

Report No. 13071-MAI

Malawi Civil Service Pay and Employment Study

December 6, 1994

Southern Africa Department
Africa Region



Department of the World Bank

ABBREVIATIONS

DPD	Department of Data Processing
DPMT	Department of Personnel Management and Training
ESAMI	Eastern and Southern Africa Management Institute
FY	Financial Year
GDP	Gross Domestic Product
GOM	Government of Malawi
IC	Industrial Class
ID I	Institutional Development Project I
ID II	Institutional Development Project II
ILO	International Labour Organization
MASTEP	Malawi Special Teachers' Education Program
MOA	Ministry of Agriculture
MOE	Ministry of Education
MOF	Ministry of Finance
MOW	Ministry of Works
MPSR	Malawi Public Service Regulation
MSD	Management Services Division
OPC	Office of the President and Cabinet
PER	Public Expenditure Review
PSC	Public Service Commission
SPC	Secretary to the President and Cabinet
USAID	United States Agency for International Development

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EXECUTIVE SUMMARY

1. The Pay and Employment Study (PAES) was undertaken in 1993 as a follow-up to the Public Sector Management Review (PSMR) completed in 1991 and published in 1993. The Bank study team worked with counterparts designated by the Government in each of the key ministries and departments responsible for issues relating to civil service pay and employment: Economic Planning and Development, Finance, Personnel Management and Training, Labour and Public Service Commission. Against the background of the problems of pay and employment highlighted in the PSMR report, the following were adopted as the objectives of PAES:

- gather and analyze data on pay and employment policies and practices;
- review employment growth trends and examine alternative compensation and employment arrangements;
- assess the impact of Government personnel policies and practices on the size and composition of Civil Service establishment;
- formulate proposals that would provide both sustainable and capable system of attracting and retaining skilled technical/professional staff and senior managers in the Civil Service; and
- make recommendations on how best to link improved pay and other incentives to increased efficiency and productivity, including some comparisons with pay and employment policies and practices in the private and parastatal sectors.

2. The report of the Study comprises chapters focused on: (i) Civil Service Wage Bill; (ii) Civil Service Employment; (iii) Civil Service Pay; (iv) Comparative Analysis of Pay Levels in Different Sectors; and (v) Main Issues in Personnel Management. There is a concluding chapter on policy objectives and implementation options.

A. Civil Service Wage Bill

3. PAES found that measured as a proportion of total Government expenditures (minus debt service charges), the civil service wage bill nearly doubled between FY 1988/89 and FY 1993/94, from 19.74 to 33.39 percent. Furthermore, in 1993/94, the civil service wage bill represented 43.87 percent of total Government recurrent expenditures compared to 26.7 percent in 1988/89. These developments were due essentially to the substantial salary increases approved in 1992/93 and 1993/94. Significantly, non-established employees (mostly of the industrial class) and employees of commercially-oriented Treasury Funds constituted 17 percent and 9 percent respectively of the wage bill in 1993/94.

4. Two salient issues underscored by the evolution of the wage bill are: (a) the striking inability of Government to maintain control of the wage bill (due, in part, to lack of effective establishment control) and (b) a creeping imbalance between the wage bill and non-wage expenditures with the former crowding out expenditures on operations and maintenance.

B. Civil Service Employment

5. PAES was unable to determine the size of the civil service in a definitive manner. The most reliable set of figures adopted in the study are: a total of 143,790 positions of which 91,819 were established; 75,663 of the established positions were filled, leaving about 13 percent vacant. Established positions increased at an annual rate of over 14 percent between 1989/90 and 1992/93, a significantly higher rate than the 2 percent growth rate projected by the Government. The huge number of industrial class employees underscores the ineffectiveness of existing staff control methods. PAES found that the high concentration of this category of staff in the Ministry of Works is linked, in part, to certain types of seasonal functions undertaken by the Ministry that could be contracted out or privatized.

C. Civil Service Pay

6. PAES found that the distortions identified in the salary structure since the mid-1980s have remained largely uncorrected, notably excessive number of grades, inconsistencies in the grading structure and absence of schemes of service. There are also significant distortions in pay levels arising from ad hoc salary adjustments, characterized by declining compression ratios (from 1:42.9 in 1982 to 1:23.9 in 1993). Furthermore, the increasing salience of non-salary benefits, especially housing allowance, has resulted in a reward system that is neither transparent nor equitable. Total value of non-monetary benefits for top civil servants is estimated at 147 percent of the total monetary pay (basic salary plus monetary allowances). For junior officials with access to government housing, the total value of the direct non-monetary benefits can be as high as 364 percent of the total monetary pay. PAES concludes that monetization of benefits and consolidation of the entire compensation package are essential steps toward the removal of distortions and the achievement of a transparent and equitable pay structure.

D. Comparative Analysis of Pay Levels in Different Sectors

7. The conclusion from a comparison of pay levels among all sectors —civil service, parastatal, private sector and donor sector— is that those in the civil service are generally lower, except at the lower salary grades. However, after monetization of the benefits enjoyed by the most senior civil servants, their total compensation package would be only slightly below the level of their counterparts in the other sectors. In contrast, the middle-level technical and professional civil servants remain significantly worse off than their counterparts in the other sectors with adverse consequences for Government's ability to recruit and retain staff in these positions. Comparison with some of the neighboring countries in Eastern and Southern Africa shows that Malawi civil servants have consistently been better remunerated than their counterparts except at the junior levels where only the huge salary increases of 1992-93 pushed pay levels ahead of those of their counterparts.

E. Main Issues in Personnel Management

8. The salient features of the legal and institutional framework for managing civil service pay and employment include a multiplicity of institutions whose roles are not clearly defined. Coordination among the institutions are also generally poor in respect of both pay and employment. Furthermore, the poor management of the personnel function is manifested in the form of inadequacies in systems and procedures relating to: manpower planning and training, recruitment, deployment and utilization, promotions and career progression and personnel data. There are strong linkages between the institutional weaknesses and the poor systems and procedures on the one hand and the pay and employment problems examined in the study on the other.

F. Policy Objectives and Implementation Options

9. Given the findings and conclusions in the study, three policy objectives are proposed: control of the civil service wage bill, rationalization of the pay structure and of pay enhancement, and improvement of the quality and performance of the civil service. To achieve effective control of the civil service wage bill, the actions that Government could take include firmly linking establishment control to the budget process; developing departmental manpower plans and targets; abolishing the industrial class; and abolishing all the existing vacancies in the establishment. Regarding the rationalization of the pay structure and enhancement of pay, it would be necessary to establish a committee that would undertake annual review of salaries; reverse the drift to non-transparent and inequitable remuneration options; and progressively introduce performance-related pay. Finally, to improve morale, performance and productivity would require, in addition to pay reform, implementation of merit-based recruitment and promotion and increased budgetary allocation for operations and maintenance.

CHAPTER 1

BACKGROUND AND INTRODUCTION

The Macroeconomic Context

1.1 **Historical Perspective.** During the 1960s and 1970s, Malawi's development strategy emphasized infrastructure and estate agriculture as prime vehicles for increased production and growth. Over two decades, Malawi's economy was open and world market prices for its major exports (tobacco, tea, coffee, and cotton) were relatively high, real GDP more than doubled, and real per capita income grew by 3 percent per year. The period of strong growth ended in the early 1980s with the onset of economic problems and external shocks, including deterioration of terms of trade, oil crises, disruption of external transport routes through Mozambique, and weather-related shocks. In combination, these shocks led to an economic crisis culminating in 1986/87 with a decline in per capita income and policy setbacks which reversed the openness of the economy and discouraged private sector investment and output.

1.2 The adoption of a strategy in 1989/90 based on "Growth Through Poverty Reduction" was a crucial point in Malawi's development. Efforts have been made to develop structural policies focused on removing the binding constraints to sustainable growth while simultaneously addressing the roots of pervasive poverty. The new attempt to reliberalize the economy included reforms to redress the policy bias against smallholders, remove constraints on private sector participation in all sectors of the economy, and move toward a more liberal external sector policy. Increasing adoption of fertilizer and hybrid seed in the smallholder sector combined with expanding private sector participation in production and marketing resulted in per capita GDP growth of 2 percent annually during 1989-91.

1.3 **Developments in the 1990s.** Economic management was challenged by new internal and external developments, including bilateral donors' decision at the May 1992 Consultative Group meeting to withhold all new non-humanitarian aid pending tangible and irreversible reform in Malawi's approach to governance issues and the unprecedented drought throughout southern Africa in 1992. Following several years of macroeconomic stability and positive per capita growth, Malawi's economy contracted by nearly 8 percent in 1992.

1.4 The return of normal weather during the 1992/93 crop season helped facilitate recovery of production in the agricultural sector, allowing overall GDP to grow by some 11 percent in 1993. Following the June 1993 referendum that endorsed the move to multiparty democracy and subsequent steps taken by the Government (general elections are to be held on May 17, 1994), donors agreed to resume economic aid and financial support at the December 1993 Consultative Group meeting.

1.5 **Monetary and Fiscal Developments.** After several years of fiscal and monetary discipline, macroeconomic balances started to deteriorate in early 1992. In response to the withdrawal of donor support and the impact of the drought, the Government tightened its fiscal and monetary policies in June/July 1992 through various measures, including increase in the rediscount rate and devaluation of the kwacha. Yet, the weakening of the economic and financial situation persisted. Given the substantial shortfall in external financing and the additional requirements for drought-related financing, the Government became a major user of

domestic credit in 1992/93. In mid-1993, further tightening of monetary policies supported a general improvement in the rate of broad money growth and inflation. By January 1994, the annual rate of inflation had declined to 20 percent (compared to 33 percent in March 1993).

1.6 The fiscal deficit (before grants) rose from 6.3 percent of GDP in 1991/92 to 9.1 percent of GDP in 1992/93 (15.7 percent of GDP including drought-related operations); largely on account unexpectedly high increase in civil service wages in 1992, and the weakened revenue performance caused by lower economic activity in the wake of the drought. Early in 1993/94, the Government introduced additional revenue and expenditure measures that helped achieve economic stabilization, brought the fiscal program back on track, and reduced the deficit (before grants) to 6.6 percent of GDP in FY93/94. However, Malawi will have to persist with macroeconomic reforms. And these reforms will be significantly impacted by employment, pay and performance in the civil service.

Significance of Government Pay and Employment

1.7 According to Gail Stevenson, government pay and employment affect macro-economic performance in several ways. First, Government spending on wages and other inputs that produce public goods may be stimulative, contractionary, or neutral depending upon whether it produces goods and services that enhance, diminish, or have no effect on the productivity of the private capita stock. Second, the government's wage and employment policies also affect the exchange rate and its management. Labor market segmentation, induced at least in part by a large government sector, may reduce the effectiveness of an exchange rate adjustment - devaluation is absorbed more by the informal than by the formal sector due to indexation of government wages. Third, government pay and employment are likely to affect the microeconomic behavior of firms and individuals. For example, the response to a falling real wage may be either an increased preference for leisure or the transfer of work effort to outside endeavor where the returns are greater. Then, even for those who do not spend work time pursuing outside income, discipline can suffer because those engaged in outside pursuits are in no position to reprimand those who are not. Those with marketable skills tend to seek employment outside government or abroad, where the pay is better. The resulting skill imbalances within a production unit may further erode morale and productivity due to a lack of workers with complementary or managerial skills. Fourth, public sector pay and employment policies may have direct and indirect effects on the behavior of economic actors outside the public sector. Such government spillover effects may take the form of employment and pay policies that apply only to government, but which affect private employers. Or government policies may be intended to affect the private sector - for example minimum wages, wage indexation, severance restrictions or mandatory severance compensation, or the mandatory provision of pensions and other benefits. All of these interventions raise the cost of labor -- or of certain kinds of labor -- to the private sector¹.

1.8 In Malawi, although civil service employment constitutes only about 2.5 percent of all those in Malawi who are defined to be economically active, it makes up about 20 percent of those engaged in the formal, modern or enumerated sector (Table 1.1). The public sector's strategically important position in the labor market is confirmed in that it employs about one

¹ Gail Stevenson, How Public Sector Pay and Employment Affect Labor Markets, a World Bank Policy Research Paper, August 1992 (pp 6-12).

in every three persons engaged in the formal, non-agricultural, non-estate sector. Moreover, according to the 1989 comprehensive survey of human resources in Malawi², 45 percent of public employment is classified as being skilled, compared with only 26% of parastatal employees and 11 percent of those engaged in the modern private sector. Furthermore, 52 percent of all professionals and 79 percent of sub-professionals were working for the Government. In non-teaching, technical occupations the Government engages 61 percent and 52 percent, respectively, of all professionals and sub-professionals. Our investigations suggest that the situation has not changed dramatically since 1989. The dominance of the public sector is also reflected in its share of average earning per employee (see Figure 1.1).

**Table 1.1: PERCENTAGE DISTRIBUTION OF PAID EMPLOYEES,
BY SECTOR, 1985 - 1989**

	1985	1986	1987	1988	1989
Total	100.00%	100.00%	100.00%	100.00%	100.00%
Private	79.55%	79.80%	77.90%	79.90%	80.24%
Public	20.45%	20.20%	22.10%	20.10%	19.76%

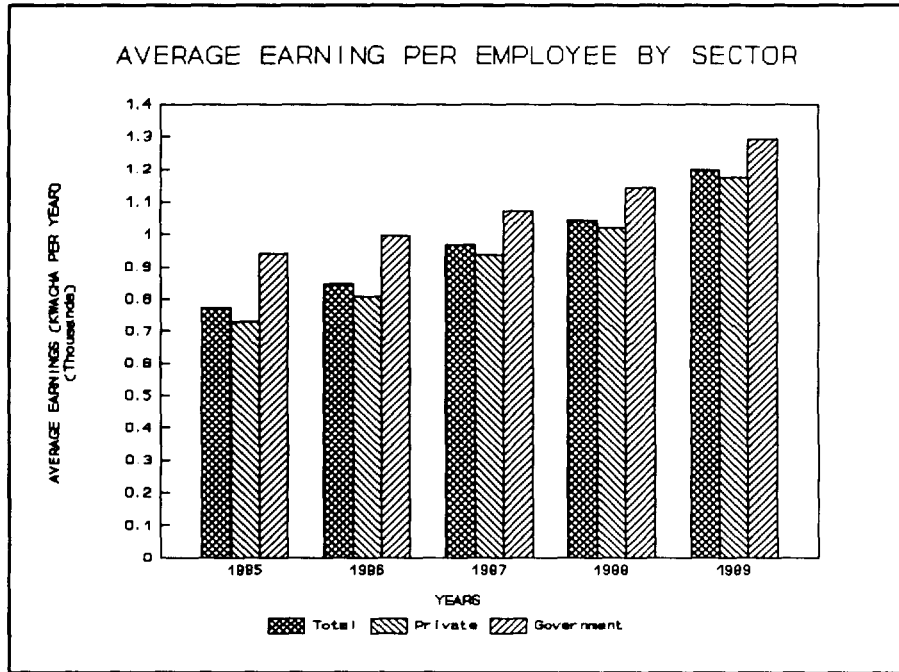
Source: Appendix Table 1.1

1.9 The strategic role of the public sector in Malawi's formal sector labor market must be set in the context of a situation where past and on-going rapid population growth will ensure that the country's annual labor force growth rate will continue to exceed 3 percent for the next decade and well into the 21st century. Yet, concern exists about the shortages of Malawians trained in key skills and about the general calibre of a sizeable segment of the skilled workforce³. The other critical concern is the recent militancy of civil servants resulting in the unprecedented strikes of 1992 and 1993 and the subsequent salary increases.

² International Organization/DPMT, Comprehensive Survey of Human Resources in Malawi, 1989.

³ W.J. House & Chaluma, The Implications of Raising the Mandatory Retirement Age in the Malawi Civil Service (a paper prepared for the Department of Economic Planning & Development, Nov 1990).

Figure 1.1



Source Appendix Table 1.2

CHAPTER 2

CIVIL SERVICE WAGE BILL

A. Size and Growth of the Wage Bill

2.1 A common approach for measuring the size of civil service wage bill is to relate government expenditures on salaries and wages against total government expenditures⁴. Using this measure, the size of the wage bill for Malawi in the current and past five fiscal years is shown in Table 2.1 below. Thus in FY 1993/94 the civil service wage bill constitutes more than a third (33.9 percent), of total Government expenditures (minus debt servicing charges). The wage bill is also a much larger proportion (43.87 percent) of the total Government recurrent expenditures.

Table 2.1: GOVERNMENT EXPENDITURE ON SALARIES AND WAGES

(a) Amounts in K million (current prices)	1988/89 - 1993/94					
	1988/89 Actual	1989/90 Actual	1990/91 Actual	1991/92 Actual	1992/93 Revised	1993/94 Estimate
Recurrent Budget	161.20	223.58	237.86	289.54	537.90	560.78
Development Budget	14.10	16.20	25.60	25.86	38.51	36.78
Total	175.30	239.78	263.46	315.40	576.41	597.56
(b) As % of Government Expenditure						
Recurrent Budget	26.70%	27.58%	26.96%	27.48%	36.26%	43.87%
Development Budget	4.96%	5.49%	8.21%	8.21%	8.20%	7.19%
Total	19.74%	21.68%	22.06%	23.05%	29.52%	33.39%
Memo Items						
Government Expenditures						
Recurrent (Net of debt servicing)	603.80	810.70	882.40	1053.45	1483.27	1278.19
Development	284.10	295.30	311.64	314.81	469.37	511.34
Total	887.90	1106.00	1194.04	1368.26	1952.64	1789.53
Note:	Authors' estimates of expenditures on salaries and wages for FY 1993/94 incorporate the impact of salaries increases and housing allowances benefits announced by the Government in September 1993.					

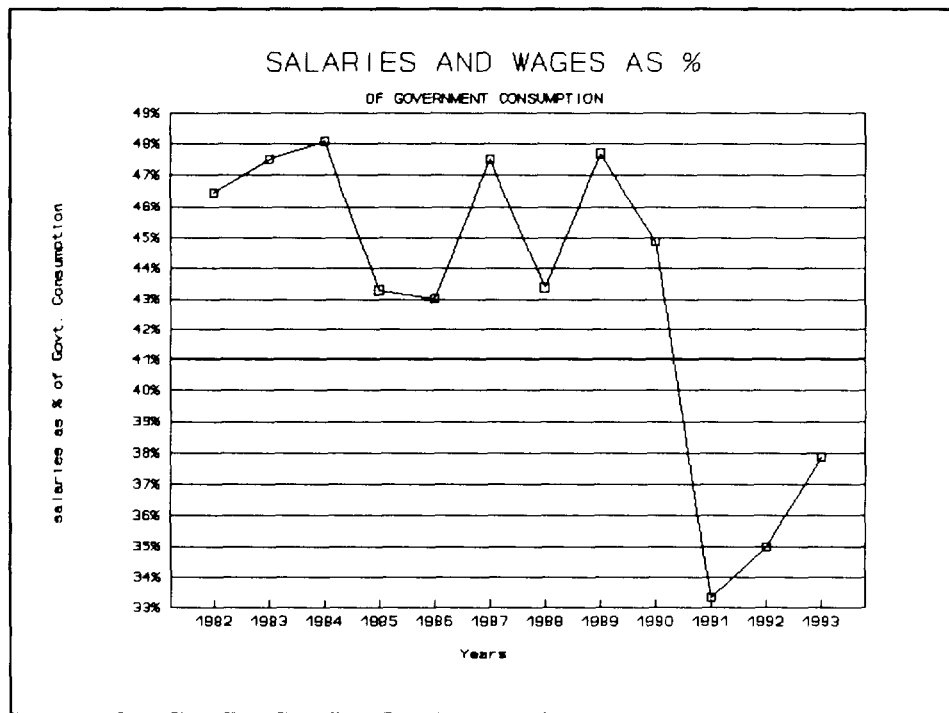
Sources: (i) Malawi Government/Office of the President and Cabinet (OPC), Economic Reports, 1992 & 1993.; (ii) Malawi Government/Ministry of Finance (MOF), Budget Estimates FYs 1992/93, 1993/94; (iii) Authors - for adjusted budget figures for FYs 1992/93 & 1993/94.

2.2 As shown in Table 2.1, the size of the wage bill has grown considerably over the past few years. Measured as proportion of total Government expenditures (minus debt service charges), the wage bill has nearly doubled between FY 1988/89 and FY 1993/94, from 19.74

⁴ See, for example, Barbara Nunberg, Public Sector Pay and Employment Reform, World Bank Discussion Papers, No. 68, 1989.

percent to 33.39 percent in nominal terms. Even by other measures, the wage bill has become a relatively large component of the Government expenditures. In the period 1982-1990, the ratio of salaries and wages to total Government consumption fluctuated between 43 percent and 48 percent. This ratio dropped considerably, to about 33 percent in 1991, but since then it is on an upward trend (see Figure 2.1).

Figure 2.1



Source: Appendix Table 2.6.

2.3 In the past, Malawi Government was among the few countries in the SSA region that effectively controlled the proportion of public expenditures taken by salaries and wages. Table 2.2 shows that throughout the 1980s, the percentage of expenditures on salaries and wages in proportion to total government expenditures (minus debt repayments) have, for Malawi, been consistently lower than the average for all SSA, and most of the other countries in the East & Central Africa region (including Zambia, Tanzania, Zimbabwe and Kenya).

2.4 Also, as illustrated in Figure 2.2, compared to these other countries in the East and Central Africa region, Malawi in the past maintained a moderate rate of real growth in Government expenditures on wages and salaries. Furthermore, relative to the national GDP, Government expenditures on salaries and wages have generally been on the decline during the period 1987 - 1993 mid (see Figure 2.3).

