change commitments/plans, including (as relevant/feasible):
- Vision statement/strategic plan references to climate change
- Assessment to gauge readiness for mainstreaming climate change
- Allocation of financial resources to reflect climate change priorities.

1.4.2. **Organizational management.** Alignment of organizational structure and systems with climate change policies, including (as relevant/feasible):
- Existence of climate change departments, units, focal points, etc. or other organizational changes
- Clarity of roles and responsibilities to act on climate change and internal coordination
- Coordination with other agencies and levels of governments
- Inclusion of climate change in the ministry’s performance targets and other accountability processes
- Use of IT systems and climate change data.
1.4.3. **Human resource management.** Rules and practices to recruit, train and motivate staff on climate change, including (as relevant/feasible):
- Internal capacity assessment and/or capacity strategy/action plan
- Recruitment and deployment of climate specialists
- Training or capacity programs
- Inclusion of climate change in individual staff/team performance framework and other incentives to reward performance.

1.4.4. **Climate Training.** Assessing the government’s civil service training system for inclusion of climate change governance issues, including (as relevant/feasible):
- Courses on climate change planning, budgeting, procurement, monitoring, reporting and verification
- The agencies involved in the design, delivery and receipt of the training
- Frequency, coverage and sustainability of training.

2. **Planning**

Questions in this pillar evaluate systems for climate change risk and vulnerability assessments, strategies, and plans and the regulatory framework for the climate change planning and policy process. If the CCIA is being done in the context of another process, for example, a long-term strategy or a WBG Country Climate and Development Report – it’s likely that these issues may already be tackled by other analytical pieces.

2.1. **Long-term strategy**

Questions in this sub-pillar cover national long-term low emissions and adaptation development strategy; distributional impact assessments; 2050 emissions reduction and net-zero targets; long-term objectives for adaptation; mechanisms to increase ambition; and integration of institutional analysis and reforms.

2.1.1. **Long-term strategic planning.** Assesses the existence of a long-term climate change strategy and whether its content provides an adequate framework for long-term planning and the policy process. Verify if the following elements are present:
- An assessment of the current state of GHG emissions and climate trends
- 2050 GHG emission reduction target for the economy, a net-zero target by a selected date, detailed with scenarios and a change narrative
- Economic analysis – such as macro, fiscal, and distributional – to support achievement of both long-term climate goals with other policy objectives
- In addition to decarbonization, integration of other national objectives into the LTS, such as resilience and adaption, inclusion and economic growth, and environmental protection
- Covers specific sectors as relevant (for example, energy).

2.1.2. **Process.** Assesses how the practical process of drafting the long-term strategy was carried out.
- Whether it was drafted in a participatory manner, which included various stakeholders such as technical experts, academics, private sector and industry representatives, NGOs, public officials, and policymakers
- Whether process improved the overall acceptance of the climate measures and led to political buy-in as it included multiple sectors.
### Questions

#### 2.1.3. **Arrangements.** Assesses whether the long-term strategy includes provisions and arrangements to facilitate and ensure the achievement of targets
- Whether it includes mechanisms to revise targets/increase ambition periodically based on updated assessments of the viability or necessity
- Whether it sets out clear governance arrangements or provisions regarding structures to be created or reforms to institutions.

#### 2.2. **Medium-term strategy**

Questions under this sub-pillar cover the consistency of NDC with long-term decarbonization targets; role of private sector; cost estimates; sector targets; integration with development plans; conditionality of targets; and integration of institutional and policy reforms.

#### Questions

##### 2.2.1. **Medium-term strategy.** Assesses the adequacy of the medium-term framework for climate change planning and the policy process, and whether it is consistent with long-term goals
- Targets contained in the Nationally Determined Contributions (NDCs) on decarbonization and adaptation, conditional and unconditional
- NDC targets are set in relation to the targets set in the long-term strategy and the national climate change policy
- Existence of specific sector targets
- Availability of cost estimates
- Inclusion of specific impacts on women, the poor, and vulnerable groups
- Existence of additional sustainable development, green growth, and disaster risk management policy frameworks that might have relevance to climate change response.

##### 2.2.2. **Process.** Assesses how the practical process of drafting the medium-term strategy was carried out.
- Whether it was drafted in a participatory manner, which included various stakeholders such as technical experts, academics, private sector, industry representatives, NGOs, public officials, and policy makers
- Whether process improved overall acceptance of the climate measures and led to political buy-in as it included multiple sectors.