Table 2.2: GOVERNMENT EXPENDITURE ON WAGES AND SALARIES AS PERCENTAGE OF TOTAL EXPENDITURE AND LENDING MINUS REPAYMENTS MALAWI COMPARED TO SELECT SSA COUNTRIES , 1980 - 1989

Country	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
Malawi	12.9	13.9	19.8	19.3	18.2	17.6	17.8	20.7	17.8	15.7
SSA(excluding Nigeria)	27.4	27.7	26.8	27.6	27.7	27.3	25.3	25.5	n.a.	n.a
Zambia	22.4	32.9	29.6	31.4	30.7	25.6	22.3	25.8	22.2	n.a
Tanzania	18.6	21.1	20.4	22.9	22.3	25.6	24.8	19.2	18.2	n.a
Botswana	24.9	26.7	24.9	26.3	24.3	23.5	20.8	20.8	20.2	19.3
Kenya	25.3	27.2	27.6	31.1	31.7	29.7	33.7	31.5	32.0	n.a

Source: UNDP/The World Bank, African Development Indicators, 1992

Figure 2.2

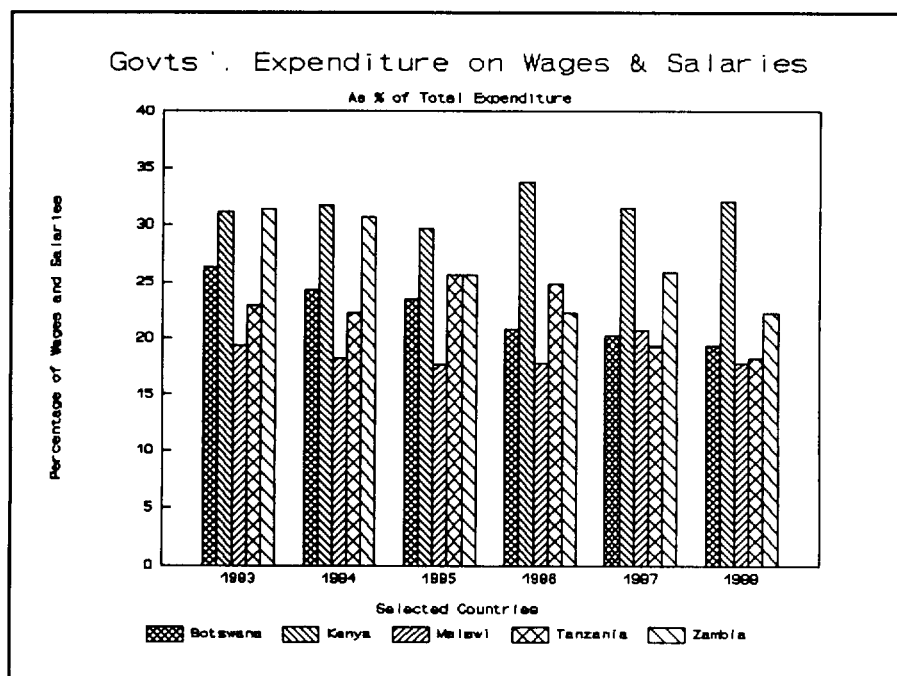
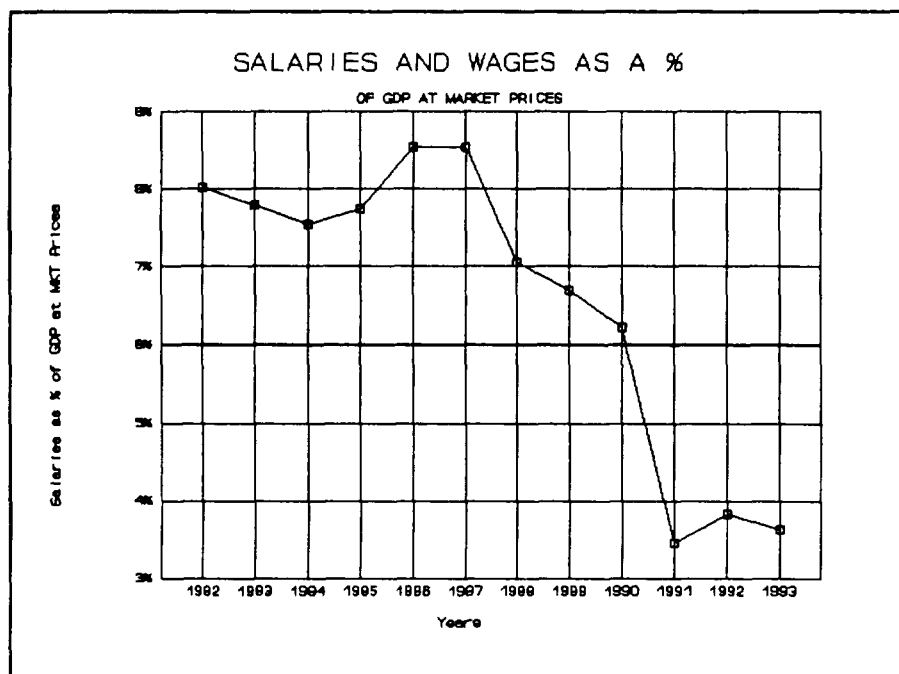


Figure 2.3



Source: Appendix Table 2.6.

Impact of Recent Salary Adjustments on the Wage Bill

2.5 There has been a steep rise in the wage bill over the past two years. The salary and wages adjustments effected in FY 1992/93 raised, in nominal terms, the annual wage bill in the recurrent budget by an extraordinarily high 84 percent, from K 244 million (actual expenditures in FY 1991/92) to about K449 million (revised estimates for FY 1992/93). Furthermore, following an unprecedented strike by civil servants, the Government (i) raised basic salaries and wages by an average of 15 percent with effect from July 1993 and (ii) granted a 15 percent tax-free housing allowance for all civil servants not housed by the Government with effect from September 1993. About two thirds of Government employees are currently not housed but the majority are in the lower salary grades. On this basis, it is estimated that the housing allowance will result in an average increase of about 5 percent in the monthly total civil service wage bill. Overall, therefore, the monthly civil service wage bill is estimated to rise by about 20 percent between June and September 1993, and the total wage bill for the current FY is estimated at 15.5 percent higher than that for the FY92/93. Thus between FY91/92 and FY93/94, the total wage bill will have been raised by over 100 percent.

B. The Structure of the Wage Bill

2.6 The distribution of the wage bill by budget vote heads (ministries/departments) is shown in Table 2.3. As shown in the Table, about 88 percent of the wage bill is paid through the recurrent vote and the balance through the development vote. Furthermore, the Table shows that the five institutions leading in the share of the wage bill are the ministries of Education (27.29%), Agriculture (9.82%), Works (9.10%), Defence (7.67%), and Health (7.06%). Thus the five ministries account for more than 60 percent of the total wage bill.

2.7 Table 2.4 shows the composition of the wage bill by major categories of civil service employment and benefit as budgeted for the fiscal years 1991-1994. Employees in established staff positions, who may be regarded to constitute the core of the civil service⁵, account for the bulk of the wage bill, being about 70 percent of the total wage bill in 1993/94. The personnel in the non-established category (mainly industrial class employees) account for about 17 percent of the bill. The other category of employees with a significant contribution to the wage bill is temporary employment, which accounts for about 4 percent of the wage bill.

2.8 **Pensions and gratuities** also constitute a significant portion (7.2 percent in FY 1993/94) of the wage bill. Considering that the numbers of retired civil servants is generally on the increase, it is noteworthy that the proportion of the pensions and gratuities in the wage bill has been on a steady decline over the past few years. It was 12.7 percent in FY 1990/91 (Table 2.4). This trend suggests that (i) employment in the civil service is growing at higher rates than the number of retirees, and (ii) the value of the average retirement benefits is declining relatively to the current levels of average remuneration.

2.9 A further significant feature of the civil service wage bill is that a large proportion of it (about 12 percent) is used to pay salaries and wages of employees working in semi-autonomous Treasury Funds and non-commercial statutory bodies. Yet, most of the Treasury Funds are expected to operate commercially. Some of them could even be regarded as strong candidates for privatization (see Box 2.1). Therefore, the future management of the wage bill needs to address the prospect of reducing this proportion of the wage bill.

⁵ The major categories of civil service employment are explained in the next chapter.

Table 2.3: PERCENT COMPOSITION OF THE WAGE BILL BY MINISTRIES AND DEPARTMENTS - FY 1992/93

Head/ Vote	Ministry/Department	PERSONAL EMOLUMENTS	
		Actual Expenditure	As % of Total
301	The President	270,000.00	0.09%
305	State Residences	3,093,504.00	1.07%
306	Audit	756,714.00	0.26%
307	Judicial	1,154,029.00	0.40%
308	National Assembly	1,866,172.00	0.65%
309	Office of the President & Cabinet	1,831,580.00	0.63%
310	Defence	22,137,360.00	7.67%
311	Economic Planning	461,181.00	0.16%
312	District Administration	4,387,524.00	1.52%
313	Lands and Valuation	1,506,776.00	0.52%
314	National Statistical Office	938,288.00	0.33%
315	Police	13,572,035.00	4.70%
316	Printing & Stationary	707,397.00	0.25%
317	Prisons	2,131,511.00	0.74%
318	Survey	957,348.00	0.33%
319	Agriculture	28,331,547.00	9.82%
321	Fisheries	1,442,773.00	0.50%
322	Forestry	19,113,269.00	6.62%
323	Geological Survey	628,533.00	0.22%
324	Education	78,760,258.00	27.29%
325	External Affairs	15,894,855.00	5.51%
326	Finance	1,589,241.00	0.55%
327	Customs and Excise	1,606,782.00	0.56%
328	Income Tax	712,943.00	0.25%
329	Office Equipment	167,183.00	0.06%
330	Health	20,377,204.00	7.06%
331	Women & Children Affairs & Community Services	3,039,418.00	1.05%
332	Information and Tourism	858,041.00	0.30%
334	Justice	3,717,590.00	1.29%
335	Registrar General	197,130.00	0.07%
336	Labor	1,342,090.00	0.47%
337	Local Government	1,449,325.00	0.50%
338	Trade and Industry	5,900,897.00	2.04%
339	Transport and Communication	3,905,772.00	1.35%
340	Posts and Telecommunication	9,875,292.00	3.42%
341	Works	26,257,367.00	9.10%
342	National Parks And Wildlife	1,338,008.00	0.46%
343	Youth & Malawi Young Pioneers	729,298.00	0.25%
344	Personnel Mgt. & Training	2,040,939.00	0.71%
345	Housing & Physical Planning	1,008,631.00	0.35%
346	Forestry & Natural Resources	536,576.00	0.19%
347	Accountant General	1,431,806.00	0.50%
348	Data Processing	571,588.00	0.20%
	TOTAL	288,595,775.00	100.00%

Source: Appendix Table 2.4(a) & 2.4(b)

Table 2.4: COMPOSITION OF THE WAGE BILL BY MAJOR CATEGORIES OF EMPLOYMENT AND BENEFITS, AS BUDGETED FYs 1990/91-1993/94

	percentage distribution by category			
	1990/91	1991/92	1992/93	1993/94
Established Staff - Salaries	64.7%	46.5%	64.0%	66.5%
Established Staff - Allowances	3.6%	4.5%	4.0%	5.3%
sub-total	68.2%	51.0%	68.0%	71.8%
Non-established staff - salaries	13.0%	31.0%	14.8%	16.8%
Temporary Employment	4.3%	4.6%	4.9%	3.9%
Village Headmen's Remuneration	0.1%	0.1%	0.1%	0.1%
Technical Assistance Personnel	1.8%	1.9%	1.8%	0.0%
Student and Uniform Allowances	0.0%	0.3%	0.2%	0.3%
sub-total	87.3%	88.8%	89.6%	92.8%
Pensions and gratuities	12.7%	11.2%	10.4%	7.2%
TOTAL	100.0%	100.0%	100.0%	100.0%

Note: It appears that in FY 1991/92, some of the salaries of the established staff were budgeted under the non-established staff line item.

Source: Appendix Table 2.5

BOX 2.1: WAGE BILL EXPENDITURES ON TREASURY FUNDS AND NON-COMMERCIAL STATUTORY BODIES

1. More than 12 percent of the total Government expenditures on salaries and wages are directly incurred on employees in treasury funds and non-commercial statutory bodies.
2. **Treasury Funds:** Total expenditures on salaries and wages on treasury funds for the FYs 1988/89 to 1992/93 are presented in Appendix Table 2.1. In FY93/94, these expenditures amount to K 26.861 million, which is a significant 9.3 percent of the total salaries and wages paid by the Government. It is also significant that the bulk of these expenditures (amounting to K 25,285,000 or 94 percent of the total) are in "Commercially" oriented treasury funds.
- 3 **Non-Commercial Statutory Bodies:** In FY 1992/93, total subventions to non-commercial statutory bodies amounted to K 19.788 million (see Appendix Table 2.3). Salaries and wages constitute a higher proportion of Government subventions to non-commercial statutory bodies. In a sample of five such bodies, salaries and wages were on average some 41 percent of the total subventions (see Appendix Table 2.2). If it is assumed that salaries and wages constitute 41 percent of the total subventions, then these expenditures amount to K 8.11 million. Therefore, non-commercial statutory bodies add a further 2.8 percent on total Government expenditures on salaries and wages.

C. Major Issues Arising from the Evolution of the Wage Bill

The Recent Rapid Growth of the Wage Bill

2.10 The recent rapid growth in the wage bill (1992/93 and 1993/94) does not appear to be an outcome of systematic policy. Indeed, the large salary adjustments had not been anticipated in the budgetary process. Consequently, the increases in salaries and wages:- (i) were not efficiently, equitably and transparently distributed among the various salary grades (which further distorted the pay structure, and partly explains the recent serious industrial unrest among civil servants in spite of the very high salary increases in FY 1991/92); (ii) necessitated a 50 percent down-ward revision in the 1993/94 budget allocations for, among others, maintenance of buildings, plant and equipment, which may adversely affect the productivity of the civil servants; and (iii) significantly exacerbated the Government's fiscal problems.

2.11 Furthermore, these ad-hoc salary adjustments, (regardless of whether or not it was in response to civil servants, genuine needs or conceded to avoid political costs), would appear to provide a false signal regarding the capacity of the Government to continuously raise higher the salaries of its employees. Thus, for example, even after the recent high increases, teachers have threatened to strike for improved employment benefits. (See Box 2.2).

BOX 2.2 : THE RECENT TEACHERS' CAMPAIGN FOR PAY INCREASES

The Campaign for more increases in pay for teachers should be a matter of serious concern for two reasons. First, teachers are already better remunerated than their equivalently educated and trained counterparts in the civil service. Thus, for example, after a Malawi Certificate of Education (MCE holder) successfully completes the two-year training in primary teacher training college, she/he is employed by the Government at the T2 salary grade which starts at a basic salary of K 3894 per annum. However, the MCE graduate who also successfully completes a two-year training course in agricultural technology at the Malawi Natural Resources College (NRC) is employed by the same Government, and in similar environments as the teacher, in the salary grade TA/C2, at a basic salary of K 1884 per annum (i.e., two annual increments above the bottom of the salary scale for the grade), which is less than half the teacher's starting salary*. Yet, according to the *Malawi News* of September 25 - October 1, the Government is likely to accommodate the teachers' demands. The second concern is the fact that teachers are by far the fastest growing cadre of the civil service. Moreover, if the teachers succeed in their campaign, several other occupation groups are likely to initiate similar campaigns. A combination of higher average pay and sustained high growth in the number of teachers could be an explosive dynamite in the Government wage bill in the foreseeable future.

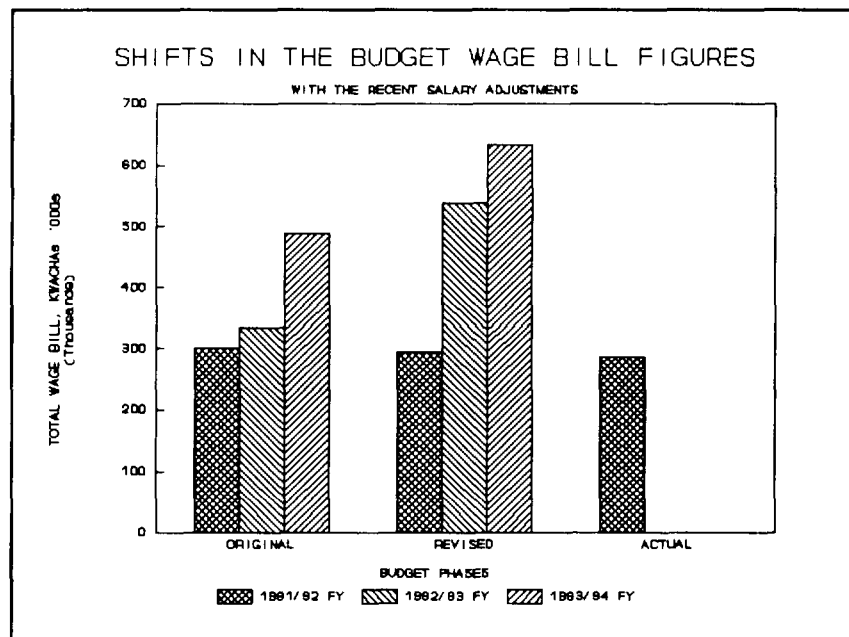
*See Tables 4.1 and 4.5

Difficulties in Maintaining Budgetary Control of the Wage Bill

2.12 In both FY92/93 and FY93/94, it has been impossible for the Government to maintain budgetary control of the wage bill. As illustrated in Figure 2.4, during FY 1992/93, the ultimate levels of total Government expenditures on the wage bill by far exceeded the original target. And as explained above (para 2.5), in the FY93/94 budget the actual wage bill will far exceed the original approved budget. Yet, as stated in Chapter 1, a major macro-economic goal for the Government in FY 1993/94 is to significantly reduce the proportion of budgetary spending in GDP. All this means that unless the Government reinstates budgetary control on the wage bill, it will find it increasingly difficult to achieve its fiscal policy goals

(Figure 2.4). Re-establishing effective budgetary control of the wage bill would involve better control of staff strength growth, especially the large number of industrial class employees and removal from the payroll of employees in the commercially-oriented parastatals that could be privatized (see Chapter 3 below).

Figure 2.4



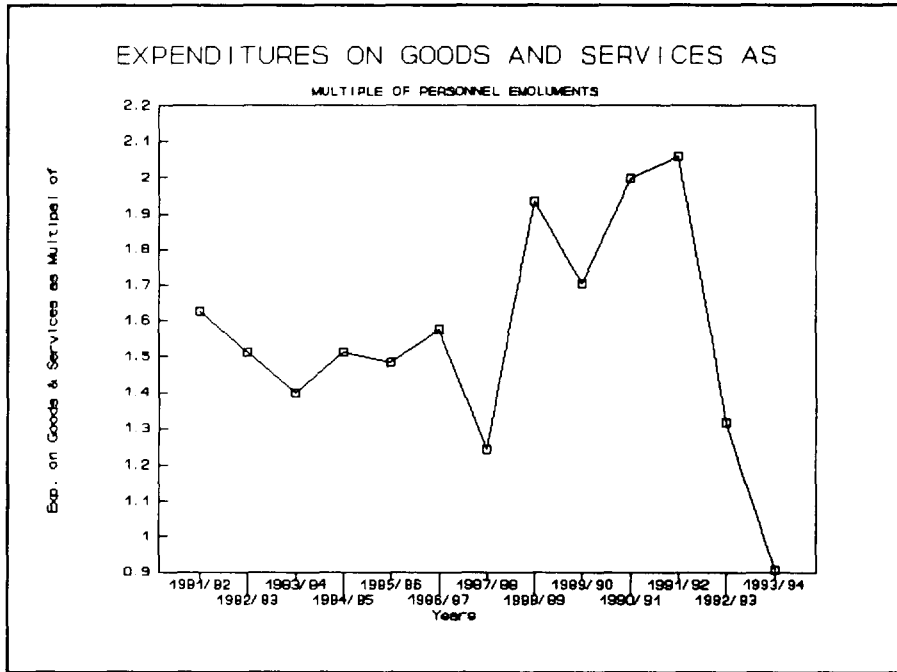
Source: Appendix Table 2.7

Creeping Imbalance between the Wage Bill and Non-Wage Expenditures

2.13 In the past, Malawi has been commended for avoiding the pitfall characteristic of many SSA countries that have allowed salaries to increase as a percentage of recurrent expenditures, thereby reducing the funds available for operational expenses and leading to a severe curtailment of Government activities⁶. The recent rapid growth in the wage bill is progressively crowding-out from the budget the financial resources for procuring complementary goods and other services (see Figure 2.5).

⁶ The World Bank, *Malawi Public Sector Management Review*, March 1993 (p. 8). See also Appendix Table 2.9.

Figure 2.5



Source: Appendix Table 2.8

CHAPTER 3

CIVIL SERVICE EMPLOYMENT

A. Defining the Civil Service

3.1 There is currently no agreed definition of the civil service in the country. Flowing from this is the problem of establishing the exact size of the civil service. There are three main explanations for this confusion. **First**, there is the historical problem of defining what is the civil service: (i) while in the immediate years following the country's independence the police and teachers were not considered to be in the civil service, for all legal and practical purposes today, these are regarded as civil servants⁷; (ii) although the law provides for judiciary officers to be outside the administrative mandate of the Public Service Commission, which is vested with the specific responsibility for the recruitment, promotion and discipline of civil servants, in virtually all other administrative aspects, the judiciary officers are treated as civil servants; and (iii) the Government underwrites the payroll of employees in Treasury Funds and non-commercial parastatals. Therefore, a budget or payroll-based definition of central Government employees would normally include employees in these categories.

3.2 **Second**, while the Malawi Public Service Regulations (MPSR) stipulate that civil servants are those Government employees on permanent and pensionable established posts, in practice: (i) significant numbers of industrial class employees who would ordinarily be on temporary and wage-based employment contracts, have, since 1983, been admitted into permanent and pensionable status without any upgrading into established posts⁸; (ii) the regulations approve the appointment of temporary employees against vacancies in the established permanent and pensionable posts, and many such temporary employees have remained in employment for periods as long as 10 years⁹; and (iii) the study team noted that, in the case of military personnel, employment is not guided or constrained by establishment of positions.

3.3 **Third**, the absence of an effective system for control and monitoring of recruitment in all cadres of the civil service results in a situation whereby at any point in time, it is impossible to reliably establish the actual numbers of all central government employees. In particular, since there are no central records of non-established employees, their total number cannot be correctly determined. Available evidence suggests that the number is a significant proportion of the total number of those in the central government payroll. As further elaborated below, these "non-established" employees in the main comprise "industrial class"

⁷ This situation contrasts, for example, with that in Kenya where teachers have through, a Teachers Service Act (which established a Teachers Service Commission) clearly been delinked from the civil service.

⁸ As a matter of fact, the admission of some industrial class employees into pensionable status was retro-active since it was effected after the formal termination of employment.

⁹ In practice, when employees remain on temporary employment for many years, it is unlikely that they will have their services terminated. When they are, they will be paid a gratuity (one month's salary for every year of service). And in some cases, they may successfully petition Government for pension benefits.

workers, but also include personnel employed in development projects who have not yet been transferred to the payroll under the recurrent budget, and other temporary and seasonal employees. In all, these employees constitute about a third of the total number of government employees. The exact status of these categories of government employees has to be clarified before the size of the civil service could be determined.

3.4 Established Staff: This category of employees forms the vast majority of civil servants. As indicated in Chapter 2, about 70 percent of the approved budgetary allocation on the civil service wage-bill for FY93/94 was allocated to this category of employees. The positions for established staff are created by DPMT in liaison with the Treasury. The positions are classified in a hierarchical order from the highest superscale grade S1/PI (i.e., for the Secretary to the President and Cabinet and the Chief Justice) down to the lowest subordinate class grade (SC.IV) for Security guards, messengers, etc¹⁰.

3.5 The minister responsible for the civil service appoints or promotes Civil Servants into posts graded S4/P4-S1/PI by recommendation. Appointments and promotions for other established staff are ostensibly based on merit and are sanctioned by:

- heads of departments for subordinate class employees;
- Ministerial Appointments and Disciplinary Committee for posts grades CO/TA or SCO/STA; and
- the Public Service Commission for senior officers in the grades EO/TO to S5/P5.

3.6 Non-Established/Temporary Employees: This category of Government employees are engaged to cater for specific tasks in a program of defined lifespan and against vacancies in the established posts. The recruitment and upgrading of temporary employees should be on the authority of the DPMT. However, a number of them have either been upgraded into established positions or have been maintained on the Civil Service payroll even for periods in excess of 10 years without seeking DPMT approval for their continued employment. While DPMT has not tried hard enough to track this category of officials, Ministry and Department heads have also been negligent in sending up-to-date reports to the DPMT and the Treasury. The confusion is then compounded by the fact that the Treasury continues to make budgetary allocations to maintain them on the payroll; long after the original need for their services would have disappeared.