##### 2.2.3. **Arrangements.** Assesses whether there are mid-term provisions and arrangements to facilitate the achievement of targets
- Mobilization/participation of private sector
- Overall institutional set-up for the formulation and implementation of climate change policy defined.

#### 2.3. **Risk and vulnerability**

Questions under this sub-pillar cover availability of climate risk and vulnerability assessments; treatment of physical and transition risks; procedures for updating assessments in line with new evidence; and public information.

#### Questions

##### 2.3.1. **Availability of assessments.** Assess whether up-to-date risk and vulnerability assessments are available to the government and the public and its scope
- If there is a requirement to prepare these evaluations, who is responsible and how often have they been produced or are updated
- Inclusion of the physical transition risk of climate change and the risk of not undergoing a low-carbon transition
- Whether assessments are publicly available.
2.4. Development planning

Questions under this sub-pillar assess integration of decarbonization and adaptation into the national development plan; consistency with long-term strategies and NDC; requirements for national, sector, and subnational decarbonization and adaptation plans; and requirement for integration of climate change into sector agencies’ plans and strategies.

<table>
<thead>
<tr>
<th>Questions</th>
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</thead>
<tbody>
<tr>
<td><strong>2.4.1. Legal and regulatory requirements.</strong> Assesses the existence of provisions in laws/policies for the government to:</td>
</tr>
<tr>
<td>• prepare national decarbonization and adaptation strategies and plans, and</td>
</tr>
<tr>
<td>• ensure integration of climate change strategies and plans in existing national planning instruments, such as development plans, sector plans, and the annual budget process.</td>
</tr>
<tr>
<td><strong>2.4.2. Consistency.</strong> Assesses whether climate actions (decarbonization and adaptation) are reflected in the National Development Plan, specifically whether targets and dates are consistent, and financing plans exist.</td>
</tr>
<tr>
<td><strong>2.4.3. Sector and subnational planning.</strong> Assesses the existence of provisions in laws/policies for sectors and subnational agencies to:</td>
</tr>
<tr>
<td>• develop their climate change plans or integrate climate change into the sectoral and subnational plans, and, if so, which sectors.</td>
</tr>
</tbody>
</table>

2.5. Monitoring, reporting and verifications (MRV)

Questions under this sub-pillar cover assignment of MRV obligations and functions, including inventory of greenhouse gas emissions, adaptation actions and financing, disclosure, and coordination among government agencies and private sector; capacity of participants; completeness and timeliness of data; availability of centralized data system; and use of MRV data in target setting, strategies, policies, and evaluations.

<table>
<thead>
<tr>
<th>Questions</th>
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</thead>
<tbody>
<tr>
<td><strong>2.5.1 Regulatory Requirements.</strong> Assesses the existence and clarity of laws/regulations to ensure the consistency of MRV requirements, including:</td>
</tr>
<tr>
<td>• Laws/regulations requiring the establishment of an inventory of GHG emissions and sinks</td>
</tr>
<tr>
<td>• Estimation of GHG emissions at national, regional, and sectoral levels</td>
</tr>
<tr>
<td>• Reporting on mitigation and adaptation actions, emissions, and financing and any other requirements established under the UNFCCC.</td>
</tr>
<tr>
<td><strong>2.5.2 Functioning Mechanism.</strong> Assesses the existence of resources and intergovernmental coordination mechanisms to fulfill MRV obligations, including:</td>
</tr>
<tr>
<td>• Clarity of roles, assignment of responsibilities, and level of cooperation between different organizations and departments</td>
</tr>
<tr>
<td>• Ability to maintain institutional capacity over time to ensure sustainability of reporting obligations.</td>
</tr>
<tr>
<td><strong>2.5.3 Data Quality and Reporting.</strong> Assesses the quality, frequency, and reporting of data collected to help inform relevant stakeholders and provide a solid understanding of national trends and policy performance, including:</td>
</tr>
<tr>
<td>• Mechanisms are in place to ensure that data collection and reporting occur on a regular schedule</td>
</tr>
<tr>
<td>• Updated inventory of GHG emissions and sinks exists, covering all sectors</td>
</tr>
<tr>
<td>• Ease of data accessibility for government agencies, academics, and the public</td>
</tr>
<tr>
<td>• Reporting process requires expert/third-party review.</td>
</tr>
</tbody>
</table>
3. Public Finance

Questions in this pillar considers the integration of climate strategies, plans, and policies in fiscal and public financial management (PFM) practices and the mobilization of resources for climate action. This section is consistent with the PEFA Climate tool but focuses only on the major areas. For more detailed assessment, the PEFA tool would be used.