3.7 Industrial Class Employees: This category of Government employees fill posts that are neither established nor have a life-span. Authority for appointment, promotion and termination of these employees is also the responsibility of the departmental/ministerial responsible officer or controlling Officer. Most employees are in construction/maintenance projects. There are also tradesmen such as mechanics and electricians who serve in the Ministry of Works on a more or less permanent basis. Industrial class employee grades vary considerably, mainly based on the level and type of skills:

- Unclassified Workmen: unskilled laborers;

¹⁰ Details on the job/salary grades are provided in Chapter 4; see Table 4.1

- Classified Workmen: Semi-skilled workers e.g. cook, boatman, caretaker, gardener etc;
- Tradesman (ungraded or graded): Electrician, mechanic, plumber, fitter, bricklayer, etc;
- Operators (ungraded and graded): plant operator, drivers, etc.

3.8 Industrial class (IC) employees may be considered to constitute the informal component of the civil service. It is, however, important to distinguish between two broad categories of IC employees: (i) temporary and seasonal (casual) labor, constituting the majority of IC employees. The total number fluctuates considerably, especially by seasons and (ii) the quasi-permanent employees who have been graded into the three categories of classified workmen (grades 1, 2 and 3), tradesmen (ungraded and graded) and operators (ungraded and graded). Thus, the vast majority of those in the second category are de-facto part of the permanent civil service establishment.

3.9 Furthermore, since 1983, the graded tradesmen and operators, like those civil servants in established posts have been eligible for pension benefits. Therefore, a realistic examination of civil service pay and employment needs to adopt a definition of the civil service that encompasses the industrial class employees while recognizing their ambiguous status (see Box 3.1).

3.10 Clearly, in spite of weak controls and poor personnel record keeping, many GOM employees in non-established positions are de facto under terms and conditions of service statutorily designated for civil servants in the MPSR. Given these realities, the term civil service is broadly used in the study to describe employees on the government payroll whether or not they occupy established, non-established and industrial class positions. However, this definition excludes employees in parastatals and local government whose salaries may be funded by the central government through subsidies and grants.

BOX 3.1: THE AMBIGUOUS STATUS OF INDUSTRIAL CLASS EMPLOYEES

1. In 1983, following an ILO recommendation, the Government availed long-serving graded industrial class employees the option to be on permanent and pensionable status. However, a large number of industrial class employees opted to remain on temporary appointment so that they could:-

- (a) earn their gratuity after 10 years;
- (b) leave the civil service anytime after 10 years with some benefits; and
- (c) continue getting overtime privileges which may not be available for permanent and pensionable employees.

2. While many employees did not exercise the option, they have subsequently successfully argued that they were never made aware of the option and therefore received the pension benefit. And in 1990, the Government promulgated procedures for graded tradesmen and operators to apply for admission into permanent and pensionable status while remaining in the industrial class pay grades.

B. The Problem of Data on the Size of the Civil Service

3.11 Through the years, it has been difficult to reliably determine the size of the civil service. Data on Government employees is maintained by the DPMT (for established posts) the MOF (Budget Department for established and temporary posts), the Data Processing Department (for those paid salaries through computerized payroll) and line ministries (for all employees, i.e. including industrial class employees). Both the DPMT and the MOF-Budget Department would be expected to have reliable personnel data bases to facilitate effective performance of their roles and functions with regard to the hiring and funding of Government employees. However, over the years, there have been consistent discrepancies between the DPMT and MOF-Budget Department figures for established posts in the civil service (see Table 3.1). In fact, both the 1990 Public Expenditure Review Report (PER) and the 1993 Public Sector Management Review Report (PMSR) noted the discrepancy between figures maintained in the schedule of established offices and those reported in the establishment estimates appended to the budget.

3.12 The study team was confronted with several choices of sets of data for total established positions in the civil service. According to the DPMT annual schedule there were 85,860 established positions in the civil service at the beginning of the FY93/94. But the study team's consolidation of data from line ministries suggested a total establishment of 78,437 employees. At the same time, the computerized payroll was showing a total of 64,184 employees (see Appendix Table 4.3). The study team sought to obtain an explanation for the huge discrepancies. It was established that the inaccuracies were largely due to duplication of names, staff mobility and staff turnover detail. Information on postings, resignations retirements and deaths are often not readily updated by salary officers when submitting monthly change-sheets to DPD. It was also learnt that during any financial year, details of past employees are not removed from the payroll data within the year for purposes of producing tax certificates at the end of the financial year.

3.13 A special exercise by the Management Services Division (MSD) of the DPMT, which required all ministries to submit complete returns on employment showed total established positions to be 91,819, of which 75,663 were filled. This exercise also showed the total number of non-established and industrial class employees to be 1,931 and 50,624 (see Appendix Table 3.1) respectively. It was impossible to reconcile this data with that in the annual schedule. In these circumstances, the study team has opted to rely on the data set obtained from the special exercise by the DPMT according to which, treasury officials interviewed, constitute the most authoritative list of the total number of established positions in the civil service.

Table 3.1: CIVIL SERVICE ESTABLISHED POSITIONS, 1980/81 - 1992/94

YEAR	NO. OF ESTABLISHED POSITIONS	
	DPMT FIGURES	BUDGET (MOF) FIGURES
1980/81	44,274	39,824
1981/82	45,144	43,345
1982/83	46,380	45,333
1984/85	48,178	46,379
1985/86	48,267	46,666
1986/87	51,786	49,673
1987/88	57,108	51,699
1988/89	60,245	54,256
1989/90	65,480	58,580
1990/91	66,290	65,010
1991/92	66,987	64,924
1992/93	91,819	66,973

Sources: (a) DPTM, (b) Table of Civil Service Establishment, Budget Estimates, various years

C. CURRENT STRUCTURE OF CIVIL SERVICE EMPLOYMENT

3.14 Appendix Table 3.1 shows the distribution of civil servants by vote (ministry or department). Significant features of the data on that table include:

- (a) While established posts constitute the majority (about 60 percent) of all civil servants, industrial class employees are also quite a large proportion (about 39 percent).
- (b) Education, Department of Forestry, Agriculture and Works account for the bulk of civil service employment comprising 30.6 percent, 13.3 percent, 11.8 percent and 11.7 percent respectively. The high percentage shares of education, and agriculture sectors are not surprising considering the emphasis given by the government to these "priority areas", and the labor intensity of these sectors.
- (c) The Ministry of Works employs the largest number of Industrial Class employees totalling 15,357 or 90 percent of the Ministry's total of posts.

Compared with the 2,749 established positions, its industrial class component is substantially overgrown; and

- (d) Some 15,572 established positions, equivalent to about 12 percent of the total estimated number of government employees, are vacant.

3.15 The large numbers in the education and health sectors reflect government commitment to the implementation of its policies. In its Statement of Development Policies, 1987-1996, the Government asserts that, "for the next five years, and to some extent also for the balance of the next decade, growth in the civil service will be very limited. The only significant exceptions to this will be basic education and primary health care where expansion will be needed to improve service coverage - itself a high priority"¹¹. At the same time, the 1990 Policy Framework Paper commits the Government to a maximum 2 percent annual growth rate in the overall growth of the civil service, and with priority additional staffing in the ministries of health, education and agriculture¹².

3.16 The high proportion of industrial class employees suggests that there is an urgent need by government to critically examine and review the activities of its ministries, especially the Ministry of Works, to determine actual requirements for industrial class employees. There is also need to set up employment ceilings for this category of employees and ensure that the ministry adheres to the new establishment targets. The existing situation poses serious budgetary and establishment control problems for government in view of the fact that there is currently no public mechanism or institution to regulate the employment of industrial class employees. The current practice is that Controlling Officers have a free hand to engage and maintain any number of such employees. A careful analysis of the ministry's activities may reveal that some of its building, construction, maintenance and hiring services could be competently sub-contracted to private small and medium- scale operators while maintaining high operational standards at a reduced cost.

3.17 The data quoted in Appendix Table 3.1 on the size and structure of the civil service shows temporary employees to be less than two percent of the total number. Considering that these employees may be recruited at fairly senior levels, this percentage is still significant. Furthermore, the figure of 1931 temporary employees provided to DPMT by ministries may have been deliberately understated. The number of this category of employees compiled by the study team from data gathered directly from ministries was more than three times what is shown in Appendix Table 3.1. Since the temporary employees are engaged against established positions, it may be that the ministries mixed up between the two categories of employees. But these may also be an incentive for ministries to conceal from DPMT the number of those temporary employees they have engaged without the explicit approval of the latter, as stipulated in the MPSR.

3.18 **Distribution of Established Posts by Salary Grades:** Table 3.2 shows the distribution of established posts in the civil service by job grades. Thus the very top civil servants constitute less than one half percent of the total number of established posts. Clerical and technical support staff constitute more than one in every two civil servants. These

¹¹ GOM/OPC (EPD) Statement of Development Policies, 1987-1996.

¹² GOM/World Bank, Policy Framework Paper 1989/90 - 1991/92, June 1990.

statistics are significant in the context of developing feasible strategies and policies on civil service pay reform as discussed in Chapter 6.

Table 3.2: SUMMARY DISTRIBUTION OF CIVIL SERVANTS IN ESTABLISHED POSITIONS BY SALARY GRADES

Salary Grades	Total Number	% of Total	Remarks
S4/P4 - S1/P1	244	0.28%	Appointed by Minister in OPC
S8/P8 - S5/P5	2086	4.43%	Appointed by PSC
EO/TO - AO/PO	20873	24.35%	Appointed by PSC
CO/TA - SCO/TA (including D4/3)	49100	57.27%	Appointed by PSC
SCIV - DP3/2	10539	12.29%	Appointed by Ministerial/Departmental Appointments & Disciplinary Committee
UNCLASSIFIED	2896	3.38%	Appointed by Ministerial/Departmental Appointments & Disciplinary Committee
TOTAL	85738	100.00%	

Source: Appendix Table 3.2

D. GROWTH OF CIVIL SERVICE EMPLOYMENT

3.19 Although Malawi has in the past been commended for a relatively conservative approach to civil service employment, particularly in comparison with many other African countries where, until recently, double digit annual growth rates were common¹³, the growth rate for employment in the Malawi civil service has in itself been quite rapid. In the 1964-1985 period (just about two decades following independence), the civil service establishment (excluding the police and army) expanded some four-fold, from 10,695 to 40,762 employees (equivalent to an annual average growth rate of 13 percent)¹⁴. And as shown in Table 3.3, during the 1980s and the early part of 1990, while Malawi's economy was virtually stagnant, the established posts in the civil service increased by an annual average rate of 7.2 percent.

¹³ World Bank, Malawi: Public Sector Management Review, March 1993.

¹⁴ GOM/John Herbecq, Report of the Malawi Civil Service Review Commission, July 1985 (para 27).

Table 3.3: GROWTH IN CIVIL SERVICE EMPLOYMENT 1980/81 - 1993/94

YEARS	GROWTH PERCENTAGE
1980/81	
1981/82	2.0%
1982/83	2.7%
1984/85	3.4%
1985/86	0.4%
1986/87	0.2%
1987/88	7.3%
1988/89	10.3%
1989/90	5.5%
1990/91	8.7%
1991/92	1.2%
1992/93	0.0%
1993/94	28.2%
Average Annual	7.2%

Source: Table 3.1 above, (DPMT)

3.20 The relatively rapid growth of civil service employment was due to many factors, including:

- (a) **Localization:** After independence, some positions previously held by expatriates had to be localized. Some highly skilled expatriates occupied technical positions whose responsibilities had to be shared among several Malawians who had not acquired the experience and professional expertise to discharge in full the duties of the vacant posts with maximum efficiency and effectiveness.
- (b) **The rising demand for more and better quality social services such as health and education due to an expanding and better educated population:** Government embarked on development projects such as construction of roads, health facilities, agriculture and other previously neglected services. Undertaking such labor intensive programs required manpower, hence the expansion of the civil service.
- (c) **Donor Funded Development Programs:** These are on completion taken over by the government. The absorbed manpower and equipment are incorporated into the revenue account, adding more people and expenses to the Civil Service. Sometimes non-established project employees have proved to be better skilled and more competent in their duties during the project period and therefore have been given established positions. Some project employees have also been kept on humanitarian or personal grounds. Retrenchments or lay-offs rarely occurred.

- (d) **Staffing Self Help Schemes:** Health, education and agricultural physical facilities put up by villages have been handed over to government to provide human, financial and material resources; thereby expanding the services.
- (e) **Declining Economic Conditions:** Declining terms of trade and growing fiscal constraints especially from the late 1970's to date, have forced the government to become the primary provider of economic opportunities such as employment.
- (f) **Small size of the Wage-Employment Sector and Improved Education:** The private sector for example absorbs a very small proportion of economists, administrators and teachers graduating from the University. The Civil Service provides the only attractive employment.
- (g) **Neglect, Abuse, and Mismanagement of the Civil Service Institution as a National Resource:** The abuse from both politicians and Civil Servants alike result in deliberate overstaffing, duplication and lack of coordination, some ghosting, poor supervision and utilization of human resources. Government is actually in the process of creating additional positions for the newly established Ministries of Defence, Home Affairs and State.
- (h) **Low Levels of Productivity:** These are caused by lack of critical skills, poor skills mix, poor infrastructure and inadequate equipment. The "employed to fill a post attitude" in the Malawi Civil Service is a major cause of declining productivity.

E. RECENT TRENDS IN CIVIL SERVICE ESTABLISHMENT

3.21 Table 3.4 shows the distribution and growth of civil service establishment by leading ministries in the late 1980s and early 1990s. From the table it can be discerned that at the turn of the decade, recorded levels of established posts increased by quite high rates: 8 percent in FY89/90 and 11 percent in FY90/91. For FY91/92, the growth rate dropped to 1.4 percent. But in FY92/93, the number of established positions increased by an unprecedented high 37 percent. On average therefore, between FY89/90 and FY92/93, the established positions (as a yardstick for growth in formal civil service employment), increased at an annual rate of 14.35 percent. These high growth rates in established positions are particularly significant considering Government's objective in 1990 to keep annual growth rate in the overall growth of civil service employment to a maximum of 2 percent. In other words, Government was unable to control the growth of its civil service staff strength.

**Table 3.4: CIVIL SERVICE EMPLOYMENT DISTRIBUTION AND GROWTH
BY MINISTRIES, 1987/88 to 1992/94**

(a) Numbers

YEAR	Total Establishment	Agriculture	Educ. and Culture	Health	Works	Other
1987/88	51,699	7,036	16,965	4,771	2,227	20,700
1988/89	54,256	7,112	16,965	4,771	2,157	23,251
1989/90	58,580	7,275	18,446	4,820	1,806	26,233
1990/91	65,010	7,801	23,046	4,944	1,967	27,252
1991/92	65,924	7,788	23,145	4,944	2,120	27,927
1992/93	91,819	7,882	46,368	6,415	2,749	28,405

(b) Percentage shares:

1987/88	100	13.6	32.8	9.2	0.043	0.400
1988/89	100	13.1	31.3	8.8	0.040	0.429
1989/90	100	12.4	31.5	8.2	0.031	0.448
1990/91	100	12.0	35.4	7.6	0.030	0.419
1991/92	100	11.8	35.1	7.5	0.032	0.424
1992/93	100	8.6	50.5	7.0	3.0	30.9

(c) Annual percentage growth:

1987/88	4.1	9.4	1.0	-2.6	1.9	6.9
1988/89	4.9	1.1	0.0	0.0	-3.1	12.3
1989/90	8.0	2.3	8.7	1.0	-16.3	12.8
1990/91	11.0	7.2	24.9	2.6	8.9	3.9
1991/92	1.4	-0.2	0.04	0.0	7.8	2.5
1992/93	37	1.2	100.3	29.8	29.7	1.7

Note: The establishment figures for 1992/93 were compiled in February 1993 by the Department of Manpower Services of the DPMT at the request of the Study Team.

Source: DPMT, Schedule of established offices, 1989/90 to 1992/93

3.22 Impact of Establishment Growth in the Ministry of Education: The high overall growth in established positions of the civil service is largely explained by the expansion of establishment in the Ministry of Education (MOE) which not only doubled in FY92/93, but also rose by high rates of 8.7 percent and 24.9 percent in FY89/90 and FY90/91 respectively (Table 3.5). This recent growth in the establishment of the Ministry of Education and Culture is mainly due to the implementation of a restructuring process. The ministry has recently decentralized field operations with its regional offices taking on additional functions such as the payment of primary school teachers' salaries. With a staff strength of over 25,000 primary school teachers, a substantial number of positions, especially in the accounting area, had to be created for the regions to ensure the efficient processing of teachers' salaries. At the levels of secondary schools, teachers training colleges and technical colleges (as well as at headquarters), new positions have been created and others upgraded in an attempt to step up the career progression of teachers. This was aimed at improving the teachers' morale, minimizing frustration and enhancing the delivery of quality services within the educational sector. A number of primary school teachers have been recently absorbed as permanent and pensionable employees of the ministry.

3.23 Furthermore, the World Bank-funded Malawi Special Teachers' Education Program (MASTEP) is expected to produce its first graduates totalling about 4,000 between July and September 1993. The increased number of established positions in the Ministry of Education and Culture is partly a plan to absorb the MASTEP teachers once they graduate. Finally, the planned growth in schools enrolment is projected to increase demand for teachers by an annual average of about 1000, equivalent to about one percent of the current establishment¹⁵.

3.24 In these circumstances, Government's success in tightening civil service employment growth, will significantly depend on how it plans and maintains an optimal size for the Ministry of Education and Culture. Future growth of the ministry requires careful manpower planning. Instead of having a sudden boom in the Ministry's establishment, small but regular manpower increases, implemented gradually over a period of time, is likely to ensure the achievement of better results in the education sector. Such planned increases should always be carefully budgeted for and should match with the supply of teachers as well as increases in enrolment levels in primary and secondary schools.

3.25 The Ministries of **Health** and **Works** also had their establishments considerably expanded in FY92/93 by 29.8 percent and 29.7 percent respectively (Table 3.5), thereby contributing significantly to the overall growth in establishment during the year. However, since these ministries constitute relatively small proportions of the total established positions (7.0 percent and 3.0 percent in FY 1992/93 respectively), the impact of expansion of their establishment is considerably below that from the expansion in the MOE.

3.26 Significance of the Recent Creation of New Ministries: The Malawi Government recently established three new ministries Defence, Home Affairs and State. It is likely that the civil service establishment will be expanded to provide staff for these ministries. The creation of the new ministries raises doubts about the commitment of the government to streamline and rationalize the size and the cost of the Civil Service.

¹⁵ ILO/DPMT (ibid)

F. RECENT INITIATIVES TO CURTAIL EMPLOYMENT

3.27 The number of civil servants, and especially industrial class and temporary employees, may have dropped considerably in the latter half of 1993. A Treasury Circular of June 1993 directed all Government ministries (Principal Secretaries) to, among other measures, reduce the numbers of industrial class and temporary employees on their payroll by 50 percent, by which proportion the Treasury was also adjusting downwards the approved budgetary provisions for temporary and non-established employment. The Treasury also followed up with a circular abolishing the employment of retired civil servants who had extended their employment on a month to month basis. Some ministries, such as MOW, have started implementing the Treasury directive by laying off most of their casual labor force.

3.28 However, the reduction of IC employees is progressing slowly because (i) the selection of those to be laid-off is generally (and correctly) perceived to be a socio-politically sensitive and delicate process which should be governed by objective, transparent and fair criteria, and (ii) these retrenchees will be entitled to gratuity payments and ministries are concerned that they do not terminate employment before the Treasury provides the funds to pay the retrenches. Furthermore, cutting the number of industrial class positions by a predetermined percentage cannot succeed without a full understanding of the operational activities of an organization. For example, the Ministry of Works cannot be treated in the same manner as the Ministry of Labor. The nature of their operations (i.e., construction and maintenance) requires different levels and types of industrial class workers.

G. RETIREMENT AND ATTRITION IN THE CIVIL SERVICE

3.29 Staff attrition in the Malawi civil service has been rather low. The attrition rate was estimated at 1 percent per annum in the late 1980s¹⁶. This low attrition can today be explained by a review of the age and experience profiles of the government employees¹⁷.

3.30 **Age Profile:** Projecting MOA data to the entire civil service, the significant features of the age profile statistics (Table 3.7) include the following:

- up to 5 percent of those currently in Government employment have exceeded the mandatory retirement age of 50 years;

¹⁶ World Bank, Malawi Human Resources Development Study, 1990

¹⁷ Data on the age and experience profile of employees is useful especially for manpower planning and the design and planning of retirement benefits. In the context of the objectives of this study, the data is useful for establishing the extent of post-mandatory retirement-age employees in the civil service. But such data is not available for the total civil service. Fortunately, though, the Ministry of Agriculture has this data for its employees in a computerized system. The study team considers that the overall scenario for the civil service is not likely to be very different from that in the Ministry of Agriculture (MOA).

- in another five years, if the mandatory retirement age was enforced, up to 24.6 percent (about a quarter) of the civil servants would quit the civil service; and
- only a tiny 2.4 percent of the civil service are youths below 25 years of age.

3.31 **Experience Profile:** In terms of experience, it is significant that a very large proportion (39.4 percent) of civil servants have less than 10 years in the service (Table 3.7). Those with such few years of experience have little incentive to retire because: (i) until after 20 years of experience, they are not entitled to pension benefits; and (ii) a majority of these employees will be in the lower and middle job grades where the gaps in remuneration between the Government and private sector is relatively low (see Chapter 5).

H. OVERMANNING AND LOW PRODUCTIVITY

3.32 The productivity of the Malawi civil service does not appear to have been a subject of any comprehensive survey. Until about 1992, such indicators of low productivity as idleness, late arrival and early departure to and from the office, absenteeism and moonlighting were much less in evidence in Malawi compared to many other SSA countries. However, there is increasing evidence that these negative attitudes to work are gaining ground. This new trend is confirmed in the recent management audit of the DPMT by ESAMI. The study revealed that slack time among the staff in the Department exceeds 30 percent. Therefore, there may still be significant opportunities for improving the manning levels and productivity in the Malawi civil service.

I. SUMMARY OF PROBLEMS AND ISSUES

3.33 **Developing and Maintaining an Effective Personnel Information System:** The lack of complete and reliable information on civil service employment must significantly hinder effective policy-making and management. DPMT is the Central Government institution that is mandated to maintain such a system. However, as already pointed out, DPMT is not performing this function satisfactorily. One problem the DPMT has faced is the fact that registers of authorized positions were not regularly updated, especially for non-established (temporary and industrial class) employees. Instead, DPMT generally has been relying on incomplete returns from the line ministries. A second problem has been that, in spite of the Government's policy directive in 1986 freezing the creation of new positions and prohibiting the renewal of the life-spans for non-established posts after expiry, controlling officers (in ministries) continued to employ in these positions without the authority of DPMT. Consequently, DPMT could no longer effectively monitor employment in the ministries. A third problem was that, until recently, DPMT was maintaining a centralized manual system of personnel data. As the establishment expanded and institutional complexities emerged, it was increasingly difficult to effectively and efficiently maintain such a system.

3.34 With technical assistance from USAID, DPMT embarked on the implementation of a computerized personnel management information system. The development and implementation of the system will be completed under the Second Institutional Development project to be launched toward the end of 1994.

3.35 Vacancies in Established Posts: The 1991 civil service study conducted by the Malawi Institute of Management with technical assistance from UNDP indicated that there are many vacancies in the civil service with estimates of over 35 percent in professional, technical and senior management positions. As reflected in Table 3.5, there is preponderance of high vacancy rates in those ministries with relatively large numbers of professional and technical personnel, i.e. the ministries of Agriculture, Education, Public Works and Health, etc. While this in part reflects the extent to which supply of professional and technical skills falls short of demand (as perceived/judged by those responsible for determining manning levels and fixing the approved establishment, i.e. the DPMT), it also suggests that the past practice has been to determine manning levels and approve establishment without due regard to the potential supply of manpower. Such manning standards cannot be considered objective. More realistically, these standards should be on the basis of what is considered to be the achievable target of supply and recruitment of manpower in the period (fiscal years) covered by the approved establishment.

3.36 It is also significant that if, hypothetically all existing vacancies in the approved establishment were to be filled in one fiscal year, then the civil service employment would grow by a magnitude of 17.6 percent (Table 3.5). In other words, these would result in some 8 plus times the annual rate (of 2 percent) at which the Government has targeted for civil service employment growth. This again demonstrates that the current levels of vacancy rates are not consistent with objective determination of manning levels and approved establishment. Moreover, if it is assumed that the high levels of vacancy rates in the priority sector ministries of education, health and agriculture (as in Table 3.6) reflect a high demand for manpower in these ministries, then the Government's policy goal of no more than 2 percent employment growth of the civil service is not realistic. Therefore, either, the Government adjusts upwards its growth target for civil service employment, or it must embark on rationalization of manning levels (by redefining functions and staffing norms), approved establishment, and training and recruitment of personnel for its institutions in the education, health, and agricultural sectors. The latter option appears more prudent and achievable given the existing fiscal constraints, the need to control the wage bill (see Chapter 2) and the need to enhance civil service pay (see Chapter 4).

**Table 3.5: THE MALAWI CIVIL SERVICE ESTABLISHMENT:
VACANT POSTS IN TERMS OF ESTABLISHED POSTS, MARCH 1993**

MINISTRY/DEPARTMENT	ESTABLISHED POSTS	FILLED POSTS	VACANT POSTS	VACANCIES AS A % OF ESTABLISHED POSTS
State Residence	110	67	43	39%
National Audit Office	222	135	87	39%
Judicial Department	327	299	28	9%
National Assembly	37	33	4	1%
Office of the President and Cabinet	382	335	47	12%
Defence	2,769	2769	0	0%
Economic Planning and Development	97	87	10	10%
District Administration	658	658	0	0%
Lands and Valuation Department	369	347	22	6%
National Statistics Office	342	337	5	1%
Police (includes immigration)	6,200	6178	22	0%
Printing and Stationary	240	239	1	0%
Prisons	1,123	1112	11	1%
Surveys Department	207	151	56	27%
Ministry of Agriculture	7,882	6774	1108	14%
Ministry of Energy and Mining	89	42	47	53%
Fisheries Department	465	418	47	10%
Forestry Department	1,728	1597	131	8%
Geological Surveys	149	116	33	22%
Ministry of State	40	23	17	43%
Ministry of Education and Culture	46,368	36451	9917	21%
Ministry of External Affairs	235	208	27	11%
Ministry of Finance(1)	113	94	19	17%
Central Government Stores(2)	302	230	72	24%
Customs and Excise Department	555	497	58	10%
Income Tax Department	247	157	90	36%
Office Equipment Department	57	56	1	2%
Ministry of Health	6,415	4790	1625	25%
Ministry of Women's and Children's Affairs and Community Services	1,148	975	173	15%
Ministry of Information and Tourism	394	312	82	21%
Ministry of Justice	1,634	1471	163	10%
Registrar General's Department	49	44	5	10%
Ministry of Labour	337	299	38	11%
Ministry of Local Government	347	217	130	37%
Ministry of Trade and Industry	205	179	26	13%
Min. of Transport and Communications	1,048	1016	32	3%
Min. of Posts and Telecommunications	4,002	3300	702	18%
Ministry of Works	2,749	1717	1032	38%
Dept. of National Parks and Wildlife	428	357	71	17%
Dept. of Youth and Malawi Pioneers	228	193	35	15%
Dept. of Personnel Mgt. and Training (includes pool of trainees of 150)	418	383	35	8%
Dept. of Housing & Physical Planning	418	416	2	0%
Min. of forestry & Natural Resource HQ	130	105	25	19%
Accountant General's Department	413	372	41	10%
Data Processing Department	143	107	36	25%
Grand Total	91,819	75,663	16,156	18%

Source: Appendix Table 3.1

**Table 3.6: AGE DISTRIBUTION OF CIVIL SERVANTS IN THE MOA
BY BROAD JOB GROUPS**

LABEL	(IN PERCENTAGE)					
	BELOW 25 YEARS	25-34 YEARS	35-44 YEARS	45-50 YEARS	OVER 50 YEARS	GRAND % TOTAL
Super scale	0.0%	2.6%	52.6%	33.6%	11.2%	2.1%
Administrators	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Professionals	0.0%	71.4%	22.9%	0.0%	5.7%	0.5%
General Service	0.0%	0.0%	0.0%	100.0%	0.0%	0.1%
Executive Officers	0.0%	11.9%	54.3%	25.8%	7.9%	2.1%
Technicians	0.6%	22.8%	42.6%	27.9%	6.1%	7.1%
Secretaries	0.9%	16.3%	54.8%	24.0%	4.1%	3.1%
Clerical	6.7%	38.7%	43.4%	8.9%	2.3%	16.4%
Technical Assts	1.9%	32.5%	40.8%	20.6%	4.2%	55.9%
Subordinates	1.2%	19.0%	46.1%	22.2%	11.5%	10.3%
Other	3.0%	39.4%	45.5%	7.9%	4.2%	2.3%
TOTAL	2.4%	30.1%	42.8%	19.6%	5.0%	100.0%

Source: Appendix Table 3.3

**Table 3.7: YEARS OF SERVICE OF CIVIL SERVANTS IN THE
MOA BY BROAD JOB GROUPS**

LABEL	(IN PERCENTAGE)						TOTAL
	BELOW 5 YEARS	5-9 YEARS	10-14 YEARS	15-19 YEARS	20-24 YEARS	OVER 25 YEARS	
Super scale	1.3%	6.6%	17.1%	39.5%	25.0%	10.5%	2.1%
Administrators	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
Professionals	54.3%	22.9%	11.4%	5.7%	0.0%	5.7%	0.5%
General Service	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Executive Officers	3.8%	7.6%	21.5%	34.2%	22.8%	10.1%	2.2%
Technicians	7.9%	18.2%	26.1%	20.2%	19.8%	7.9%	7.1%
Secretaries	13.2%	18.7%	29.7%	23.3%	11.0%	4.1%	3.1%
Clerical	30.2%	22.0%	31.5%	11.0%	3.1%	2.1%	16.4%
Technical Assts	15.8%	22.9%	24.9%	19.4%	13.5%	3.5%	56.0%
Subordinates	18.4%	24.3%	32.3%	14.6%	7.6%	3.0%	10.4%
Other	26.7%	21.8%	23.0%	17.6%	8.5%	2.4%	2.3%
TOTAL	17.7%	21.7%	26.6%	18.3%	11.8%	3.8%	100.0%

Source: Appendix Table 3.4

3.37 Ineffective Control on Recruitment into Non-Established Posts: The standing Government policy that was promulgated way back in 1986 on the creation of new positions and the renewal of the life-spans for non-established posts is not being observed by most ministries. This has resulted in excessive recruitment into this category of employees. One explanation for DPMT's failure to enforce compliance with this policy is its very weak personnel management information system. Another is the perceived weak and ambiguous mandate given to the DPMT for the control of recruitment and personnel record-keeping by other ministries.

3.38 Effectiveness of the On-going Lay-off of Industrial Class and Temporary Employees: Since recruitment controls for the IC and temporary employees are exceedingly weak (for example, ministries have fully delegated the recruitment at these grades to regions and departments), unless there is effective budgetary control¹⁸, the on-going retrenchment of industrial class and temporary employees will prove ineffective. In other words, many of the retrenched employees will be re-hired into the ministries as soon as the budgetary constraint is relieved. One possible and fairly effective corrective measure is for the Treasury to strictly prohibit the payments of casual labor from the personal emoluments line items (number 002 and 007) in the budget¹⁹.

Employment in Sub-Vented Parastatals, Treasury Funds and Trust Funds

3.39 The activities and services of the sub-vented parastatals and treasury funds fall outside the demarcation of what should be the core functions of the Government. However, the government continues to underwrite the payroll costs of these employees who constitute some 14.5 percent of the total civil service (see Box 3.2).

¹⁸ Effective budgetary control will be achieved specially by restraining (i) overdrawn in the ministries' bank accounts, and (ii) expenditures against the unapproved budget line items, i.e. unauthorized virement).

¹⁹ The logic here is that such casual labor should constitute the direct labor inputs costs in specific program and projects, for which separate budget line items exist. For example, should be charged to the maintenance expenditure line item under any program or project the wages of any casual labor engaged on the activity.

BOX 3.2: THE EMPLOYMENT SITUATION IN SUB-VENTED PARASTATALS TREASURY FUNDS AND TRUST FUNDS

1. Through subventions and grants, the government finances a significant level of employment in sub-vented parastatals, treasury funds and trust funds. In all, total regular employment in these organizations is estimated at 18600 employees, which number is about 14.5 percent of total employment by the central government.

2. **Sub-Vented Parastatals:** There are about 32 organizations in the category of sub-vented parastatals. The study team reviewed employment in twenty of these organizations. Only one of the twenty institutions examined by the mission, the University of Malawi, employs more than a thousand employees. The average employment size for the parastatals is 168 with fifteen of them, that is 75 percent, employing less than one hundred people. The twenty parastatals reviewed by the mission comprise a total of 3,353 established positions, 28 non-established and 559 temporary positions, altogether adding to a total of 3,940.

3. **Employment In Treasury Funds:** These funds employ a total number of 13,262 established and non-established/industrial class employees. Treasury funds are classified into three categories namely: Commercially oriented funds, Development oriented Funds and Agricultural Division Credit Funds (ADD Credit Funds). The total establishment for the seventeen commercially oriented Treasury Funds is 10,759. The majority of these are employed in the Malawi Post Office. The seventeen Development Oriented Treasury Funds with a staff strength of 2,038 employees. These funds have a very small number of established positions and the majority of their positions belong to the non-established industrial class category. None of them is commercially viable and as such would not survive without government financing. Agriculture Development Treasury funds are smallholder farmers' credit funds employ very few people with a total staff strength of 465 positions.

4. **Trust Funds.** The three organizations in this category together have a total of 679 positions, comprising 306 established positions and 373 non-established/temporary positions.

CHAPTER 4

CIVIL SERVICE PAY

A. THE SALARY STRUCTURE

4.1 Table 4.1 shows the general structure for grading and remuneration of civil servants in Malawi. For established posts, there are some eleven distinct salary scales in this structure, viz:

- Professional and Administrative Superscale(S8/P8 - S1/P1),
- Professional and Administrative scale (A3 - A1),
- Executive and Technical Scale (B3 - B1),
- Secretarial Scale (D8 - D1),
- Junior Technical and Clerical Scale (C2 - C1),
- Subordinate Cadre Scale (SCIV-SCI),
- Tradesmen Scale (EL - E1),
- Industrial Class Scale (CW3 - CW1),
- Police Scale (PS8 - PS1),
- Nurses Scale (N9 - N1), and
- Teachers Scale (T5 - ET1).

4.2 In addition, there are non established grades for judges, chiefs, traditional court chairmen, district court assessors and drivers.

Table 4.1: CURRENT SALARY GRADES AND STRUCTURE

SALARY GRADES	REPRESENTATIVE/Generic JOB TITLES	1993 ANNUAL BASIC SALARY		
		LOW(MK)	HIGH(MK)	MEDIAN(MK)
SUPERSCALE/ADM. ROLES				
S1	SPC, Chief Justice	36,372	38,652	37,512
S2B	Deputy SPC	33,984	36,264	35,124
S2A	Attorney General	31,596	33,876	32,736
S2	Principal Secretaries	29,208	31,488	30,348
S3	Snr. DPSs, Ambassadors	29,364	31,704	30,534
S4	DPSs	26,892	29,232	28,062
S5	Under Secretaries	24,420	25,760	25,090
S6	Snr. Assistant Sec.	22,080	24,300	23,190
S7	Prin. Admin. Officers	19,740	21,960	20,850
S8	Snr. Admin. Officers	17,400	19,620	18,510
SUPERSCALE PROF.				
P1	Chief Specialist Prof.	36,372	38,652	37,512
P2B	Chief Specialist Prof.	33,984	36,264	35,124
P2A	Chief Specialist Prof.	31,596	33,876	32,736
P2	Controllers, Commissioners	29,208	31,488	30,348
P3	Principal Specialists	29,364	31,704	30,534
P4	Senior Specialists	26,892	29,232	28,062
P5	Chief Officers	24,420	25,760	25,090
P6	Assistant Chief Officers	22,080	24,300	23,190
P7	Principal Officers	19,740	21,960	20,850
P8	Senior Officers	17,400	19,620	18,510
ADMIN & PROFESSIONAL				
A1/AOA/POA	Prof./Admin. Officers	12,792	15,240	14,016
A2/AOB/POB	Prof./Admin. Officers	10,956	15,240	13,098
A3/AOC/POC	Prof./Admin. Officers	9,324	15,240	12,282
EXEC & TECHNICAL				
B1/CEO/CTO	Chief Exec./Tech. Officer	12,972	14,700	13,836
B2/STO/SEO	Snr. Exec./Tech. Officer	10,692	12,672	11,682
B3/TO/EO	Exec./Technical Officer	7,212	11,352	9,282
SECRETARIAL				
D1	Personal Secretary Grade I	12,972	14,700	13,836
D2	Personal Secretary Grade II	10,692	12,672	11,682
D3	Shorthand Typist	7,212	11,352	9,282
D4	Shorthand Typist II	5,964	7,836	6,900
D5	Senior Copy Typist	4,836	6,864	5,850
D6	Copy Typist I	3,708	5,580	4,644
D7	Copy Typist II	2,484	4,332	3,408
D8	Copy Typist III	1,920	3,504	2,712
JUNIOR TECH./CLERICAL				
C1/DP1/SCO/STA	Snr. Clerical/Tech. Asst.	5,736	7,812	6,774
AF	Assistant Foreman	3,708	5,580	4,644
C2/CO/DP2&3/TA	Clerical/Tech. Assistant	2,436	5,868	4,152
SUBORDINATE STAFF				
SC I	Messenger	3,084	4,812	3,948
SC II	Messenger	2,496	4,368	3,432
SC III	Messenger	2,184	3,384	2,784
SC IV	Messenger	1,872	2,592	2,232
TRADESMEN				
E1	Tradesman	2,508	5,244	3,876
E2	Tradesman	2,076	3,516	2,796
E3	Tradesman	1,824	2,976	2,400
EL	Learner Tradesman	1,776	2,784	2,280
INDUSTRIAL CLASS				
CW G1/CW1	n.a.	2,184	2,760	2,472
CW G2/CW2	n.a.	1,908	2,436	2,172
CW G3/CW3	n.a.	1,620	2,196	1,908
SNR. POLICE OFFICERS				
PS1	Senior Police Superintendent	14,520	16,248	15,384
PS2	Police superintendent	12,240	14,760	13,500
PS3	Assistant Superintendent	8,292	11,100	9,696
PS4	Inspector	7,212	11,532	9,372
POLICE CONSTABULARY				
PS5	Sub-Inspector of Police	5,964	7,368	6,666
PS6	First Sergeant	5,148	7,020	6,084
PS7	Second Sergeant	3,696	5,568	4,632
PS8	Constable	2,440	4,776	3,558
SENIOR NURSES				
N1	Principal Matron	9,528	10,968	10,248
N2	Senior Nurse Tutor	12,972	16,236	14,604
N3	Nurse Tutors	12,972	16,236	14,604
N4	Senior Nursing Sister	10,692	13,392	12,042
N5	Nursing Sister	7,212	11,352	9,282
N6	Staff Nurse	7,212	11,352	9,282
ENROLLED NURSES				
N7	Senior Enrolled Nurse	6,252	7,812	7,032
N8/N9	Enrolled Nurse	4,944	7,596	6,270
SNR. SCHOOL TEACHERS				
ET1	Secondary School Teacher	12,972	14,700	13,836
ET2	Secondary School Teacher	10,962	12,672	11,817
ET3	Secondary School Teacher	7,212	11,352	9,282
PR. SCHOOL TEACHERS				
T1	Primary School Teacher	7,212	11,352	9,282
T2	Primary School Teacher	4,944	7,596	6,270
T3	Primary School Teacher	4,116	7,236	5,676
T4	Primary School Teacher	3,852	5,880	4,866
T5	Primary School Teacher	2,436	3,684	3,060

SOURCE: Appendix Table 4.1

4.3 The basic attributes of this structure have not changed significantly since they evolved in the decade following independence, in 1964. The structure is considered to have several positive attributes. First, the salary gradings are sufficient to cater for career progression in the service. Second, the structure has rationally accommodated diversity in professional cum occupational groups in the service. Thus, for example, the police, nurses and teachers services have separate salary scales. Third, the pyramidal distribution of personnel across the salary structure appears to be consistent with the hierarchical structure of Government organization (see Appendix Table 4.3 for distribution of personnel by salary grades).

4.4 However, over the years, the salary structure became distorted. Thus, the structure is found to be deficient in terms of:

- (i) **Excessive number of grades:** with over 70 grades, the current salary structure is rather complex to administer. Evidence of this emerged during the general salary adjustments in 1992 and 1993. For example: (i) there have been errors in the pay adjustments; (ii) as discussed in the next section, some grades have higher salaries than higher grades. Furthermore, many of these grades do not reflect either job sizes or job content differentials.
- (ii) **Progressive compression of the structure:** Following independence, the GOM pursued an egalitarian policy on civil service pay. The goal was to narrow the gap in the pay for top and junior civil servants which was perceived to be an undesirable colonial heritage. The result however has been to erode the structure's attributes of relating pay level to responsibility and career progression. The details of salary compression trends are discussed in the next section.
- (iii) **Absence of schemes of service:** The schemes of service support and ensure fair and transparent administration of the job grading and salary system. Also, without the schemes of service, there is some inflexibility of the system in certain areas, especially in terms of catering for career progression in the professional cadres.

4.5 All the above defects in the salary structure were identified by the 1985 civil service Review Commission²⁰. In the latter context, therefore, the Review Commission had recommended, inter alia: (i) the elimination of some salary grades, (ii) a follow-up salary review to address outstanding anomalies, (iii) a systematic and comprehensive review of the internal consistency of the grading structure, and (iv) the development and implementation of schemes of service. And in 1986, following the recommendations of the Commission, the Government reviewed and modified the salary structure by reducing anomalies in salary ranges and reversing the trend to decompress the structure²¹. However no, other measures to address deficiencies in the salary structure have since been implemented.

²⁰ Government of Malawi (GOM)/John Herbecq, Report of the Malawi Civil Service Review Commission, July 1985.

²¹ The World Bank, Malawi Expenditure Review (PER), April 1990 (p26).

B. TRENDS IN BASIC SALARY LEVELS

4.6 On the whole, basic salary levels for Malawi civil servants declined rapidly in the late 1970s and the first half of 1980s.²² However, the decline in the real value of the basic salaries has since been abated through periodic and relatively large adjustments effected in 1986, 1989, 1992 and 1993. (see Table 4.2).

**Table 4.2: NOMINAL LEVELS OF MAJOR SALARY SCALE
ADJUSTMENTS FOR SELECT SALARY GRADES 1982 - 1993**

SALARY GRADES	1982-86	1986-89	1989-92	1992-93
SUPERSCALE				
S1/P1	52.0%	12.8%	78.8%	0.0%
S2B/P2B	57.2%	12.0%	81.5%	0.0%
S2A/P2A	47.7%	12.1%	82.5%	0.0%
S2/P2	38.5%	12.0%	83.6%	0.0%
S3/P3	43.5%	12.1%	84.4%	9.0%
S4/P4	33.7%	16.1%	84.4%	9.0%
S5/P5	37.9%	13.1%	82.2%	6.8%
S6/P6	35.8%	13.6%	79.5%	9.0%
S7/P7	37.4%	14.2%	75.1%	9.0%
S8/P8	24.9%	13.7%	70.2%	9.0%
ADMIN & PROFESSIONAL				
A1/AOA/POA	22.1%	21.2%	41.8%	17.0%
A2/AOB/POB	23.5%	20.6%	45.9%	16.7%
A3/AOC/POC	21.7%	20.0%	50.3%	16.4%
EXECUTIVE AND TECHNICAL				
B1/CEO/CTO	20.7%	16.3%	55.7%	15.0%
B2/STO/SEO	19.0%	23.8%	53.4%	15.0%
B3/TO/EO	17.4%	37.2%	51.3%	25.0%
SECRETARIAL				
D1	20.7%	16.3%	55.7%	15.0%
D2	19.0%	23.8%	53.4%	15.0%
D3	17.2%	37.4%	51.3%	25.0%
D4	10.8%	0.3%	90.5%	30.1%
D5	19.8%	80.2%	28.4%	30.0%
D6	21.9%	32.8%	42.9%	29.9%
D7	21.2%	25.5%	73.4%	27.9%
D8	26.2%	20.9%	92.7%	31.0%
JUNIOR TECHNICAL/CLERICAL				
C1/DP1/SCO/STA	22.6%	19.7%	54.2%	32.2%
AF	n.a.	n.a.	42.9%	29.9%
C2/CO/DP2&3/TA	50.2%	17.6%	44.6%	30.1%
SUBORDINATE STAFF				
SC I	20.1%	20.7%	80.0%	30.6%
SC II	18.7%	23.0%	90.0%	30.9%
SC III	24.2%	31.9%	98.9%	25.4%
SC IV	21.9%	48.9%	108.0%	30.5%
INDUSTRIAL CLASS				
CW G1/CW1	19.1%	43.9%	92.7%	30.4%
CW G2/CW2	14.6%	45.6%	89.2%	29.3%
CW G3/CW3	19.2%	46.7%	98.5%	21.4%
SOURCE: Appendix Table 4.2				

²² The World Bank, *ibid*, (Table IIC.2).