3.1. Public financial management

Questions under this sub-pillar assesses the degree of integration of climate change considerations into core public financial management tools and processes including medium-term fiscal risk assessments; expenditure plans; budget circulars; use of systematic appraisal, budget tagging, and expenditure reviews. Existence of disaster resilience and response considerations in financial management practices. Existence of climate change policy instruments and its practice.

<table>
<thead>
<tr>
<th>Questions</th>
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<tbody>
<tr>
<td><strong>3.1.1. Legal &amp; regulatory.</strong> Assesses the existence of legal and/or regulatory requirements for the government to address climate change policy objectives in the preparation of its public financial instruments including budget documents, budget calendar and medium-term fiscal and expenditure framework documents (MTFF, MTEF), and guidance to develop climate change fiscal policy instruments (for example, taxes, bonds, subsidies).</td>
</tr>
</tbody>
</table>
| **3.1.2. Operational management.** Assesses, whether, in practice, climate change policy objectives have been mainstreamed across core public financial management processes and the use of climate change fiscal policy instruments, including:
  - Extent to which climate change is considered in the preparation of its public financial instruments including:
    - the budget preparation documents, expenditure plans and the official budget
    - the budget calendar, regular budget communication documents and circulars
    - medium-term fiscal and expenditure framework documents (MTFF, MTEF)
  - Extent to which climate change expenditures are identified in the annual budget proposal (for example, by applying climate expenditure tagging). |
| **3.1.3. Risk management.** Assesses, whether, in practice, climate change risks are mentioned and considered along the budget process and across the main public financial instruments. It will assess if climate change is taken into account in the medium-term fiscal risk assessment and fiscal risk management. |
| **3.1.4. Transparency & Accountability.** Assesses the existence of mechanism to disclose, disseminate and account for climate change budget funds. It reviews the existence of reports on climate finance and climate change expenditure produced (for example, Climate Public Expenditure Review, climate change spending reviews) and requirements in place to publish information on public finances and climate change. Finally, it reviews the level of legislative scrutiny of the climate change dedicated budget allocations and the presence of climate change in the audit and evaluation report. |
3.2. **Infrastructure governance and asset management**

Questions under this sub-pillar assess the degree of integration of climate change considerations into infrastructure governance regulation, strategies, and planning; climate-informed project screening, appraisal, and selection; climate risk management in public investment and public-private partnerships; asset inventory to identify critical and at-risk infrastructure.

**Questions**

3.2.1. **Legal & regulatory.** Assesses the existence of legal and/or regulatory requirements for the government to address climate change policy objectives in the investment cycle and overall infrastructure governance.

3.2.2. **Operational management.** Assesses, whether, in practice, climate change policy objectives have been mainstreamed across core infrastructure governance processes, regulations, strategies, and planning. It will review among others if:
- Projects are screened for climate and disaster risks and vulnerabilities, including climate related physical and transition risks
- Economic analysis uses a shadow price of carbon and accounts for climate-related uncertainty
- Consolidated asset registries are in place.

3.2.3. **Risk management.** Assesses, whether in practice, climate change risks and vulnerabilities are mentioned and considered along the investment cycle. Also, if climate risk management is taken into account in public investment and public-private partnerships, and if critical and at-risk infrastructure assets are regularly identified.

3.2.4. **Transparency & Accountability.** Assesses the existence of mechanism to disclose, disseminate and account for climate change related information in investment projects.

3.3. **Public procurement**

Questions under this sub-pillar assess the degree of integration of green and climate change sensitive considerations along the procurement process and its instruments, indicators and data.

**Questions**

3.3.1. **Legal & regulatory.** Assesses the existence of legal and/or regulatory requirements for the government to address climate change along the procurement process, such as:
- Support for value-for-money provisions and use of performance-based or functional criteria
- Require procurers to award contracts on basis of total cost of ownership (TCO) or life-cycle costing (LCC) (that is, life-cycle management of building materials, equipment, and appliances)
- Mandating the use of green public procurement provisions and/or a phase phased approach to application of GPP
- Defining environmental criteria and minimum standards for GPP
- Requiring bidders to comply with environmental regulations to be eligible for contract awards.
Questions

3.3.2. Operational management. Assesses, whether, in practice, climate change policy objectives have been mainstreamed across core public procurement processes and instruments. It will review among others:

- Whether green procurement provisions are integrated in standard bidding documents for public procurement, support for environmental criteria on the most commonly procured goods, services and works and those with the greatest environmental impact
- Provision of framework agreements, green product catalogs, and green marketplaces
- Application of LCC and/or TCO
- Application of eco-labels and other standards (that is, ISO 14024, ISO 14021 & ISO 14025).