Table 4.3: REAL LEVELS OF MAJOR SALARY SCALE ADJUSTMENT, FOR SELECT SALARY - GRADES 1982 - 1993

SALARY GRADES	1982-86	1986-89	1989-92	1992-93	1982-93
SUPERSCALE					
S1/P1	-8.5%	-41.6%	24.9%	-14.2%	-42.7%
S2B/P2B	-5.4%	-42.0%	26.8%	-14.2%	-40.3%
S2A/2A	-11.1%	-42.0%	27.5%	-14.2%	-43.6%
S2/P2	-16.6%	-42.0%	28.2%	-14.2%	-46.8%
S3/P3	-13.6%	-41.9%	28.8%	-6.5%	-39.6%
S4/P4	-19.5%	-39.8%	28.7%	-6.5%	-41.7%
S5/P5	-17.0%	-41.4%	27.2%	-8.4%	-43.3%
S6/P6	-18.2%	-41.2%	25.4%	-6.5%	-43.6%
S7/P7	-17.3%	-40.8%	22.3%	-6.5%	-44.1%
S8/P8	-24.8%	-41.1%	18.8%	-6.5%	-50.8%
ADMIN & PROFESSIONAL					
A1/AOA/POA	-26.5%	-37.2%	-1.0%	0.4%	-54.2%
A2/AOB/POB	-25.7%	-37.5%	1.9%	0.1%	-52.7%
A3/AOC/POC	-26.7%	-37.9%	4.9%	-0.1%	-52.3%
EXECUTIVE AND TECHNICAL					
B1/CEO/CTO					
B2/STO/SEO	-27.3%	-39.8%	8.8%	-1.4%	-53.1%
B3/TO/EO	-28.4%	-35.9%	7.1%	-1.4%	-51.5%
	-29.3%	-28.9%	5.7%	7.2%	-43.1%
SECRETARIAL					
D1	-27.3%	-39.8%	8.8%	-1.4%	-53.1%
D2	-28.4%	-35.9%	7.1%	-1.4%	-51.5%
D3	-29.4%	-28.8%	5.7%	7.2%	-43.1%
D4	-33.3%	-48.1%	33.0%	11.6%	-48.6%
D5	-27.9%	-6.6%	-10.3%	11.5%	-32.7%
D6	-26.6%	-31.2%	-0.2%	11.4%	-43.9%
D7	-27.0%	-35.0%	21.1%	9.7%	-37.0%
D8	-24.0%	-37.4%	34.6%	12.4%	-28.0%
JUNIOR TECHNICAL/CLERICAL					
C1/DP1/SCO/STA	-26.2%	-38.0%	7.6%	13.4%	-44.2%
C2/CO/DP2&3/TA	-9.6%	-39.1%	1.0%	11.6%	-38.0%
SUBORDINATE STAFF					
SC I	-27.7%	-37.5%	25.7%	12.0%	-36.4%
SC II	-28.5%	-36.3%	32.7%	12.3%	-32.2%
SC III	-25.2%	-31.7%	38.9%	7.6%	-23.7%
SC IV	-26.6%	-22.9%	45.3%	11.9%	-8.0%
INDUSTRIAL CLASS					
CW G1/CW1	-28.3%	-25.5%	34.6%	11.8%	-19.7%
CW G2/CW2	-31.0%	-24.6%	32.1%	10.9%	-23.8%
CW G3/CW3	-28.2%	-24.0%	38.6%	4.1%	-21.3%
SENIOR NURSES					
N1	-22.3%	-39.5%	-30.2%	-14.2%	-71.9%
N2	-23.4%	-39.9%	6.1%	-7.6%	-54.9%
N3	-26.8%	-40.2%	9.6%	3.3%	-50.5%
N4	-34.8%	-28.9%	4.8%	0.9%	-51.0%
N5	-27.7%	-33.0%	1.6%	-4.0%	-52.7%
N6	-29.4%	-28.9%	7.7%	5.1%	-43.1%
ENROLLED NURSES					
N7	-27.5%	-36.8%	17.7%	7.6%	-42.0%
N8/N9	-17.1%	-32.2%	33.3%	12.9%	-15.5%
SENIOR SCHOOL TEACHERS					
ET1	-26.8%	-40.2%	8.8%	-1.4%	-53.1%
ET2	-28.4%	-35.9%	7.1%	-0.2%	-50.9%
ET3	-25.1%	-33.0%	5.7%	7.2%	-43.1%
JUNIOR SCHOOL TEACHERS					
T1	-29.4%	-44.6%	32.9%	9.3%	-43.1%
T2	-26.3%	-22.9%	-2.0%	7.5%	-40.1%
T3	-28.5%	-15.1%	9.6%	11.4%	-25.9%
T4	-26.3%	-2.3%	18.4%	11.5%	-4.9%
T5	-24.4%	-19.2%	48.8%	11.6%	1.3%
SOURCE: Appendix Table 4.2					

4.7 These periodic salary adjustments have neither been evenly nor equitably distributed among the various salary grades. The adjustments in 1986 were generally biased towards higher salary grades. In 1989 the bias was towards the lower salary grades: while the increases for industrial class grades ranged between 43.9 percent and 46.7 percent, those in the superscale ranged from 12.0 percent to 16.1 percent and increases for the middle grades generally fell in-between those for the superscale and the junior cadres.

4.8 The 1992 adjustments were on the other hand significantly biased against the middle salary grades (i.e. administrative, junior professional, technical and secretarial officers) so that while the superscale and industrial class grades were awarded increases in the range of 70.2 percent to 84.4 percent and 89.2 percent to 98.5 percent respectively, the middle grades generally fell well below these ranges (Table 4.2). Overall, even in nominal value terms for the period 1982-1992, the middle grade cadres appear to have fared worst in basic salary adjustments. Furthermore, the creeping distortion and ineffectiveness of the salary structure is indicated by the significant decline in the salary compression ratio. Between 1982 and 1993, from 42.9 to 23.9 (see Table 4.4). Also trends in salary compression factors indicate the biased impact of previous salary adjustments. Thus, as shown in Table 4.4, the compression factors for the middle job grades have declined to relatively lower levels during the period 1982-1993.

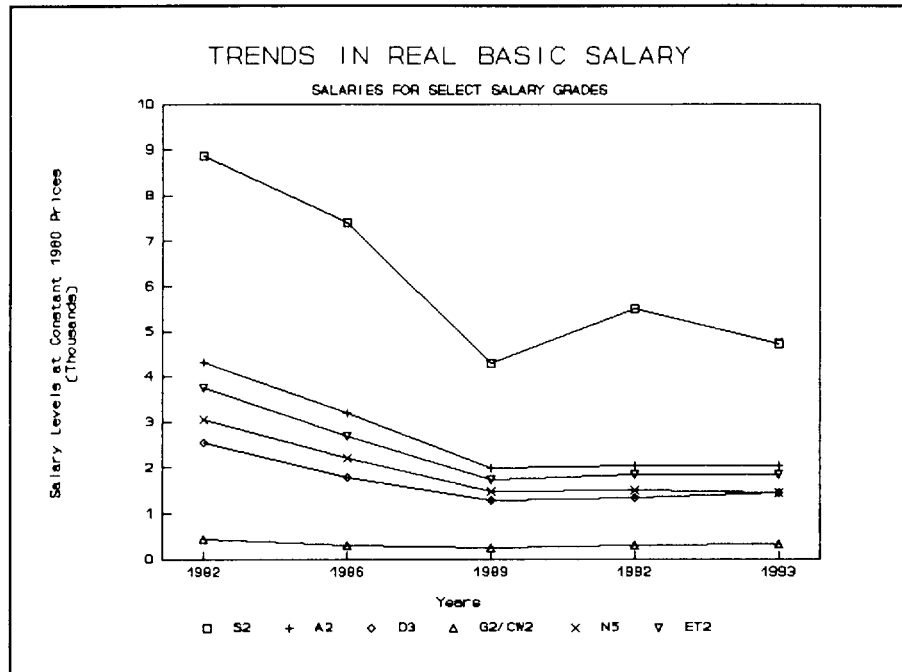
4.9 The 1993 salary adjustments were more equitably distributed across the salary grades, but generally they were in favor of the employees in the lower grades and were not extended to the top two job grades (S1 and S2). The adjustments were as follows:

- for those in clerical, messengerial and industrial class grades: a 30 percent salary increase;
- for those in grades between Executive Officer (EO) and Senior Technical Assistant (STA): a 25 percent salary increase;
- for those in the grades between Senior Technical Officer (STO) and Professional Officer (PO): a 15 percent salary increase; and
- for those in the lower superscale grades (S3-S8): a 9 percent salary increase.

4.10 As shown in Table 4.3, these salary adjustments have fallen considerably below the levels required to compensate civil servants for the inflationary erosion of the purchasing power of their basic salaries. The salary adjustments in 1986 and 1989 were not sufficient to compensate for the inflationary erosion of the real value of the basic salaries in the intervening period. However, the salary adjustments in 1992 were quite substantial, and in real terms raised the salary levels for most grades by more than 20 percent over the levels in 1989. Nevertheless, in real terms the basic salaries in 1992 remained, on average, about 50 percent below the levels of 1982 (see Table 4.3).

4.11 Moreover, these inequitable salary adjustments distort the pay structures. Thus, as illustrated in Figure 4.1, different salary scales, and therefore job grade and/or occupational groups, have been impacted differently by the salary adjustments. For example, contrary to the intentions reflected in the job grades, the basic salaries for S3 officers are now higher than those for S2 officers (see Table 4.1).

Figure 4.1



Source: Appendix Table 4.2.

4.12 Salary Compression Factors: Trends in salary compression factors provide a good indicator of the efficiency of the salary structure. An efficient salary structure: (i) provides an internal equity in grading and compensation, and (ii) supports the maintenance of pay rates that are competitive both internally and externally. For these matters, the grading and pay levels should progressively reflect levels of skills experience and responsibility. In this regard however, a review of the trends in the salary compression factors for the Malawi civil service shows negative results.

4.13 Table 4.4 shows the trends in the salary compression factors during the period 1982-1993. Overall, for all the job grades, and more so the middle job grades, the salary compression factors have been on a steady decline over the past decade. Consequently, the effectiveness, equity and competitiveness of the rates of pay for civil servants must have been significantly impaired. However, the evidence on changing compression ratios could be misleading because of the uneven distribution of civil servants on the salary scale. Therefore, its significance should not be exaggerated.

Table 4.4: SALARY COMPRESSION FACTORS BY GRADES IN THE YEARS OF ADJUSTMENT, FOR SELECT SALARY GRADES: 1982-93

SALARY GRADES	1982	1986	1989	1992	1993
SUPERSCALE					
S1/P1	42.9	48.2	30.1	31.0	23.9
S2B/P2B	37.6	44.8	27.6	29.1	22.4
S2A/P2A	36.9	41.5	25.6	27.1	20.9
S2/P2	36.2	38.4	23.7	25.2	19.4
S3/P3	31.3	35.3	21.8	23.3	19.6
S4/P4	30.8	30.3	20.1	21.5	18.0
S5/P5	28.1	29.7	18.6	19.7	15.9
S6/P6	25.9	27.2	17.1	17.9	15.0
S7/P7	22.6	24.9	15.8	16.1	13.6
S8/P8	24.1	22.8	14.5	14.4	12.1
ADMIN & PROFESSIONAL					
A1/AOA/POA	21.7	19.6	13.1	10.4	9.4
A2/AOB/POB	21.7	19.6	13.1	10.4	9.4
A3/AOC/POC	21.7	19.6	13.1	10.4	9.4
EXECUTIVE AND TECHNICAL					
B1/CEO/CTO	21.5	19.5	12.1	10.3	9.1
B2/STO/SEO	18.4	16.3	10.7	8.8	7.8
B3/TO/EO	14.5	12.8	9.2	7.3	7.0
SECRETARIAL					
D1	21.5	19.5	12.1	10.3	9.1
D2	18.4	16.3	10.7	8.8	7.8
D3	14.5	12.8	9.2	7.3	7.0
D4	11.0	8.9	5.0	4.8	4.8
D5	6.6	6.0	6.4	4.2	4.2
D6	6.6	6.2	4.8	3.4	3.4
D7	4.5	4.2	2.9	2.7	2.7
D8	3.0	2.9	2.0	2.1	2.2
JUNIOR TECHNICAL/CLERICAL					
C1/DP1/SCO/STA	9.5	8.9	5.9	4.5	4.8
AF	0.0	0.0	4.8	3.4	3.4
C2/CO/DP2&3/TA	6.6	8.0	5.1	3.6	3.6
SUBORDINATE STAFF					
SC I	4.6	4.2	2.8	2.9	3.0
SC II	3.8	3.4	2.4	2.7	2.7
SC III	2.8	2.7	1.9	2.2	2.1
SC IV	1.9	1.8	1.3	1.6	1.6
INDUSTRIAL CLASS					
CW G1/CW1	2.4	2.2	1.5	1.7	1.7
CW G2/CW2	2.3	1.9	1.4	1.5	1.5
CW G3/CW3	1.9	1.7	1.2	1.5	1.4
SOURCE: Appendix Table 4.2					

4.14 Actual Levels of Basic Salary: Table 4.5 shows the approximate actual levels of annual monetary compensation for the various grades in the civil service at the beginning of 1993²³. In terms of basic salary, the level of actual compensation is about equal or below the median for the grade on the salary scale for most salary grades. The exceptions generally fall in the grades of tradesmen, industrial class and the lowest two grades of primary school teachers (T4 and T5 grades), where the actual basic salary compensation, on average, exceeds the medium for the grade by about 20 percent (see Table 4.6). This situation suggests that most employees in these grades have been on the same grade for relatively longer periods than prevails elsewhere in the civil service. All this suggests that improvements in the management of salary grading and promotions is required.

²³ The actual levels of annual monetary compensation are approximated by (i) obtaining average gross monthly payments shown in the payroll of January 1993, and (ii) converting the average to an annual figure by multiplying with a factor of 12 (see Appendix Tables 4.2 and 4.3)

**Table 4.5: AVERAGE GROSS MONETARY PAY
BY SALARY GRADES ON PAYROLL, JAN 1993**

SALARY GRADES	REPRESENTATIVE/GENERIC JOB TITLES	(Amounts MK per Annum)		
		BASIC	ALLO.	TOTAL
<u>SUPERSCALE, ADMINISTRATIVE ROLES</u>				
S1	SPC, Chief Justice	37968	24000	61968
S2B	Deputy SPC	29549	9395	38945
S2A	Attorney General	32394	1503	33897
S2	Principal Secretaries	34896	39000	73896
S3	Senior DPSs, Ambassadors	21165	1500	22665
S4	Deputy Principal Secretaries(DPSs)	26589	2523	29112
S5	Under Secretaries	23384	1466	24849
S6	Senior Assistant Secretaries	21154	134	21288
S7	Principal Administration Officers	20294	1172	21466
S8	Senior Administration Officers	16590	378	16969
<u>SUPERSCALE PROFESSIONAL</u>				
P1	Chief Specialist Professionals	36372	0	36372
P2B	Chief Specialist Professionals	34440	15000	49440
P2A	Chief Specialist Professionals			
P2	Controllers, Commissioners	30361	2800	33162
P3	Principal Specialists	27883	0	27883
P4	Senior Specialists	25934	1532	27466
P5	Chief Officers	22622	1005	23626
P6	Assistant Chief Officers	21173	466	21639
P7	Principal Officers	22573	1478	24051
P8	Senior Officers	17095	721	17816
<u>ADMIN & PROFESSIONAL</u>				
A1/AOA/POA	Professional/Administrative Officers	11585	0	11585
A2/AOB/POB	Professional/Administrative Officers	10488	332	10821
A3/AOC/POC	Professional/Administrative Officers	9501	402	9903
<u>EXECUTIVE AND TECHNICAL</u>				
B1/CEO/CTO	Chief Executive/Technical Officer	12313	693	13007
B2/STO/SEO	Senior Executive/Technical Officer	9787	522	10310
B3/TO/EO	Executive/Technical Officer	6992	406	7398
<u>SECRETARIAL</u>				
D1	Personal Secretary Grade I	12063	412	12475
D2	Personal Secretary Grade II	10009	502	10512
D3	Shorthand Typist	6847	433	7281
D4	Shorthand Typist II	4735	320	5055
D5	Senior Copy Typist	5241	345	5585
D6	Copy Typist I	3853	219	4072
D7	Copy Typist II	2778	56	2834
D8	Copy Typist III	2118	111	2229
<u>JUNIOR TECHNICAL/CLERICAL</u>				
C1/DP1/SCO/STA	Senior Clerical/Technical Assistants	5335	721	6056
AF	Assistant Foreman	3096	0	3096
C2/CO/DP2&3/TA	Clerical/Technical Assistant	3845	439	4284
<u>SUBORDINATE STAFF</u>				
SC I	Messenger	2958	87	3045
SC II	Messenger	2485	76	2561
SC III	Messenger	2096	104	2200
SC IV	Messenger	1763	105	1868
<u>INDUSTRIAL CLASS</u>				
CW G1/CW1	n.a.	2419	282	2700
CW G2/CW2	n.a.	2056	269	2325
CW G3/CW3	n.a.	1542	376	1918

Table 4.6: VARIANCES OF CURRENT GROSS AV.BASIC PAY FROM MEDIAN BASIC SALARY ON SCALE, FOR SELECT SALARY GRADES, JAN 1993

SALARY GRADES	CURRENT GROSS AVER. (MK /Annum)	MEDIAN ON SALARY SCALE (MK /Annum)	VARIANCES AMOUNT (MK)	AS % OF MEDIAN
SUPERSCALE				
S1/P1	37968	37512	456	1.2%
S2B/P2B	29549	35124	-5575	-15.9%
S2A/P2A	32394	32736	-342	-1.0%
S2/P2	34896	30348	4548	15.0%
S3/P3	21165	28020	-6855	-24.5%
S4/P4	26589	25752	837	3.2%
S5/P5	23384	23484	-100	-0.4%
S6/P6	21154	21276	-122	-0.6%
S7/P7	20294	19128	1166	6.1%
S8/P8	16590	16980	-390	-2.3%
ADMIN & PROFESSIONAL				
A1/AOA/POA	11585	11976	-391	-3.3%
A2/AOB/POB	10488	11220	-732	-6.5%
A3/AOC/POC	9501	10548	-1047	-9.9%
EXECUTIVE AND TECHNICAL				
B1/CEO/CTO	12313	12036	277	2.3%
B2/STO/SEO	9787	10158	-371	-3.6%
B3/TO/EO	6992	7428	-436	-5.9%
SECRETARIAL				
D1	12063	12036	27	0.2%
D2	10009	10158	-149	-1.5%
D3	6847	7428	-581	-7.8%
D4	4735	5304	-569	-10.7%
D5	5241	4500	741	16.5%
D6	3853	3576	277	7.7%
D7	2778	2664	114	4.3%
D8	2118	2070	48	2.3%
JUNIOR TECHNICAL/CLERICAL				
C1/DP1/SCO/STA	5335	5124	211	4.1%
AF	3096	3576	-480	-13.4%
C2/CO/DP2&3/TA	3845	3192	653	20.5%
SUBORDINATE STAFF				
SC I	2958	3024	-66	-2.2%
SC II	2485	2622	-137	-5.2%
SC III	2096	2220	-124	-5.6%
SC IV	1763	1710	53	3.1%
INDUSTRIAL CLASS				
CW G1/CW1	2419	1896	523	27.6%
CW G2/CW2	2056	1680	376	22.4%
CW G3/CW3	1542	1572	-30	-1.9%
SOURCE: Appendix 4.3				

C. USE OF NON-SALARY BENEFITS FOR COMPENSATION

4.15 **Direct Monetary Allowance**²⁴: Table 4.7 shows the direct monetary allowances (excluding housing and pension) that may be paid to GOM Civil Servants. As reflected in the table, relatively few civil servant have access to these allowances at any one time. Enjoyment of the allowances is generally contingent on some occasional event. Thus before the latter half of 1993, when housing allowance for all civil servants was introduced, direct monetary allowances constituted less than 10 percent of total monetary compensation for virtually all civil servants in grades falling in the range below S2 and above E1 (tradesman), and excluding junior clerical and technical grades. For civil servants on S2 grade (Principal Secretaries), allowances constitute some 53 percent of the total monetary compensation. Tradesmen in grades (EL-E1) are the next group to benefit from a high proportion of compensation through allowances, ranging from 31 percent to 41 percent. For junior technical and clerical staff, the allowances were 10 percent to 12 percent of the total monetary compensation, and for industrial class the proportion of allowances was in the range of 10-12 percent (see Table 4.8).

4.16 The effect of the newly introduced housing allowance (see Box 4.1) is to raise significantly (by as much as 100 percent for most of the middle and junior grades) the level of direct monetary allowances received by those civil servants who are not provided with government housing. In total, therefore, before incorporating the value of retirement benefits, direct monetary allowances now would account for about 25 - 17 percent of the total monthly direct monetary compensation for the civil servants not housed by the Government.

²⁴ The term direct monetary allowances is used here to describe those allowances constituting direct (and regular) employment benefits, that accrue to employees outside the contracted terms of service. Examples of the latter include benefits arising from training travel, use of facilities in the Government Office etc.

**Table 4.7: COMMON DIRECT MONETARY ALLOWANCES FOR GOM CIVIL SERVANTS
(EXCLUDING HOUSING ALLOWANCE AND RETIREMENT BENEFITS)**

DESCRIPTION OF THE ALLOWANCE	CRITERIA FOR ENTITLEMENT	SALARY GRADES COVERED	AMOUNTS	POTENTIAL IMPACT ON TOTAL MONETARY COMPENSATION
1.Hourly overtime Allowance	When the time duties of a civil servant below the superscale grade exceed the statutory 45 working hours per week. The overtime allowance must be authorized by the Secretary to the Treasury.	All except super-scale	15%-200% of the regular hourly rate	Major impact, as much as 50% of total monetary compensation for personnel in some departments.
2.Duty Allowances	Duty allowances are paid in lieu of the hourly overtime allowance where the duties of a particular post requires a civil servant to work unusual, intermittent or irregular hours.	Secretarial, Sub-ordinate and Industrial Class	K 1200 Per annum	For a Select and relatively few postholders (mainly chauffeurs and secretaries ministries and PSSs) this allowance is up to 50 percent of the monthly monetary compensation
3. Holiday Grants	This grant is paid when a civil servant is proceeding on annual holiday	All grades excluding Industrial class	K100 SC grades K140 for CO/TA to AO/CEO CTO K200 for 58/P8 to S3/P3 K240 for 52/p2 to S1/P1	Generally less than 5% of total compensation
4.Secretarial Service Allowance	Copy Typists and Shorthand Typists are eligible for this allowance	Typist Grade II "Leader" Typist in Pools Typist with 50 W.P.M speed	K240 p.a K360 p.a K600 p.a	These allowances could be 5-10% of total compensation but apparently few secretaries qualify for the entitlement.
5.Responsibility allowance	For the top civil servants with exceptionally heavy responsibilities	S1/P1 S2/P2 and above	K9600 p.a K6000 p.a	These allowances amount to about 20 percent of total compensation
6.Entertainment Allowance	As above	S1/P1 S2/P2 and above	K6000 p.a K2400 p.a	

NOTE: A larger number of the allowances are listed in the MPSR but only those allowances accruing directly to all employees within a salary grade are listed in this table.

Source: DPMT, Malawi Public Service Regulations.

Table 4.8: PROPORTIONS OF BASIC SALARY AND ALLOWANCES IN TOTAL PAY BY GRADE FOR SELECT SALARY GRADES

SALARY GRADES	JAN 1993		
	BASIC	ALLO.	TOTAL
SUPERSCALE			
S1/P1	61%	39%	100%
S2B/P2B	76%	24%	100%
S2A/P2A	96%	4%	100%
S2/P2	47%	53%	100%
S3/P3	93%	7%	100%
S4/P4	91%	9%	100%
S5/P5	94%	6%	100%
S6/P6	99%	1%	100%
S7/P7	95%	5%	100%
S8/P8	98%	2%	100%
ADMIN & PROFESSIONAL			
A1/AOA/POA	100%	0%	100%
A2/AOB/POB	97%	3%	100%
A3/AOC/POC	96%	4%	100%
EXECUTIVE AND TECHNICAL			
B1/CEO/CTO	95%	5%	100%
B2/STO/SEO	95%	5%	100%
B3/TO/EO	95%	5%	100%
JUNIOR TECHNICAL/CLERICAL			
C1/DP1/SCO/STA	88%	12%	100%
AF	100%	0%	100%
C2/CO/DP2&3/TA	90%	10%	100%
SUBORDINATE STAFF			
SC I	97%	3%	100%
SC II	97%	3%	100%
SC III	95%	5%	100%
SC IV	94%	6%	100%
TRADESMEN			
E1	62%	38%	100%
E2	68%	32%	100%
E3	59%	41%	100%
EL	69%	31%	100%
INDUSTRIAL CLASS			
CW G1/CW1	90%	10%	100%
CW G2/CW2	88%	12%	100%
CW G3/CW3	80%	20%	100%
Source: Appendix table 4.3			

D. NON-MONETARY EMPLOYMENT BENEFITS

4.17 As a matter of policy, the GOM does not accord any direct non-monetary employment benefits, other than Government housing to its civil servants. The benefit of free use of Government vehicles for the Principal Secretaries was withdrawn in 1986.

4.18 **Retirement Benefits:** Every long-serving employee of the GOM is entitled to a retirement benefit in the form of either pension or gratuity (see Box 4.2). In nominal terms, the pension benefit is at least equal to one-fortieth (2.5 percent) of the annual basic salary for each year of service. And the gratuity benefit is targeted to be less generous than the pension benefit.

BOX 4.1: INTRODUCTION OF HOUSING ALLOWANCE FOR CIVIL SERVANTS

1. In September 1993, the Government awarded a 15 percent of-basic salary tax-free housing allowance for those civil servants who were not housed by the government. This decision partially redressed the past inequity in employment benefits. The value of the housing benefit was considerably in excess of the nominal 10 percent-of-basic salary that the Government housed officers were paying while those not housed were receiving no corresponding benefit.

2. On the other hand, progress towards a more transparent and equitable salary structure argues against further increased use of allowances in-lieu of direct pay. Moreover, the granting of another tax-free allowance increases the bias in the taxation of employment benefits, against private sector employees (whose allowances are taxed). Such discrimination is likely to encourage tax avoidance and evasion by the non-civil service employers.

4.19 The current level of retirement benefits is low relative to the basic salaries. Furthermore, the erosion of the basic salaries that has taken place over the past decade (see para 4.7 above) has further reduced the real value of these benefits, which are pegged to the basic salary of the employees at the time of retirement. In fact, in a recent attitude survey on salaries and benefits, GOM employees complained that pension benefits were low, inadequate and miserable. Further, the survey results indicated that most formal sector employees in the parastatal and private sectors contribute about three to five times what GOM is currently paying for retirement benefits²⁵

²⁵ Price Waterhouse, Republic of Malawi: Wages, Salaries and Fringe Benefits Study (Final Report submitted to the Government of Malawi), 1993

BOX 4.2: SUMMARY OF GOM RETIREMENT BENEFITS SCHEMES

A: Pension Scheme: The key features of the Civil Service pension and conditions of payment include:

- pension accrues at a rate of 1/480 of the pensionable salary for each completed year of pensionable service;
- minimum pensionable service is 10 years;
- normal retirement age is 50;
- voluntary retirement age is 40 and associated pension is payable to a civil servant who after completing 20 years service, retires voluntarily, or with ministerial approval;
- no pension exceeds 2/3 of the highest salary drawn in the civil service.

B. Gratuity Scheme: Civil servants who are not eligible for pension and against whom no disciplinary proceedings are being taken are eligible for gratuity benefit. Other conditions for eligibility are one of the following:-

- voluntary retirement after completing 10 years qualifying service.
- forced retirement on medical grounds or in the public interest.
- forced retirement on redundancy grounds or on abolition of office.

The maximum amount of gratuity granted is dependent on length of service and is calculated as follows:-

Length of Service	Maximum Gratuity
Less than 10 years	5 times the annual amount of pension which might have been granted under GOM regulations
Over 10 years but not over 15 years	12 months' salary
Over 15 years but not over 20 years	15 months' salary
Over 20 years	18 months' salary

Source: Government of Malawi, Public Service Regulations, 1991.

4.20 Low retirement benefits can definitely be demoralizing to long-serving civil servants. For such employees, these benefits are often regarded as the most important benefits after the basic salary²⁶. But the reactions of the highly-skilled and lowly-skilled civil servants to low retirement benefits are likely to be quite different. The highly-skilled are likely to seek early retirement with the promise or expectation of securing better remunerated employment in the private and parastatal sectors. Thus, a 1990 survey indicated that about three-quarters of professional officers in the Malawi Civil Service would opt to retire at the earliest opportunity (i.e. after 20 years of service which often comes well before the mandatory retirement age of 50). In contrast, less than one-half of non professionals opt for early retirement, preferring to remain in the civil service until they attain the mandatory retirement age²⁷.

4.21 **Government Housing:** A significant number of civil servants (estimated at a total of 27,100) enjoy the benefit of subsidized Government housing.²⁸ The civil servants housed by the Government are required to make a rent payment equal to 10 percent of their basic salary or 12.5 percent of basic salary if the house is furnished. This rent is well below the market rate. A survey carried out in the mid-1980s showed that rents then paid by the civil servants for Government housing were only in the range of 6.2 percent of the open market rates²⁹. And in 1993, it was independently estimated that the rents paid represented 4.1 percent to 10.5 percent of the open market rates. Therefore, it is reasonable to conclude that the value of subsidized housing is substantial.

Indirect Monetary Benefits

4.22 Civil servants also have access to a variety of indirect monetary benefits, such as training, travelling and subsistence allowances. There are also the allowances associated with the free use of Government facilities such as telephones. It is difficult to quantify these benefits, but the high prevalence of substantial cost overruns (i.e. excess expenditure over approved budget) reported by the Auditor-General suggests that many senior civil servants have access to these benefits.³⁰ Indeed, junior civil servants consider the top civil servants to be overremunerated because of the latter's access to many indirect benefits. That was the reason provided for the junior officers' resistance to the inclusion of top civil servants in the award of salary increases in 1993 (see Box 4.3).

²⁶ Michael Armstrong, A Handbook of Personnel Management Practice, Second Edition, London, Kogan Press, 1984.

²⁷ W.J. House & P. Chahima (EPD), "The Implications of Raising the Mandatory Retirement age in the Malawi Civil Service: Some Considerations," mimeo, November 1990.

²⁸ The Housing Consultancy Malawi Civil Servants House Ownership Scheme, Final Report (unpublished) 1991.

²⁹ GOM/Herbecq, P. 271.

³⁰ GOM, Report of the Auditor General on the Accounts of the Government of the Republic of Malawi, Government Printer (various years, 1980s up to 1991).

BOX 4.3: CIVIL SERVANTS STRIKE FOR PAY INCREASE BUT AGITATE AGAINST SALARY INCREASES FOR PRINCIPAL SECRETARIES

1. In 1992, following relatively high nominal salary increases for civil servants, a spate of strikes hit Malawi's private sector. The politically-charged campaigns for salary increases started in the large textile, sugar and tea estates and industries but later on engulfed virtually the entire urban populations in the major cities for about a week. These strikes have since recurred sporadically: there was a strike by employees in the sugar industry in May 1993, and one by employees of the city of Blantyre in July 1993. These strikes must have influenced the subsequent industrial action by civil servants.

2. Malawi civil servants do not have a registered labor union. Nevertheless, in the unfolding and highly charged political atmosphere created by the transition to political pluralism, beginning July 1993, most civil servants were informally galvanized to collectively agitate for significant improvements in their employment benefits. They demanded a salary increase of 150 percent and a housing allowance back-dated to April 1993. And to back their demand, the civil servants were mobilized for a strike in August 1993. The immediate Government response was to approve a salary increase of about 15 percent backdated to June 1993. Representatives of the striking civil servants rejected this offer, insisting on the 150 percent salary increases. After negotiations, the civil servants consented to an average 15 percent salary increase (with a maximum of 30 percent for the junior civil servants).

3. It is nonetheless significant that, in accepting the terms of ending the strike, the civil servants demanded, and the Government conceded, that Principal Secretaries (on salary grades S2/P2 and above) should be excluded from the salary increases. The argument was that these top civil servants were already well pampered with non-salary employment benefits.

4.23 Estimated Value and Impact of Direct Non-Monetary Benefits: Table 4.9 below provides annual estimate of the total value of the key benefits (housing, car and retirement) for select job grades in the civil service. As shown in this table:

- for the top civil servants (Principal Secretary grade), the total value of these benefits is estimated at 147 percent of the total monetary pay (i.e., basic salary plus monetary allowances). And it is significant that virtually all civil servants at the this grade have access to these benefits: and
- for the lucky few junior civil servants with access to Government housing, the total value of the direct non-monetary benefits can be as high as 364 percent of the total monetary pay.

Table 4.9: ANNUAL ESTIMATES OF TOTAL VALUE OF THE MAJOR NON-MONETARY BENEFITS FOR SELECT JOB GRADES IN THE CIVIL SERVICE

Job Grade	Type	House Market Rent	Car Benefit	Retirement Benefit	Total Monetized Value	As % Av. Total Monetary Pay
		K	K	K	K	%
Principle Secretary (S2)	B1 (M)	67,200	31,00	10,464	106,664	147%
Principle Administrative Secretary (S7)	B1	42,000	n.a.	6,088	48,088	224%
Principle Specialist (P3)	BH	45,000	n.a.	8,365	53,365	191%
Administrative Officer (AO1)	AO1	31,440	n.a.	3,476	34,916	301%
Personnel Secretary (D1)	CH15	30,600	n.a.	3,146	33,746	312%
Senior Executive Officer (B2)	CH10	29,400	n.a.	2,936	32,336	314%
Clerical/Technical (C2/TA)	DL3	10,200	n.a.	1,154	11,354	265%
Messenger (SC1)	DL3	10,200	n.a.	887	11,087	364%

Notes:

- (1) The proportion of civil servants with access to Government Housing decreases significantly at lower job grades.
- (2) While the policy is that only the SPC among Civil Servants is allowed private use of the Government car, it has not been practical to deny this use to Principal Secretaries.
- (3) The monthly value of retirement benefit is estimated at one-fortieth of the Annual Basic Salary.

- Sources: (1) GOM/The Housing Consultancy, Malawi Civil Servants Home Ownership Scheme, Final Report (Table 12.1, page 40), 1991 for House types and market rents.
- (2) Table 4.5 above for Basic and Total Monetary Pay.

E. SUMMARY OF MAIN ISSUES

Improving the Salary Structure

4.24 While civil service salary adjustments have contributed significantly to the huge increase in the size of the wage bill in recent years (see para 2.12 above), it is clear that salaries remain comparatively low, as elaborated in Chapter 5. Therefore, there cannot be a blanket freeze or major curtailment in the enhancement of salaries in order to control the wage bill. What is required is an overhaul of civil service salary structure along the lines recommended by the 1985 Civil Service Review Commission. The existing salary structure should be subjected to a systematic and comprehensive review with a view to rationalizing and simplifying it. In this context, the introduction of schemes of service and the decomposition of the salary structure should be emphasized.

4.25 **The Need for Schemes of Service:** The introduction of schemes of service for Malawi Civil Servants should be at the core of rationalizing the salary structure because these schemes will (i) facilitate consolidation of experience and specialist training for efficiency and effectiveness; (ii) enhance equity and transparency in salary grade entry points and promotion avenues for the different job and occupational groups.

4.26 **Decompression of the Salary Structure:** In terms of maintaining a salary structure with a reasonable level of compression ratio, the Malawi Civil Service compared favourably with other SSA countries up to the late 1980s (see Table 4.10).

Table 4.10: SALARY STRUCTURE COMPRESSION RATIOS FOR MALAWI COMPARED TO RATIO FOR A SAMPLE OF COUNTRIES IN THE SSA REGION, IN 1975 AND 1985

COUNTRY	COMPRESSION RATIO 1975	COMPRESSION RATIO 1985
Malawi	48.0	45.0
Benin	17.3	17.3
C.A.R.	13.0	9.4
Chad	7.5	17.5
Gambia	10.7	9.8
Guinea	15.0	12.6
Kenya	28.0	32.4
Mauritania	6.9	5.0
Niger	18.2	18.2
Nigeria	19.4	10.1
Sierra Leone	10.5	7.0
Somalia	8.2	6.9
Sudan	14.4	11.7
Tanzania	10.9	8.9
Togo	10.4	10.4
Uganda	34.2	12.0
Zaire	16.7	25.0
Zimbabwe	41.7	16.1

The situation has deteriorated in recent years, with a compression ratio of only 23.9 in 1993.³¹ However, this conclusion has to be qualified if basic salaries are adjusted to take into account monetary allowances and estimated monetized value of benefits. This point reveals the extent to which the non-salary allowances and benefits distort and give rise to inequity in the remuneration structure. Table 4.11 shows the effective pay compression factors before and after monetization of benefits for select job grades in the Civil Service (for which benefits have been estimated and monetized). The data in this table show that for the top administrators in the Civil Service, consolidation of allowances, and basic salary result in quite an attractive pay compression factor of 38.5 (as contrasted with a compression factor of 14.3 for the representative job grade for the top professional grade, P3). However, there is no remarkable contrast between the compression factor for the latter (professional) job grade and those of the representative job grades below. The same observations can be made using the pay data after monetization of benefits. Again the relative gap between the pay compression factor for the grade (at 13.9) and that for the P3 grade (at 6.2) is very large, at more than 100 percent (see Table 4.11). In the circumstances, the pay compression ratio measured on the basis of comparing the remuneration between the very top civil service executives and the industrial class grades can be misleading because it marks the inequities between the effective remuneration of the top administrators and that of those of the job grades in-between.

Table 4.11: COMPARISON OF EFFECTIVE PAY COMPRESSION FACTORS AFTER MONETIZATION OF BENEFITS FOR SELECT JOB GRADES IN THE CIVIL SERVICE

SELECT JOB GRADES	GROSS ANNUAL MONETARY PAY K	TOTAL VALUE OF MONETIZED PAY K	TOTAL ANNUAL GROSS MONETIZED PAY K	COMPRESSION FACTORS	
				BEFORE MONETIZATION OF BENEFITS	AFTER MONETIZATION OF BENEFITS
Principal secretary(S2)	73,896	106,664	180,560	38.5	13.9
Principal Specialist (P3)	27,466	53,365	80,831	14.3	6.2
Principal Admin Sec (S7)	21,466	48,088	69,554	11.2	5.3
Administration Officer (AO1)	11,585	34,916	46,501	6.0	3.6
Personal Secretary (D1)	12,475	33,746	46,221	6.5	3.6
Senior Exec. Officer (B2)	10,310	32,336	42,646	5.4	3.3
Clerical/Techn. Officer (C2/TA)	4,284	11,354	15,638	2.2	1.2
Messenger (SC 1)	3045	11,087	14,132	1.6	1.1
* Industrial class (CW3)	1918	11,087	13,005	1.0	1.0

On the other hand, as reflected in the data in the last two columns of Table 4.11, the pay compression factors for all job grades are significantly reduced when benefits are monetized to estimate effective pay levels. Therefore, with monetization of benefits, the pay structure is significantly more equitable.

³¹ Salary compression ratio is defined as the ratio of the salary at the top grade of the salary structure to that of the minimum salary on the same structure. Salary compression factors refer to the ratios of different Salary grades to minimum salary on the same structure.

Sustained Decline in Real Pay Levels

4.27 The full effects of the sustained decline in real pay for Malawi civil servants have not been determined. However, it has been established in a number of studies on the decline in real wages of government employees that sustained decline in real wages has resulted in stagnating productivity per worker, especially in Africa. Other negative consequences include the proliferation of special allowances, pervasive corruption, reduced working hours and moonlighting³².

Increased Use of Allowances for Compensation

4.28 It has been argued that the importance of nonwage benefits from an analytical perspective lies not in their quantitative trend compared with real wages - which is country specific - but in their pervasive effects on productivity; because most are unrelated to performance³³. Furthermore, studies of the effects of the proliferation of allowances and non-monetary benefits in other neighboring countries have shown that this is likely to result in such problems as: (i) lack of transparency in the remuneration structure, (ii) inequitable compensation (iii) erosion of the personal income tax-base when some of these allowances are tax-exempt, (iv) erosion of the pension base, and (v) difficulties in the administration of the salary structure.³⁴

4.29 On the premise that the non-salary benefits grossly distort the pay structure, it is logical to conclude that these benefits should be monetized and consolidated with the basic salary. However, the monetization of non-salary benefits must be a planned and gradual process, for at least three reasons. First, since these benefits are unevenly distributed among employees even on the same salary grades, an across-the-board, instant monetization and consolidation of the benefits into the salary grades can result in a major rise in the size of the wage bill, and thereby giving rise to a fiscal crisis. It is therefore important that any major initiative to monetize benefits is preceded by: (a) a comprehensive survey of the distribution of the non-salary benefits (which can be achieved through a census of civil servants), and (ii) realistic estimates of the financial implications of implementing the initiative. Second, the monetization of government housing which is the predominant non-salary benefit raises its own complexities, in terms of, for example: (i) what is the strategy for disposing of the houses? (ii) who would qualify to rent or buy the houses? (iii) how can transparency and fairness be assured in the renting or selling of the houses etc. Third, it is significant that top executives in the private and parastatal sectors in Malawi are generally accorded such in-kind

³² Gail Stevenson, *ibid* (p 20)

³³ Gail Stevenson, (*ibid*), p. 20

³⁴ see, for example, K. Kiragu & R. Mushi, Monetization of Benefits and Pay Reform Proposals: Tanzania Civil Service Reform Programme, a consultants' report to the Government of Tanzania and the World Bank.

benefits as housing, private use of employer's car, free telephone and electricity facilities, etc. In this context, it appears that top civil servants are also deserving of such in-kind benefits. therefore, the rationalization of the pay structure should probably be a phased process, beginning with the consolidation of those monetary allowances not linked to either responsibility or performance and ending with the monetization of in-kind benefits for the top civil servants.

CHAPTER 5

COMPARATIVE ANALYSIS OF PAY LEVELS IN DIFFERENT SECTORS

A. INTRODUCTION AND OVERVIEW

5.1 The efficiency and effectiveness of the civil service pay levels should be evaluated by a comparative analysis of pay levels in other employment sectors. Furthermore, in the context of the demonstrated decline in civil service pay over the years (Chapter 4), it is important to assess how low this pay is, especially relative to pay levels in other sectors, i.e., private, parastatal and external assistance (donor) sectors. The results of such analysis can also be used to assess the competitiveness of the Government as an employer in attracting appropriately qualified and experienced staff.

5.2 A useful starting point in this analysis appears to be a recent and fairly comprehensive study of pay levels in the different sectors³⁵. This study matched pay levels for selected benchmark jobs across various employers in the different sectors. Appendix Table 5.1 illustrates the various benchmark jobs that were used to compare salaries between the sectors. The study's findings are summarized in Table 5.1. In brief, according to the results of this study, all private sector jobs have higher salaries than the civil service equivalents.

5.3 Also, according to the results in Table 5.1, with regard to comparison with pay levels in the donors sector, it is indicated that earnings in government employment generally exceeded those in the donor organizations for the top management personnel. On the other hand, for middle grade and support staff cadre, salary levels for the benchmark jobs were higher in the donors' sector than in the Government. And for two of the benchmark jobs, i.e., systems analyst and clerical officer, the gap was particularly large; being 356 percent and 565 percent respectively.

5.4 And for the parastatal sector, the results in Table 5.1 show that for the benchmark jobs, average salaries there are higher than in the civil service, except for the principal accountant position, where the civil service pay is higher by 3 percent.

5.5 The above results, however, significantly contradict the historical observation that pay levels for low grade occupations in government employment exceed or are comparable to those in the private sector. In the latter context, it is considered that the sample of employers used for this particular study, especially for the private employers, could have significantly biased the results obtained. There is no uniform pay structure for private and donor sector employers and thus the pay levels vary from employer to employer. Thus, as illustrated in Appendix Table 5.5, within the manufacturing sector the lowest monthly salaries by some of the employers are as low as K117, which is significantly below the minimum civil service pay. At the same time, other employers in the sector are paying as much as K400 per month to the same cadre of employees, which is some 30 percent above the highest civil service salary for staff in this cadre. Therefore, comparison of pay levels between sectors must be approached with considerable care.

³⁵ Price Waterhouse, Wages, Salaries and Fringe Benefits Study, Republic of Malawi, June 1993

**Table 5.1: SUMMARY OF COMPARISON OF REMUNERATION
FOR GOM, AND OTHER SECTORS, JUNE 1993**

Job Categorization	Total Package Cost Monthly				% Difference With GOM Salary		
	GOM	Parastatal	Private Sector	Donors	Parastatal	Private Sector	Donors
TOP MANAGEMENT							
Senior staff Level Secretary to Treasury	8503	9958	18853	5720	17%	122%	-33%
FINANCIAL							
Senior Staff Level Principal Accountants	5014	4872	9011	4883	-3%	80%	-3%
Middle Staff Level Senior Accountant	865	2906	4459	3048	236%	415%	252%
DATA PROCESSING							
Senior Staff Level Principal Systems Analyst	5014	6326	10077		26%	101%	
Middle Staff Level Systems Analyst	886	2052	6215	4039	132%	601%	356%
PERSONNEL							
Senior Staff Level Chief Personnel Officer	5012	7390	17487		47%	249%	
Middle Staff Level Personnel Officer	769	4512	4732	3053	487%	515%	297%
LEGAL							
Senior Staff Level Chief State Advocate	6224	10920	13569		75%	118%	
Middle Staff Level State Advocate	974	4068	10502		318%	978%	
PROFESSIONAL TECHNICAL							
Senior Staff Level Chief Engineer Planning	6224	7884	6452		27%	4%	
Middle Staff Level Civil Engineer	1085	5580	3180		414%	193%	
AGRICULTURE							
Senior Staff Level Chief Agriculture Officer	6452		15014			133%	
Middle Staff Level Agriculture Officer	891		6985			684%	
SUPPORT STAFF							
Senior Staff Level Personal Secretary	922	1521	3341	1814	65%	262%	97%
Middle Staff Level Clerical Officer	174	563	607	1157	224%	249%	565%
Bottom Level Messenger	134	321	473	583	140%	253%	335%

Source: Price Waterhouse, Wages, Salaries and Fringe Benefits Study, Republic of Malawi, 1993.

B. COMPARISON WITH PAY LEVELS IN THE PRIVATE AND PARASTATAL SECTORS

5.6 A 1989 survey and comparison of pay levels in the government, parastatal and private sectors concluded that, on average:

- **in professional occupations:** private and parastatal employees receive basic salaries that are, respectively, about 147 percent and 68 percent higher than their counterparts in government employment; and
- **in sub-professional occupations:** the private and parastatal employees were earning 45 percent and 7 percent respectively higher than their counterparts in government; **but**
- **in low-skills occupations:** government employees were earning about 4 percent more than their counterparts in the private sector.³⁶

5.7 In Table 5.2 below, using more recent (September 1992), fairly representative, but less comprehensive data, pay levels for a select number of positions in private sector enterprises are matched with those of grades in the civil service judged to require about the same level of skills and experience. Further, considering the pervasive impact of the non-monetary benefits on the remuneration of the civil servants, it is found useful to show separately the estimated remuneration levels for these select grades before and after monetization of benefits.