3.3.3. Transparency & Accountability. Assesses the existence of mechanisms to disclose, disseminate and account for climate change-related procurement data and indicators.

- Defined set of indicators for measuring green public procurement
- Systems which support the tracking of the implementation of GPP reforms and the performance of GPP systems
- Use of e-procurement systems to facilitate routine collection and reporting on GPP practices.

3.3.4. Market Engagement. Assesses whether the market has been engaged as part of the climate change procurement initiatives.

- GPP initiatives complement programs to encourage and facilitate transition to modern green business practices
- Support green market development by providing information, capacity building and financing, offering fiscal incentives and using regulations to mandate how businesses operate
- Conduct market consultations and pilot tenders to help identify the opportunities and constraints on GPP.

3.4. Climate finance

Questions under this sub-pillar assess the institutional framework for mobilization of climate finance, including the financing strategy, the use of market-based financing instruments, climate funds, and the earmarking of domestic revenues and finance.

Questions

3.4.1. Legal & regulatory. Assesses the existence of legal and/or regulatory requirements for the government to address climate change in its climate financing framework and instruments. It will review if there is a requirement to develop a climate finance strategy and instruments.

3.4.2. Operational management. Assesses, whether, in practice, there is:

- an active climate financing strategy in place with instruments for mobilizing domestic resources for climate action such as budget allocations, carbon and other taxation, green bonds, auctions and emissions trading systems and the effectiveness of these instruments
- mechanisms in place to mobilize resources from international climate funds such as GEF, GCF, REDD+ or CIF
- active institutions that are mobilizing resources from international climate funds.
4. Subnational Governments and State-Owned Enterprises

Questions in this pillar examine the treatment of climate change in the intergovernmental system and in the management of state-owned enterprises (SOEs), the capacity of subnational governments (SNGs), and incentives for climate action.

4.1. Functional assignment, coordination and capacity

Questions under this pillar cover functional assignment of mandates and competencies for climate action; subnational regulatory authority; vertical and horizontal intergovernmental coordination arrangements; responsibility for disaster risk management and response; and technical capacity of SNGs and national programs for capacity development.

<table>
<thead>
<tr>
<th>Questions</th>
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<tbody>
<tr>
<td><strong>4.1.1. Functional assignment.</strong> Responsibilities of SNGs in designing and implementing climate change policies:</td>
</tr>
<tr>
<td>• Clarity of functional assignment in relevant sectors of decarbonization and adaptation, such as electricity, transport, extractives, housing, and agriculture. What responsibilities do SNGs have (policy/implementation, exclusive vs. shared)?</td>
</tr>
<tr>
<td>• Existing policies at subnational levels for decarbonization and adaptation</td>
</tr>
<tr>
<td>• Incentives for SNGs to take climate actions and innovate.</td>
</tr>
<tr>
<td><strong>4.1.2. Intergovernmental coordination.</strong> Coordination mechanism for fostering policy linkages and addressing perverse effects of policy differences at the horizontal (among SNGs) and vertical (between national and subnational) levels.</td>
</tr>
<tr>
<td>• Existence and functioning of vertical and horizontal intergovernmental coordination mechanisms for climate policy design and delivery</td>
</tr>
<tr>
<td>• Difference in degrees of stringency of climate policies between national and subnational levels</td>
</tr>
<tr>
<td>• Mechanism for address policy overlap/inconsistency between national and subnational governments</td>
</tr>
<tr>
<td>• Mechanisms for fostering linkage between subnational policies.</td>
</tr>
<tr>
<td><strong>4.1.3. Technical capacity.</strong> Alignment of organizational structure with climate change policies, rules and practices to recruit, train and motivate staff on climate change, and availability of training resources.</td>
</tr>
<tr>
<td>• Existence of climate department, unit, or focal points. Clarity of roles and responsibilities within SNGs to act on climate issues</td>
</tr>
<tr>
<td>• Level of awareness of climate change issues and assessment of internal readiness</td>
</tr>
<tr>
<td>• Recruitment and deployment of climate specialists</td>
</tr>
<tr>
<td>• Inclusion of climate change in individual staff/team performance framework and other incentives to reward performance</td>
</tr>
<tr>
<td>• Availability of training program on climate change issues. What topics does the training cover? Institutional coverage and sustainability of the training.</td>
</tr>
</tbody>
</table>
4.2. Strategic and Land Use Planning

Questions under this sub-pillar assess mandates for risk and vulnerability assessments and decarbonization and adaptation planning; subnational planning initiatives; monitoring and reporting on climate action; integration of climate considerations in land use planning practices; and public access to information.