Table 5.2: COMPARISON OF CIVIL SERVICE PAY LEVELS WITH THOSE IN THE PRIVATE SECTOR, BASED ON SALARY SURVEY DATA FOR A FEW SELECT PRIVATE SECTOR POSITIONS, SEPT 1992

PRIVATE SECTOR		GOVT SECTOR		DIFFERENCE IN PAY AS % OF CIVIL SERVICE PAY
POSITION SURVEYED	ANNUAL PAY (K)	POSITION JUDGED EQUIVALENT (GRADE)	ANNUAL PAY (K)	
A. Senior Executives/Professionals				
1. General Manager	292,680	Principal Secretary (S2)	73,896	296%
2. Personnel Manager	100,552	Principal Administrative (S7)	21,466	368%
3. Service Engineer	78,942	Principal Specialist (P3)	27,883	183%
B. Junior Executives/Sub-Professional				
1. Office Manager	29,300	Admin Officer (AO1)	11,585	153%
2. Sec to MD	17,759	Personnel Officer (D1)	12,475	42%
3. Asst Accountant	27,586	Senior Executive Officer (B2)	10,310	168%

Sources: (1) Deloitte & Touche, Malawi Salary Survey, Sept 1992 for private sector figures.
 (2) Table 4.5 above, and authors' judgement for government sector figures.
 (3) Table 4.9 above, for monetary value of benefits

³⁶ ILO/DPMT, Malawi Comprehensive Human Resources Study, 1989.

5.8 **Comparison before Monetization of Benefits:** The results of comparison of private sector and government sector pay levels before monetization of benefits, as shown in Table 5.2, suggest that:

- **in professional occupations:** private sector pay on average exceeds monetary pay in government sector by margins ranging from about 48 percent to 143 percent; and
- **in semi-professional occupations:** the margin between private sector and government sector pay levels is in the range of 29 percent to 116 percent. These figures, it should be emphasized, are only indicative. Nonetheless, they are considered to fairly reflect the order of magnitude by which private sector pay levels for professional and semi-professional occupations are higher than monetary pay (before non-monetary benefits) of their counterparts in the Government sector.

5.9 For the job grades in Table 5.2, it is expected that the parastatal sector pay levels are in-between the private sector and government sector levels.

5.10 **Comparison after Monetization of Benefits:** When the major non-monetary benefits for civil servants are consolidated with the monetary pay:

- **in the top administration/professional grades:** the gap between private sector and public sector remuneration is considerably reduced, to an estimated maximum of 60 percent, at the principal secretary grade (see Table 5.2); and
- **in the middle, junior and sub-professional grades:** the gap is reversed in favor of the civil servants; so that, for example, for the grade of senior personal secretary, the civil servant's total monetized pay could exceed that of the equivalent grade in the private sector by as much as 62 percent. It is however, particularly significant that, at junior grades, few civil servants have access to the Government housing which is the predominant monetized benefit. Nonetheless, it is true that even the prospect of eventually gaining access to this benefit may contribute to retention of critical numbers of skilled civil servants.

5.11 Also, comparing civil service pay levels with those obtained from yet another survey carried out in September 1992 for the remuneration packages in the private sector, relatively higher pay levels are indicated for the junior grades in the Government sector (see Appendix Table 5.6). Moreover, an ILO survey of 1990 in six African countries found that the Government sector paid more for unskilled labor, but at the higher-level occupations it generally found a pay differential in favor of the private sector employees.³⁷

5.12 Thus, it is expected that for the messenger, industrial class and other low job groups, earnings in government exceed those in the private sector. This is the more likely situation particularly considering that during the major government salary adjustment in 1992, the messenger and industrial class employees were awarded pay increases in the range of 80

³⁷ ILO, Wages, Labour Costs and their Impact on Adjustment, Employment and Growth, 1990

percent to 108 percent (see Table 4.3 above). Yet the subsequent pay increases for the equivalent job groups in the private sector are indicated to have been much lower, in the range of 25 percent to 35 percent.³⁸ Furthermore, on aggregate, the level of average earnings in private sector have remained consistently below those in the government sector (see Appendix Table 1.2). Therefore, generally, it must be the case that pay levels for junior grade positions in government employment exceed those in private sector.

C. COMPARISON WITH PAY LEVELS IN THE DONOR SECTOR

5.13 The results of the comparative salary survey shown in Table 5.1 above suggested that salaries in the donor sector were the lowest compared to those in other sectors for all job categories, except for support staff. For the latter category, the salaries in the donor sector were above levels prevailing in the private and parastatal sectors, and the civil service. Different results, however, emerge from a survey of a few representative donor organizations by the authors. The results of the latter survey are shown in Table 5.3 below.

5.14 The results in Table 5.3 show that for comparative job grades, **before consolidating the value of direct non-monetary benefits**, pay in the donor sector far exceeds the average monetary remuneration in the civil service; the gap is in the range of 80 percent to 993 percent.

5.15 **After monetizing the benefit for the civil servants grades**, however, the gap between pay levels in the donor sector and those in the civil service is drastically reduced. In fact the gap is reversed for the support staff positions of secretary, driver and messenger where the average total remuneration in the civil service then exceeds that of equivalent grades in the donors sector by 52 percent, 12 percent and 47 percent respectively. Nonetheless, again it is important to emphasize that only a few civil servants in these junior grades have access to Government housing, which is the predominant benefit. Therefore, the overall indications is that, generally pay levels in the donor sector by far exceed those in the civil service.

³⁸ The general level of pay increases for the junior employees in the private sector during 1992 as quoted here were obtained by the authors through interviews with private business executives in Blantyre.

**Table 5.3: COMPOSITION OF PAY LEVELS FOR SELECT JOB POSITIONS
IN THE DONOR SECTOR WITH MATCHED CIVIL SERVICE GRADES**

DONOR SECTOR		CIVIL SERVICE SECTOR				
Job category and positions	Annual Total Pay after Monetizing Benefits	Matched Job Grades	Total Annual Pay before monetizing benefits	Total Annual pay after monetizing benefits	% Donor Sector Pay exceeds civil service pay	
					Before Monetizing Benefits	After Monetizing Benefits
MANAGEMENT						
Sr commercial officer/Sr programme officer	123,012	Sr. Specialists (P4)	27,466	80246	348%	53%
Sr Finance assistant	84,012	Asst Chief Officer (P6)	21,639	72991	288%	15%
Assistant Accountant	110,004	Sr. Officer (P8)	17,816	55345	517%	99%
Finance Officer						
Accounts Officer/Sr	36,792	Chief Ex. Officer (CEO)	13,007	46101	183%	20%
Finance Assistant	126,624	Admin. Officer (A1)	11,585	46501	993%	172%
Administrative officer	104,604	Admin. Officer (A2)	10,821	43367	867%	141%
Assistant administrative officer	44,724	Admin. Officer (A3)	9,903	42153	352%	6%
Sr. administrative officer	33,480	Sr. Clerical Officer (C1)	6,056	17856	453%	88%
Administrative Assistant		Technical Officer (B3)				
SUPPORT STAFF						
Finance clerks	25,212	Technical officer (B3)	7,398	19696	241%	28%
Secretary	22,440	Personal Secretary (D1)	12,475	46964	80%	-52%
Drivers	12,036	Industrial Class (CW1)	2,700	13626	345%	-12%
Messengers	7,500	Messenger (SC1)	3,045	14132	146%	-47%

Note: Total Annual Pay After monetizing benefits is derived by adding to Monetary Pay

- estimated annual value of retirement benefit = 0.025% of Annual Basic Salary
- estimated annual value of the housing benefit (as per the sources below)

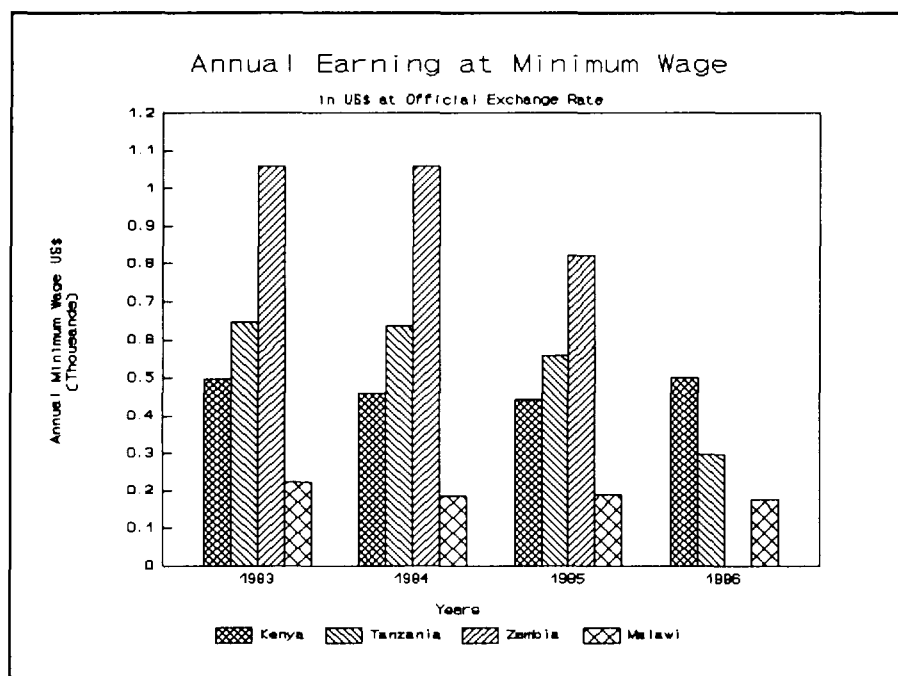
Sources: (1) Appendix Table 5.5 for data on the Donors' sector figures
 (2) Tables 4.5 for Total Annual Pay before Monetizing Benefits
 (3) GOM/The Housing Consultancy, Malawi Civil Servants' Home Ownership Scheme, Final Report (1991), as used to derive monetized value of benefits in Table 4.9 above.

D. COMPARISON OF PAY LEVELS WITH OTHER COUNTRIES IN THE REGION

5.16 In terms of minimum wage, and therefore pay levels for junior and unskilled civil servants, Malawi compares very unfavorably with most countries in this region.³⁹ This fact is illustrated in Figure 5.1 below where the annual earnings at minimum wage in Malawi are compared with those in Kenya, Tanzania and Zambia.

³⁹ The only exception among its neighbours is likely to be war-torn and impoverished Mozambique.

Figure 5.1



Source: Appendix Table 5.3

5.17 The low minimum wages in Malawi are consistent with the low incomes and per capita consumption levels in the country. Furthermore, as shown in Table 5.4 below, throughout the 1980s the per capita consumption in Malawi was considerably below the levels in, for example, Kenya and Zambia, and it is only in the late 1980s that it caught up with the declining levels in neighboring Tanzania.

**Table 5.4: COMPARISON OF TOTAL CONSUMPTION PER CAPITA
AMONG COUNTRIES IN THE REGION**

Current U.S. dollars

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Kenya	357	318	293	255	256	229	269	295	301	287	296
Tanzania	256	279	281	291	263	302	180	153	150	125	
Zambia	555	640	688	449	349	282	184	234	392	536	319
Malawi	181	173	154	154	148	137	143	134	152	184	197

Source: The World Bank & UNDP, *African Economic Indicators*, 1992

5.18 At higher job grades, however, in the past, Malawi civil servants appear to have been generally better remunerated than their matched counterparts in the other countries in the region. This observation is based on two reasons. First, as shown in Table 4.10 above the salary compression ratio for Malawi was considerably higher than that of the comparator countries. Second, using relatively current data, the basic salaries of civil servants in Malawi have been compared with those in Kenya. The results of this comparison are as shown in Table 5.5 below. And the data in the latter Table shows that, for virtually all job grades in the civil service, both the lowest and highest basic salary levels are significantly higher in Malawi than in Kenya.

5.19 However, again referring to data in Table 5.5, at the lowest job grades in the civil service, pay levels in Malawi are about the same level with those in Kenya; with the highest point in the industrial class scale for Malawi exceeding that of matched (subordinate) grade in Kenya by only 8.3 percent, and with the lowest point in the clerical/copy typist grade in Malawi some 6 percent below the level for the matched grade in Kenya. Furthermore, considering the very high salary increases effected for junior civil servants in Malawi during the 1992-1993 period (see Chapter 4), then it can be logically surmised that, in the past, the salaries of junior civil servant in Malawi have been significantly below the levels prevailing in most countries of the region.

Table 5.5: COMPARISON OF BASIC SALARIES BETWEEN MALAWI AND KENYA CIVIL SERVICE

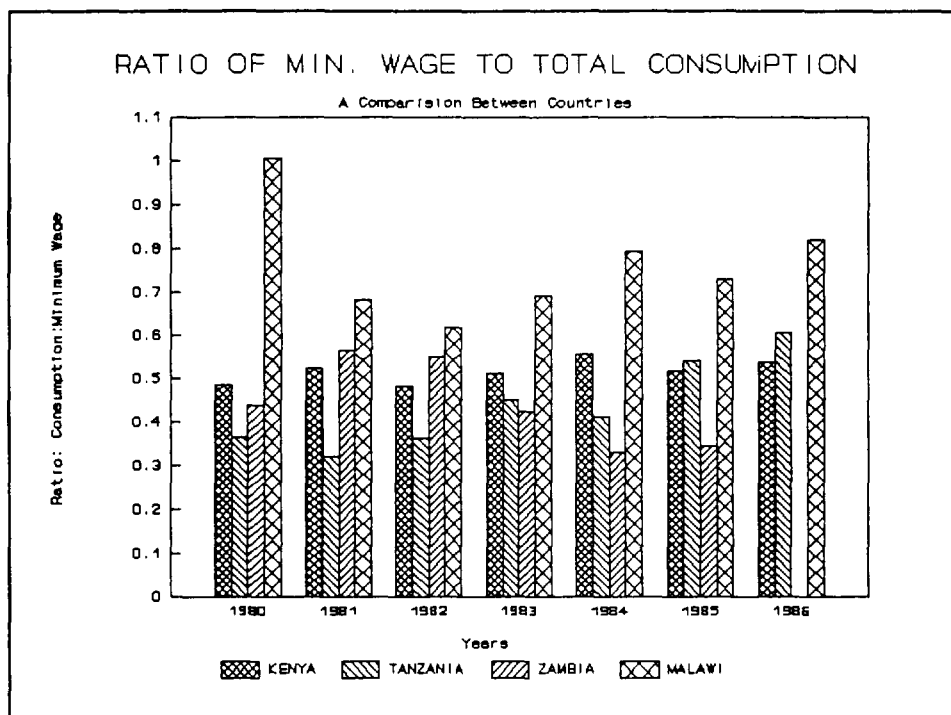
Malawi Civil Service			Kenya Civil Service			Percentage Difference Between Malawi and Kenya	
Position Surveyed	Annual pay (US\$)		Position Judged	Annual pay (US\$)		Lowest Highest	
	Lowest	Highest		Lowest	Highest		
Industrial Class	385	657	Subordinate Staff	250	602	35.00%	8.30%
Clerical/Copy Typist	457	1,397	Clerical/Copy Typist	484	877	-6. %	37.2%
Executive/Technical Officer	1,717	2,703	Exec./Pers. Officer	1086	1,606	36.7%	40.58%
Professional/Administrative	2,220	3,629	Economist/Doctors/Agric.	1280	1891	42.34%	47.9%
Senior Officers	4,143	4,671	Economist I	1,508	2153	63.6%	53.9%
Principal Officers	4,700	5,229	Senior Accountants	1,832	2604	61.02%	50.25%
Chief Officer/Under Secretary	5,814	6,133	Principals/Under Secretary/CPO	2,017	2,862	65.3%	53.33%
Snr. Specs./Deputy Prin. Sec.	6,403	6,960	Deputy Secretary/Deputy Director	2,367	3,038	63.03%	56.35%
Principal Specialists	6,991	7,549	Directors	2,684	3,325	61.60%	55.95%
Principal Secretaries	6,954	7,497	Permanent Secretary	3,039	3,740	56.29%	50.11%

Source: Malawi; Current Salary Grades and Scale for 1993. Kenya; Adjustment of Civil Service Salaries and Scales (Mbithi Salary Review Committee 1993/94)

Exchange Rate MK 4.1 = US\$ 1 : Kshs 65 = US\$ 1

5.20 It is also significant that at the prevailing low levels of per capita consumption, the scope for raising the minimum wages in Malawi has in the past, on average, remained minimal. As illustrated in Figure 5.2 below, in the 1980-1986 period, compared to Kenya, Tanzania and Zambia, Malawi had a consistently higher ratio of minimum wage to total per capita consumption. This is also significant in that in the past the Government generally used the minimum wage policy to control growth in wage levels in both public and private sectors.

Figure 5.2



Source: Appendix Table 5.3

E. COMPARATIVE EFFICIENCY OF THE CIVIL SERVICE PAY STRUCTURE

5.21 The study team also considered the efficiency of the civil service pay structure in comparison with the other sectors in two other dimensions viz: (i) salary compression ratios; and (ii) salary grade widths.

Salary Compression Ratios

5.22 Although the data used in the analysis of pay levels for the private, parastatal and donor sectors is derived from varying structures from different employers, the average values from a sample of employers from each of the sectors can be relied on to indicate the order of magnitude of the compression ratios for the salary structures in a sector. On this basis, representative compression ratios have been computed for the different sectors, and the summary results are presented in Table 5.6 below. In brief, the results in this table show that the civil service basic salary compression ratio of 23.9, is higher than that approximated for the donor sector but is below that in the parastatal and private sectors. These results reinforce the observation in Chapter 4, that the civil service salary structure has been unduly

compressed over the years. Therefore, the efficiency of the civil service salary structure, can be improved through decompression, in line with the compression ratios prevailing in the private and parastatals sectors.

Table 5.6: COMPARISON OF SALARY COMPRESSION RATIOS FOR VARIOUS SECTORS

Government of Malawi	Parastatal Sector	Private Sector	Donor Sector
23.9	32.6	44.1	16.4

Sources: (1) Table 4.4 above for GOM
 (2) Price Waterhouse Study for data on parastatals
 (3) Delloites & Touche, for samples various data collected on private sector
 (4) Table 5.3 for data on the donor sector

Job Grade Width

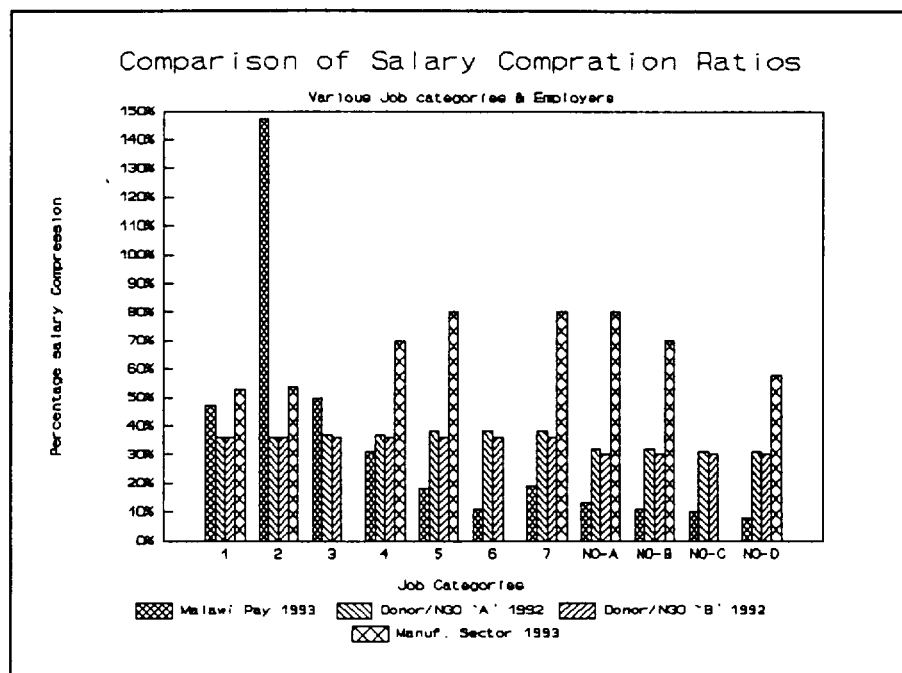
5.23 Apart from salary levels being attractive to employees, the motivational benefits inherent in the structures is a very critical factor in staff retention. Thus, a reknown author in personnel management, Armstrong, recommends that, to allow room for progression, the maximum salary for **clerical levels**, for example should not be outside the range of 15 percent to 20 percent above the minimum salary in the grade⁴⁰. The reason advanced for this limited width at such job grades is that within these grades, there are no significant improvements on performance expected either through knowledge advancement or experience. Consequently, at these grades, pay-based motivation may not achieve any significantly better performance. This ideal situation contrasts significantly with observations from the Malawian civil service which has a width of up to 150 percent for the junior category of staff (Figure 5.3). Other employers have considerably lower salary widths for this category of staff, with an average salary width of 36 percent (Figure 5.3).

5.24 For the top job grades in the civil service, for example that of principal secretary (categorized NO-D under the UN classification), the civil service structure provides a salary grade width of only about 8 percent. For similar top job grades in other sectors, the grade salary widths are in the range of 30 percent to 37 percent; this estimate being an average from a sample from the manufacturing sector. Thus, the salary grade width in the civil service is dismally low, being only about 8 percent, in a category that is expected to have an average width of 50-60 percent between the minimum and maximum pay.⁴¹ The implications of having a small grade width in the civil service compared to other employers include the risk of adverse effect on staff retention, attraction of appropriate personnel, and staff motivation. This is especially so in the case where most employees joining these job grades rarely start from the minimum salary in the grade and hence attain a maximum salary increment well before reaching the higher scale for that job grade.

⁴⁰ Michael Armstrong, A Handbook of Personnel Management Practice, Second Edition pp 212, Billing & Sons publishers Ltd

⁴¹ Ibid.

Figure 5.3



Source: Appendix Table 5.2

F. CONCLUSIONS

5.25 Generally, civil service pay levels remain significantly lower than those for comparable positions in the parastatal, private and donor sectors. However, at the lower salary grades (i.e. clerical, messenger and other unskilled labor) pay levels in the civil service are, on average, higher than those in the private sector. First, in the past two years, civil service pay increases have set the pace for those in most of the private sector. Second, the high levels of unemployment among unskilled workers generally depress wage levels in the private sector, where most enterprises target the minimum statutory wage. Furthermore, if salaries and wages of these lower grades in the other sectors especially the donor sector, were adjusted for qualifications and experience, it appears that lower cadre civil servants are adequately compensated.