**Questions**

4.2.1. Strategic planning. Integration of climate change in subnational planning instruments, and mandates for risk and vulnerability assessments

- Requirement for SNGs to prepare decarbonization and adaptation strategies and plans
- Requirement for SNGs to ensure integration of climate change strategies and plans in existing SNG planning instruments (development plans, sector plans and annual budget process). In practice, are climate actions reflected in SNG’s development plans?
- Requirement for SNGs to prepare and regularly update climate risk and vulnerability assessments. Who is responsible? How often are climate risk and vulnerability assessments being produced? Have any/how many have been produced? Are the assessments accessible to the public?

4.2.2. Monitoring, reporting and verification. Assesses clarity of responsibilities for MRV at subnational level and the capacity and system in place to ensure compliance.

- Clarity of roles and responsibilities for MRV at the subnational level
- Existence of subnational GHG inventory
- Level of compliance with data collecting and reporting requirements (quality of reporting and timeliness).

4.2.3. Land-use planning. Assesses clarity of responsibilities between different levels of government on land-use planning and regulation and incorporation of climate considerations.

- Existence and clarity of systems and processes for land use, zoning, building codes, and environmental standards. Which level of government and which actor is responsible for specific aspects of the land use functions? Is assignment exclusive or shared?
- Consistency of land use and other regulatory regimes with sound principles and incorporation of specific climate change mitigation and adaptation data and goals.

4.3. Subnational climate finance

Questions under this sub-pillar assess revenue competencies; payments for environmental services; environmental taxation initiatives; climate related intergovernmental transfers; climate related expenditure mandates; integration of climate change considerations into PFM (3.1) and public investment and asset management (3.2); green procurement (3.3); and subnational climate finance initiatives (3.4).

**Questions**

4.3.1. Revenue sources and administration. Climate related revenue for SNGs and transfers to incentivize climate action.

- Subnational climate related revenue competences
- Capacity of revenue collection and administration for climate related revenue
- Initiative of environmental taxation or carbon pricing at subnational level
- Intergovernmental transfer schemes that incentive SNGs to combat climate change
- Mobilization of resources from international climate funds or private sector.
4.3.2. **Subnational Public financial management.** *Integration of Climate considerations in subnational PFM.*
- Tagging of climate expenditure in annual budget proposals
- Review of climate finance and climate expenditure (for example, Climate Public Expenditure Review)
- Requirement to publish information on public finances and climate.

4.3.3. **Subnational Public investment and asset management.** *Integration of Climate considerations in subnational PIM and asset management.*
- Project screening for climate and disaster risks
- Consideration of social cost of carbon and climate related uncertainty in cost-benefit analyses
- Climate risk management in public-private partnerships
- Regulations in place for: (a) energy efficiency, (b) design standards for future extreme weather events, and (c) life-cycle management of building materials, equipment, and appliances.

4.4. **State-Owned Enterprises**
Requirements for: systematic portfolio and enterprise-level assessment of physical and transition risks; portfolio and enterprise-level targets for climate action and their consistency with national climate targets; integration of climate action into SOE strategies, statements of corporate intent, and performance contracts; and, reports and disclosures on climate impacts and performance.

4.4.1. **Legal and regulatory requirements.** *Legal and regulatory requirements for SOEs to prepare for and respond to climate change, including through:*
- Identifying, assessing and managing climate related risks
- Developing a strategy on the impact of climate related risks and opportunities
- Establishing governance arrangements for climate related opportunities and risks
- Establishing metrics and targets to assess and manage climate related risks and opportunities
- Implementing climate-smart procurement.

4.4.2. **Reporting and Disclosure.** Regulatory requirement and actual practice for reporting to owners, shareholders, regulators and to the public, including:
- A legal/regulatory requirement for SOEs to report owners/shareholders and regulators and/or disclose climate related information on any/all of the issues in 4.4.1
- A review the latest annual reports of SOEs in key climate sectors to evaluate the extent to which they comply with the requirements to report and/or disclose. The review should be done even in countries where there is no regulatory requirement to disclose climate related information
- The availability of the climate-relevant information to the public.

4.4.3. **Regulatory capacity.** *Assess the capacity, enforcement authority and means to oversee SOE compliance with climate related financial disclosures and/or procurement requirement (where applicable):*
- Existence of an institution with regulatory authority to monitor and enforce SOEs compliance with the legal and regulatory requirements in 4.4.1 and 4.4.2
- Human capacity, financial resources, and instruments of the institution to monitor and enforce compliance.
Questions

1.1.1. **Actual practices.** Assesses the extent to which key SOEs in climate-relevant sectors comply with the requirements in 4.4.1, based on the latest annual reports of SOEs and (time permitting) interviews with owners, regulators and SOE leadership.

5. **Accountability**

Questions in this pillar review transparency and engagement mechanisms for civil society, the private sector, and other stakeholders and the roles of expert advisory and oversight institutions.

5.1. **Access to Climate information**

Questions in this sub-pillar cover availability and effective communication of key information: physical and transition risks; climate targets, plans, and strategies; climate finance; and emissions and progress in emission reductions.

**Questions**

5.1.1. **Disclosure of climate related documents.** Availability and accessibility of climate change related documentation, including (as relevant/feasible):
- Regulation stipulating public access to laws, decrees, regulations, policies, plans, monitoring reports and evaluations
- Availability of documents on government websites
- Ease of access (for example, centralized platform).

5.1.2. **Disclosure of climate risk and vulnerability assessments, climate indicators and emission data.** Availability and accessibility of national, subnational, and sectoral risk and vulnerability assessments, climate indicators (for example, NDC indicators) and emission data (for example, GHG inventory), including (as relevant/feasible):
- Regulation stipulating public access to risk and vulnerability assessments, climate indicators and emission data
- Availability of relevant data and reports on government websites
- Ease of access and usability (for example, online tools, interactive maps, data visualization).

5.1.3. **Disclosure of climate change public expenditure.** Availability and accessibility of budget documents, execution reports and analytical reports, including (as relevant/feasible):
- Regulation stipulating public access to budget documents
- Analytical reports on budget allocations and execution for climate relevant actions
- Ease of access and usability (for example, online tool, citizens’ budget).

5.1.4. **Disclosure of fossil fuel subsidies and use of proceeds from carbon taxes and green bonds.** Publication of reports and data on carbon taxes, fossil fuel subsidies and green bonds, including (as relevant/feasible):
- Regulation stipulating the disclosure of this information
- Publication of analytical reports on subsidies and tax proceeds
- Publication of allocation and performance reports of sovereign green bonds.
### 5.2. Stakeholder engagement

Questions in this sub-pillar cover requirements for: engagement with the private sector, civil society, media, the scientific community, and the public in planning, policy, and evaluations; breadth of representation, satisfaction of participants, and impact on policy.

<table>
<thead>
<tr>
<th>Questions</th>
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<tbody>
<tr>
<td><strong>5.2.1. Stakeholder engagement mechanism.</strong> Existence of a specific mechanism for engagement with civil society, the private sector and the public, including (as relevant/feasible):</td>
</tr>
<tr>
<td>• Regulation requiring public engagement in the formulation, implementation and monitoring of policies and plans</td>
</tr>
<tr>
<td>• Clarity of mandate, objective, and structure of the engagement mechanism</td>
</tr>
<tr>
<td>• Functioning of the engagement mechanism (for example, frequency of meetings, stakeholder satisfaction)</td>
</tr>
<tr>
<td>• Coverage of the engagement mechanism (for example, adaptation and/or mitigation, sectoral/cross-sectoral)</td>
</tr>
<tr>
<td>• Inclusiveness of participation (for example, indigenous people, private sector, media, academia).</td>
</tr>
</tbody>
</table>

| **5.2.2. Consideration of stakeholder inputs.** Assesses the extent to which stakeholder inputs are taken into account during target setting and design, including (as relevant/feasible): |
| • Regulation making certain stakeholder inputs binding |
| • Examples of stakeholder inputs that materially affected government policies or targets |
| • Requirement for the government to report back on stakeholder inputs. |

### 5.3. Independent expert advice

Questions in this sub-pillar cover mandate and authority of independent expert advisory body; reporting arrangements; public access to advice; and requirement for government response.

<table>
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<tr>
<th>Questions</th>
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<tbody>
<tr>
<td><strong>5.3.1. Advisory mechanism.</strong> Existence and organization of an independent expert advice mechanism on climate change policy, including (as relevant/feasible):</td>
</tr>
<tr>
<td>• Regulation requiring independent expert advice and creating a mechanism</td>
</tr>
<tr>
<td>• Clarity of mandate, objective, and structure of the advisory mechanism</td>
</tr>
<tr>
<td>• Coverage of the advisory mechanism (for example, adaptation and/or mitigation, sectoral/cross-sectoral).</td>
</tr>
<tr>
<td>• Functions of the advisory mechanism (for example, target setting, policy development, monitoring and evaluation)</td>
</tr>
</tbody>
</table>

| **5.3.2. Functioning of the advisory mechanism.** Assesses the technical and financial resources available to the advisory mechanism, its activities, and its independence and impact, including (as relevant/feasible): |
| • Technical capacities of the mechanism and/or access to high level technical expertise |
| • Stability of funding for the mechanism (for example, as a percentage of the national budget) |
| • Financial independence of the mechanism |
| • Administrative independence of the mechanism |
| • Transparency of the mechanism’s governance and management |
| • Discretion of the advisory body to initiate studies or conduct evaluations |
| • Requirement for the government to respond to advice (including penalties for not doing so, and legislative oversight) |
| • Examples where the advice has informed laws or policies |
| • Examples where the advisory body has engaged with similar bodies in other countries. |
Questions

5.3.3. **Communication of expert advice.** Publication, dissemination and use made of the expert advice produced by the advisory body, including (as relevant/feasible):
- Requirement for the outputs of the advisory body to be published
- Regulation defining a public communication function of the advisory body
- Examples where the advice has been referred to parliament or the media.

5.4. **Legislative body**

Questions in this sub-pillar cover scope of legislative review and approval of key climate planning and policy instruments (physical and transition risk assessments; climate targets, strategies, and plans; public resource allocations and climate finance; reports on emissions and progress in emission reductions); capacity of legislature for scrutiny of climate policy; and access to independent advice.

Questions

5.4.1. **Legislative authority.** Authority of legislature to review executive action/inaction on climate change, including (as relevant/feasible):
- Requirement for the executive to submit policies and planning instruments to parliament (for example, NDC, LTS, risk assessments, plans)
- Requirement for the executive to submit reports and evaluations to parliament (for example, UNFCCC reporting, progress reports on domestic policies, etc.)
- Access of the legislative body to independent expert advice.

5.4.2. **Legislative oversight action.** Existence and functioning of accountability mechanisms, including (as relevant/feasible):
- Existence and effectiveness of committees or sub-committees of the legislature with responsibility for climate change issues, including examples where information was requested from the executive or hearings called
- Actions by the legislative body (statements, censures, press releases, petitions) on climate change issues.

5.5. **Audit**

Questions under this sub-pillar cover scope of supreme audit institution reviews of government climate change policy (compliance with international commitments; performance against targets; efficiency and effectiveness of policy interventions); specific methodologies for climate-informed audits; government response and action on audit findings; and public access to reports.

Questions

5.5.1. **Capacity of Supreme Audit Institution (SAI).** Capacity to review implementation of government climate change policy, including (as relevant/feasible):
- Existence and application of specific methodologies for climate informed audits (for example, based on “Auditing the Government Response to Climate Change: Guidance for Supreme Audit Institutions” issued by the INTOSAI Working Group on Environmental Auditing, June 2010)
- Number and climate skills of SAI staff.

5.5.2. **Action by Supreme Audit Institution.** Existence of evaluations by the SAI of:
- Government’s fiscal and program performance (for example, efficiency and effectiveness of climate policy intervention)
- Government’s compliance with international commitments and established targets
- Publication by the SAI of audit reports and evaluations
- Examples of government action taken to address climate-informed audit findings.
5.6. Judicial Review

<table>
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<tr>
<th>Questions</th>
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<tbody>
<tr>
<td><strong>5.6.1. Judicial authority.</strong> Legal authority of courts to review executive and legislative action on climate change, including (as relevant/feasible):</td>
</tr>
<tr>
<td>• Issuance and compliance with climate change law(s)</td>
</tr>
<tr>
<td>• Issuance and compliance with environmental licensing/permitting</td>
</tr>
<tr>
<td>• Compliance with international commitments</td>
</tr>
<tr>
<td>• Legal standing of the public (including civil society organizations) to bring climate change related cases to courts.</td>
</tr>
<tr>
<td><strong>5.6.2. Judicial action.</strong> Use made of courts to enforce action on climate change including (as relevant/feasible):</td>
</tr>
<tr>
<td>• Access for the public to legal support to bring climate change cases to court</td>
</tr>
<tr>
<td>• Number and types of climate cases brought before courts, including information on plaintiffs, final decision, and legal basis</td>
</tr>
<tr>
<td>• Compliance with and/or enforcement of judicial climate decisions.</td>
</tr>
<tr>
<td><strong>5.6.3. Judicial capacity.</strong> Capacity of judicial officials and systems to understand climate change issues and manage climate change cases, including (as relevant/feasible):</td>
</tr>
<tr>
<td>• Existence of specialized judges and/or courts (for example, environment courts, trained judges, etc.).</td>
</tr>
</tbody>
</table>
Annex 2: Bibliography

Government of Malawi Documents
11. Implementing Urgent Adaptation Priorities through strengthened decentralized and national development plans – Annual report 2016.
37. PFM Act, 2022.
42. Revised Code of Corporate Governance, 2010.
44. Strategic Program for Climate Resilience (SPCR), 2020.

Other Documents
47. Center for Coordination of Agricultural Research and Development in Southern Africa (CCARSA), Taxing Carbon Emissions in Malawi, 2020.
59. Southern Voices on Adaptation, Promoting Pro-Poor Adaptation to Climate Change, 2018.
60. The Nation, Disaster at DoDMA, 2022.
65. UNIQUE, Land and natural resources degradation in the upper and middle Shire Valley, Malawi, Freiburg: UNIQUE Forestry and Land use, 2018.
67. World Bank, Malawi Poverty Assessment, Forthcoming.
Notes

8 Available at https://gain.nd.edu/our-work/country-index/rankings/.
10 Recent climate-focused policies, guidelines, and frameworks include the National Climate Change Investment Plan (NCCIP) of 2013, the National Climate Change Management Policy (2016), Sectoral Guidelines for Integration of Climate Change Adaptation in Development Planning (2017) and recently the Malawi’s National Adaptation Plan Framework (2020).
12 National development plans with climate change considerations include: (i) the Malawi Vision (MWV) 2020; (ii) the Malawi Growth and Development Strategies (MGDS) I, II, and III (2006 – 2022); (iii) the Malawi Economic Recovery Plan; (iv) the MWV 2063 and the MWV 2063 Implementation Plan (MIP I) (2021- 2030).
13 In January 2022, the Tropical Storm Ana made a landfall in Northern Mozambique and left a trail of destruction in most southern parts of Malawi. Funds mobilization has been a challenge for DoDMA as about 200,000 households and 900,000 people have been affected - The Nation, February 2, 2022 https://www.mwnation.com/disaster-at-dodma/.
14 A 2D hydraulic model was built based on high resolution DTM satellite based AW3D Enhanced 2m resolution for the main city area, and MERIT 90m resolution for the wider drainage. Hydraulic model was used to build flooding scenarios for different return periods expressed in flood extension and spatially varying flooding depth. Exposure data (mainly from OpenStreetMap) and vulnerability curves (derived using global flood depth damage functions adjusted to local values) were used along with the hazard data to calculate spatially varying damage to buildings and contents across the city for all modelled flood scenarios allowing to estimate expected damage for each scenario and expected Annual Average Damage for the City. Lilongwe Flood Risk Assessment (in preparation).
16 In FY20/21, Local Authorities were budgeted MK 1.079 Billion in DRM ORT and Environment was budgeted 154 million. Other key sector ORT transfers were Education (MK 4.147 Billion), Health (MK 7.788 Billion) and Agriculture (MK 1.405 Billion).
18 National Local Government Finance Committee Website. This Program is financed under the Social Support for Resilient Livelihoods Project (P169198).
19 The quality of the regulatory framework for other functions is dealt with as part of each of the remaining elements of the CCIA. See Reference Guide to Climate Change Framework Legislation for more detail on assessing framework laws.
20 If the CCIA is being conducted as part of a CCDR, this pillar might be covered in other areas of the CCDR.
21 For more detailed assessment questions see Climate Change for SOE Toolkit and Assessment Matrix (forthcoming). The toolkit is based on Task Force on Climate Related Financial Disclosures recommendations.