5.26 On the other hand, the middle (technical and professional) grades in the civil service have experienced a steady relative deterioration in their pay levels when compared to both the lower and top grades in the civil service, and the pay levels in the other sectors. The trend for many years in the past has been to award higher salary increases to the lower job grades in the civil service, thereby leaving the higher grades relatively worse off (i.e., compressing the pay structure). However, the top cadres in the civil service are compensated for the lower increase in pay with non-salary benefits. Since these benefits are not commensurately extended to the middle grades, the officers in these grades remain worse-off relative to both the lower and top grades in the same service. This is a very important policy issue concerning the efficiency and effectiveness of the civil service pay structure.

CHAPTER 6

MAIN ISSUES IN PERSONNEL MANAGEMENT

A. INTRODUCTION

6.1 The review of pay and employment issues in Chapters 3 and 4 above reveals the profound weaknesses in the performance of the personnel management function. However, to put the assessment of personnel management performance in the Government in perspective, it is important to examine the following two critical issues:

- the legal and institutional framework; and
- the underdevelopment of the personnel management system.

B. THE LEGAL AND INSTITUTIONAL FRAMEWORK

6.2 The current Constitution of the Republic of Malawi vests in the President the statutory authority to (i) promulgate Public Service Regulations which are the legal instruments underpinning the administration of the civil service; and (ii) establish a Public Service Commission (PSC) to be responsible for the recruitment, promotion, discipline and retirement of civil servants. Furthermore, under these regulations, the President has mandated the Secretary to the President and Cabinet (SPC) to be responsible for the overall administration of the civil service. Also, the regulations empower the SPC to delegate any of the functions conferred on him under the regulations to other public officers. And under the latter arrangements, the SPC has delegated most of the responsibilities for the administration of the Public Service Regulations, and therefore civil service personnel management, to the Department of Personnel Management and Training (DPMT). Under this broad legal framework, the personnel management function in the GOM civil service is a shared responsibility between the DPMT, line Ministries, the PSC, and the Ministry of Finance (Treasury).

6.3 **The Department of Personnel Management and Training (DPMT):** As its title implies, the DPMT is the central government institution for personnel management. Since the Herbecq Commission report of 1985, there have been persistent complaints about the serious weaknesses in both the mandate and functional capacity of the DPMT. A recent management audit of the DPMT (1993) identified the following weaknesses, among others:

- there is no appropriate legal context for the execution of the DPMT's central personnel management mandate;
- the organization's internal coordination mechanisms are rather weak;
- staff are not adequately skilled to effectively perform all the personnel functions;
- management systems, especially those for personnel management, are underdeveloped; and
- linkages with ministries and departments are not effective⁴².

⁴² ESAMI, Organizational Audit of the Department of Personnel Management and Training, 1993

6.4 Personnel Units in the Line Ministries: The personnel administration units in the line ministries are staffed with common cadre officers seconded by the DPMT. As such, these units are operational extensions of the DPMT. They responsible for supporting the Principal Secretaries in the ministries in handling all matters pertaining to the manpower planning, recruitment, deployment, compensation and discipline of staff in the ministries to which they have been posted by the DPMT. This study did not attempt a comprehensive review of either the capacity or performance of the personnel units in the ministries. However, there is ample evidence that in most ministries the performance of the units is well below desired levels.

6.5 The weaknesses in these personnel administration units is particularly exemplified by the muddle surrounding the management of industrial class employees. Although this function is fully delegated by the DPMT to the ministries, the ministries' personnel units do not maintain complete records of these employees. Nor do they appear to exercise any effective control on the recruitment of such employees.

6.6 The Public Service Commission (PSC): The rationale in the Constitutional provision for the establishment of the PSC is that as an institution that is autonomous of central government control, the PSC could be relied on to ensure that: (i) recruitment and promotion of civil servants were based strictly on merit; and (ii) fair play and justice were observed in discipline civil servants.

6.7 In practice, however, it appears that the PSC has a rather narrow mandate, and it is institutionally subordinate to the OPC in that: (i) the PSC carries out its mandate within the framework of the Malawi Public Service Regulations (MPSR) which are defined, promulgated and revised by the SPC-OPC; and (ii) at present, the PSC exercises its mandate on a relatively small number of civil servants, i.e. those in salary/job grades EO/TO to S5/P5 (see Table 3). The appointment of top civil servants (in job grades S4/P4 to S1/P1) is made by the OPC. And the appointment of junior civil servants has been delegated to Ministerial Appointments and Disciplinary Committees (for job grades CO/TA to SCO/STA) and to controlling officers and/or heads of department.

6.8 The current effective mandate of the PSC is not consistent with the newly evolving political and constitutional order in Malawi. Under the single party authoritarian political order, there was no loud demand for transparency in the merit-based appointment and promotion of civil servants. Indeed, demonstration of loyalty to the regime was generally the priority criterion for ascendancy to the top echelons of the civil service. Given the fact that effective functioning and sustenance of a multi-party political system depends, to a great extent, on the introduction of a transparent merit-based system of appointments, promotions and discipline in all ranks of the civil service, there is therefore a strong case for restoring the effective mandate of the PSC.

6.9 The Ministry of Finance: According to the Government financial regulations as well as the MPSR, no Government department is permitted to recruit or promote a civil servant before confirming the availability of funds from the MOF. Even the DPMT is required to seek clearance of the MOF before it creates new established posts. Furthermore, adjustments of pay and benefits for civil servants have to be developed in full consultation with the MOF. Moreover, the MOF, through the Accountant General and its Data Processing Department (DPD), controls the entry of employees into the central computerized payroll. Therefore, the

MOF can exercise significant control on the decisions of the other Government departments in the employment and pay of civil servants.

6.10 However, the exercise of the mandate of the MOF to regulate civil service employment and pay is significantly constrained by: (i) absence of a reliable data and information system to facilitate the analysis of the budgetary implications of the decisions by DPMT and the line ministries; (ii) the absence of a clear (legally backed) mandate to exercise control on employment and salary levels, and (iii) weak mechanisms for coordinating decisions in MOF with those by DPMT/OPC PSC, and the line ministries. Even within the MOF itself, coordination between the DPD and the office of Accountant General is generally perceived to be weak.

6.11 On the whole, the legal and institutional framework for personnel management are weak. As noted by the 1985 civil service review commission, the Malawi Constitution, as it relates to the Public Service, is primarily concerned with powers to appoint and remove from the office. Furthermore, the MPSR is essentially concerned with the routine administration of the civil service; training, schemes of service, staff inspection, manpower planning, statistics, manpower utilization, welfare and careers guidance⁴³. The fragmented institutional arrangement for managing the personnel function has also proved ineffective to remedy these weaknesses. Consequently, the Herbecq Commission recommended that the government should promulgate a Public Service Act which would clearly define the roles and mandates of the various institutions (OPC, DPMT, MOF and line ministries) in managing the personnel management function.

6.12 **In Summary**, the current legal and institutional framework is not conducive to the effective management of the personnel function in three respects:

- **Ambiguities in the statutory framework:** In 1985, the Civil Service Review Commission recommended the promulgation of a Public Service Act with a view to clearly delineate and define the mandate of the various institutions responsible for personnel management⁴⁴. This recommendation remained dormant until it was restated as a major recommendation of the organizational audit of the DPMT in 1993. The issue is being addressed under ID II;
- **Weak institutional coordination:** The overall institutional framework for personnel management is rational and potentially effective. However, the weakness of formal coordinating mechanisms, especially between the DPMT, MOF, PSC and line ministries, has undermined effective management and control of such crucial functions as recruitment and salary adjustments;
- **Weak capacity in DPMT:** The recent organizational audit of the DPMT revealed how significantly its weak internal capacity constraints the

⁴³ GOM/Herbecq *ibid*, p58

⁴⁴ GOM/Herbecq (*ibid*)

Department in executing its responsibility for personnel management⁴⁵. DPMT's problems include, among others, lack of adequate number of trained and experienced professional staff and inappropriate and weak structures for planning, staff development and monitoring and evaluation of performance.

C. UNDERDEVELOPMENT OF THE PERSONNEL MANAGEMENT SYSTEM

6.13 The more pervasive problem that hinders the performance of the personnel management function in the Malawi Civil Service is the general underdevelopment of the management system. This is reflected in respect of such critical issues as:

- manpower planning and training;
- recruitment;
- deployment and utilization;
- staff development;
- promotions and career progression;
- personnel data.

6.14 **Manpower Planning and Training:** Manpower planning for the civil service is the exclusive responsibility of the DPMT. If DPMT was effectively carrying out this function, the outcome would be planned and rationalized growth and deployment of the civil service staff. However, this is not the case, as elaborated in Chapter 3 above, there is no reliable data base to support effective manpower planning.

6.15 With regard to training, the implementation of the existing training policy is defective in many areas, including inadequate attention to training needs analysis, inadequate budgetary provision for training and failure to link training to performance improvement. It is recommended that henceforth all ministries and departments should be required to conduct training needs analysis before proposing training programmes for approval. It is also recommended that distinct votes for training should be provided in the annual budget for ministries and departments. And to ensure effective linkage of training to performance improvement, success in skill enhancing training programmes should be formally recognized as a major factor in the determination of promotions.

6.16 **Recruitment:** Recruitment into the top job/salary grades S4/P4 to S1/P1 is by appointment by the State President. For recruitment's the job/salary grades EO/TO to S5/P5 recruitment's is done by the Civil Service Commission. In respect of the grades below EO/TO the Civil Service Commission has delegated its authority under the Malawi Public Services Regulations to respective Ministerial appointments and disciplinary Committees.

⁴⁵ ESAMI, Republic of Malawi: Organizational Audit of the DPMT, (Final Report presented to the Government of Malawi), July 1993.

6.17 In theory, the system and process of recruitment below the S4/P4 grades are fairly transparent and controlled. However, the system does not operate as smoothly and effectively as would be expected because of poor flow of information and ineffective coordination between the PSC, DPMT, MOF and the line ministries. Also, red-tape has often bogged-down the system; resulting in excessive vacancies in established positions⁴⁶. In other cases, ministries have taken advantage of the system by engaging staff on temporary terms to fill established posts for many years.

6.18 **Deployment and Utilization of Manpower:** The DPMT has the responsibility of ensuring effective deployment and optimal utilization of available manpower. In this regard, the Management Services Division (MSD) of DPMT is expected to periodically carry out reviews of the staffing levels and deployment of staff in all Government departments. However, MSD's performance of this function is significantly hampered by (i) weak internal capacity, in terms of shortage of the specialist skills necessary for credible, authoritative and comprehensive review of organizations, systems, methods and staffing in ministries and departments; (ii) lack of sufficient statutory or political authority to support implementation of recommendations, and (iii) the absence of readily accessible reliable personnel information which is necessary for efficient and effective conduct of staff inspections.

6.19 **Staff Development Promotions and Career Progression:** The system of staff development, promotions and career progression in the Malawi Civil Service is seriously lacking in transparency because: (i) schemes of service and career paths have never been designed and promulgated except for the DPD, and (ii) the staff appraisal system on which promotions are based is neither open nor independently scrutinized. The development of schemes of services covering all established posts and the implementation of an effective system of staff appraisal and merit-based promotion and compensation are crucial to the realization of a rational and fair system of staff development.

6.20 **Personnel Data:** Lack of control over civil service establishment is, to a great extent, a result of the unreliable personnel data available at both the level of the central organs (MOF, DPMT) and at the level of the line ministries. The prevailing situation characterized by huge differences in the personnel data reflected in budget estimates, those in the payroll and those on DPMT's files constitutes a major hindrance to effective management of the personnel function. The civil service census to be conducted under ID II is expected to provide reliable benchmark personnel data.

⁴⁶ Malawi Institute of Management (MIM): "A Study to Identify Options for Reducing the Vacancy Rates in the Malawi Civil Service" (unpublished report commissioned by the UNDP), March 1991.

CHAPTER 7

POLICY OBJECTIVES AND IMPLEMENTATION OPTIONS

PREAMBLE

7.1 The overlap between the conduct of the Pay and Employment Study and the preparation of Malawi's Second Institutional Development Project (ID II) made it possible for PAES's findings and conclusions to be taken into account in the determination of the actions to be carried out under ID II regarding civil service pay and employment issues. (An Interim Report on the PAES issued in June 1993 was available for use during the pre-appraisal of ID II in June/July 1993 and the main findings and conclusions of the PAES were shared with the appraisal mission of ID II in October 1993). Thus, the evidence provided in PAES regarding the prevailing confusion over the size of the civil service influenced the decision to include the conduct of a civil service census under ID II. In the following discussion of policy objectives and implementation options for Government on pay and employment, references are made to other relevant actions that would be implemented under ID II.

A. POLICY OBJECTIVES

7.2 In the context of the analysis of the issues in the previous chapters, it is suggested that the primary policy objectives that GOM could seek to achieve in respect of pay and employment are to:

- control the civil service wage bill to reduce the burden on the budget;
- rationalize the pay structure and enhance pay with a view to increasing government's ability to attract and retain qualified professional staff; and
- improve morale, performance and productivity to ensure better service delivery.

7.3 In the pursuit of each of these objectives, the Government can choose from the range of implementation options summarized in Table 7.1 below and elaborated upon in the remaining part of the Chapter.

Table 7.1: SUMMARY OF PRIMARY POLICY OBJECTIVES AND IMPLEMENTATION OPTIONS

PRIMARY POLICY OBJECTIVES	POLICY IMPLEMENTATION OPTIONS
A. CONTROL OF THE CIVIL SERVICE WAGE BILL	1. Re-establish a firm link of establishment control to the budget process; 2. Control the size of the civil service;
B. RATIONALIZE THE PAY STRUCTURE AND ENHANCE PAY	3. Establish Committee to undertake annual review of salaries 4. Monetize benefits before decision on salary enhancement 5. Peg public sector pay adjustments to labor market conditions 6. Constitute Tax and Customs Administration into an "enclave" Revenue Authority 7. Introduce performance-related pay, first on a pilot basis and progressively extend coverage 8. Reduce size of career civil service
C. IMPROVE MORALE, PERFORMANCE AND PRODUCTIVITY	9. Increase budget allocation for O & M expenditures 10. Improve the personnel management function 11. Implement merit-based recruitment and promotion

B. IMPLEMENTATION OPTIONS

Firmly Link Establishment Control to the Budget Process

7.4 Historically it was designed that budgetary control by the MOF would strongly reinforce establishment control by DPMT, thereby ensuring that growth of the civil service wage bill was consistent with fiscal capacity. Over the years, however, as discussed in Chapter 3, coordination between the DPMT and the MOF has become very weak.

7.5 The key steps in the initiative to re-establish budgetary control on the growth of the civil service wage bill should include:

- **establishing the current actual size and composition of the civil service:**
As explained in Chapter 3, the DPMT has endeavored to establish the current actual size and composition of the civil service without success. And there

are no systems and controls in place that can be relied on to eventually confirm the position. The **Civil Service Census** to be financed under ID II is expected to assist Government solve this problem. The baseline personnel data generated by the census would have to be continuously up-dated and maintained under firm control. The personnel management information system to be created under ID II (and linked to the payroll data) is the key to ensuring success.

- **developing departmental manpower plans and targets:** The DPMT and MOF should, with technical support of the EP&D, jointly initiate the development of manpower plans and targets for each Government department. These manpower plans and targets will provide a rational framework for annual negotiations on staff establishment between DPMT and the ministries and departments, on the one hand, and between DPMT and the MOF on the other. These plans should be developed in the context of (i) long term macro-economic and sectoral development and restructuring goals and strategies, (ii) forecast budgetary resource envelopes for sectors and departments, and (iii) the goal to achieve a realistic balance between personal emoluments and non-wage (O&M) expenditures for each department. Moreover, the manpower plans and targets would be improved and revised in the processes of implementing other measures to control the size of the civil service, as elaborated below.
- **abolish the industrial class:** In FY93/94, the Ministry of Finance imposed a 50 percent budget cut on personnel expenditures for non-established posts because of a severe budgetary constraint. On the basis of the evidence provided in this study, it would be tidier to simply abolish the industrial class (IC) whose staff constitutes the vast majority of the non-established employees in Government. At present, the exact number of IC employees is unknown (the census is expected to clarify this). The estimate in Chapter 3 is 50,624, roughly 35 percent of total positions. They are employed on tasks that could, for the most part, be undertaken outside the civil service, especially in the Ministry of Works: building, construction and maintenance. Existing IC employees would fall into one of the following categories:
 - (a) those engaged on tasks that should normally be part of civil service work should be assimilated as civil servants after appropriate screening.
 - (b) those engaged in tasks that can be contracted out or transferred to the private sector should be removed from the civil service **after payment of appropriate disengagement compensation.** (This is the bulk of IC employees). A proof that abolishing the industrial class is feasible is provided by the experience in the Water Sector (See Box 7.1)
- **abolish all the existing vacancies in the establishment:** As earlier noted, if all the existing vacancies were to be filled, the result would be a hefty 17.6 percent increase in the total number of civil servants. This zero-base approach should be accompanied by control measures for vetting (i) the creation and

approval of new vacancies by both DPMT and the Treasury, and (ii) the recruitment into newly created vacancies. In some countries, such as Tanzania and Kenya, to ensure the effectiveness of these controls, approvals for new recruitment can only be obtained at the level of the Head of the Civil Service.

Box 7.1: ABOLISHING THE INDUSTRIAL CLASS - WATER SECTOR EXAMPLE

In the course of preparations for the National Water Development Project, the Government of Malawi has developed and adopted a comprehensive statement of water sector policy entitled "National Water Resources Management Policy and Strategies". A feature of this framework is a commitment on the part of the government to a customer-led approach to the delivery of services, regionalization and commercialization of urban water supply and water-borne sanitation services. In an important step towards this objective, and the achievement of improved efficiency and sustainability, and the enhanced support that water infrastructure can then provide for economic and social development and the alleviation of poverty, Cabinet recently decided to create three Regional Water Boards to undertake the provision of water services to all urban areas other than Lilongwe and Blantyre. The supporting studies which preceded this decision presented preliminary staffing and financial plans for the three Regional Water Boards, building on the successful experience of the Lilongwe and Blantyre Water Boards. These two organizations went through a process of commercialization over the last few years, demonstrating the substantial savings and increased efficiency that this process can make possible partly through contracting out, on a competitive basis, tasks that were previously allocated to industrial-class employees.

In 1993, the number of industrial-class employees of the Water Department amounted to 1559. The supporting studies undertaken by the Government's consultants concluded that even without a comprehensive examination of what could be contracted out or done in other ways, the Regional Water Boards, if they undertook all urban and rural water services other than within Lilongwe and Blantyre, would require a maximum of 209 industrial class employees. It can safely be concluded that, in the case of the Water Sector, abolishing the industrial class is feasible, and if managed appropriately, could lead to substantial savings in the medium and long term.

- **Improve coordination between the DPMT and the MOF:** Formal mechanisms for coordinating DPMT and the MOF need to be re-established. As a minimum (i) the DPMT and MOF should have a joint technical committee to determine forward pay adjustment targets and establishment (manpower) and personnel expenditure ceilings, and (ii) the DPMT should take part in the budget negotiations between MOF and ministries.

Controlling the Size of the Civil Service

7.6 The wide gap between the Government's target of 2 percent annual growth rate of the numbers of Civil Servants and the actual annual growth rate of 14 percent of established positions between 1989/90 and 1992/93 shows that the target has become unrealistic. The fact that the Government exempts the ministries of health, education and agriculture from the freeze in recruitment has contributed to the very high annual growth rate recorded. It would be necessary for Government to clarify what specific posts and grades in the "protected" ministries are exempt from the hiring freeze. Furthermore, after the release of the civil

service census results, the Government could consider implementing the following complementary actions:

- Any **ghost workers** found at the end of the census exercise should be eliminated.
- In the event that the census results reveal cases of overstaffing and/or redundancies, Government should not hesitate to **retrench** the necessary number of staff with due regard to the payment of entitlements (gratuity, pension), decent severance compensation and the provision of safety nets.

7.7 Further, a more systematic programme for improving the management and control of the size and composition of the civil service should be initiated. The major elements of such a programme should comprise: (a) rationalization of the role, functions and organization of Government; (b) rationalization of staffing; (c) strengthening personnel control systems. The functional review already undertaken in the Ministry of Agriculture should be extended to all the ministries beginning with those that employ the largest number of staff: Education, Works, Health. In every case, the functional review should be followed by the rationalization of staffing and the installation of effective personnel control system. In the case of the Ministry of Works, attention would have to be paid to the suggestion made in Chapter 2 regarding functions currently being performed by the ministry that could be performed either on contract basis or transferred to the private sector. It would also be desirable for Government to encourage more private sector participation in the provision of education and health, thereby reducing the pressure for continued expansion of staff in these two areas. With regard to the rationalization of staffing, it would be necessary to determine the cost-effective levels and mix of personnel, and thereby assist the manpower planning and budget processes. It is also important that historical staffing patterns are appraised. Such appraisal should seek to establish some rational staffing norms which would form the basis for either recruitment or retrenchment of staff.

7.8 Furthermore, the computerization of the DPMT personnel information system and the development of a single integrated (networked) central personnel information system for use by DPMT and MOF (Budget) and DPD to be implemented under ID II should be expeditiously completed. The personnel data generated by the census would constitute the baseline data for these personnel information networks. The challenge would be to continuously up-date the data to ensure effective management of Civil Service personnel.

Enhance Pay and Rationalize the Pay Structure

7.9 The enhancement of civil service pay and the rationalization of the pay structure should be complementary measures, to be carried out simultaneously. The logic here is that measures aimed at rationalizing the pay structure directly impinge on the relative as well as the absolute pay level for each grade. There are two major aspects in the rationalization of the pay structure:

- **restructuring the salary/job grading system** in terms of (i) eliminating such obvious anomalies as in the case of lower job grades being on higher salary levels; and (ii) designing a simple and unified salary job grading structure to apply to all cadres in the civil service on the basis of schemes of service for each cadre. Such a simple and unified structure will facilitate job evaluation and regrading to ensure fair remuneration for the different occupation groups;

- **reversing the drift to non-transparent and inequitable remuneration options (i.e. allowances and non-monetary benefits).** As argued in Chapter 4, Malawi has shown signs of drifting towards greater reliance on allowances for selectively enhancing the remuneration of civil servants. While some of the allowances (e.g. responsibility allowances, overtime allowances, etc) constitute incentives for improved performance, most of the others tend to distort the pay structure because they are inherently non-transparent and inequitable. It is, therefore, recommended that, in the context of a comprehensive pay reform initiative, the non-performance based allowances and non-monetary benefits should be monetized and incorporated into a transparent and largely consolidated pay structure. The allowances that constitute incentives for improved performance could be kept distinct from salaries but they should also be made transparent. As is the case in the private sector, superscale officers at the Principal Secretary level and above could continue to enjoy a limited number of benefits and allowances that are not incorporated in their salaries: telephone, transportation and institutional housing (for a handful).

7.10 According to the recommendation in the 1989 Public Expenditure Review, it would be desirable to raise civil service salaries to the levels prevailing in FY 1986/87. Table 7.2 below shows the estimated required (percentage) increase in the current salaries to restore their 1986/87 values for each grade in the civil service establishment. As shown in the table, while some salary grades (generally the industrial class, lower primary teachers, police constables, nurses, etc) are already at the 1986/87 salary levels and better, others, especially at the higher salary grades would need quite high increases to restore the 1986/87 values. And if the Government were to seek to raise salaries at the managerial and professional levels to achieve some degree of comparison with the levels of pay in the private, parastatal and donor sectors, much higher increases would be required.

7.11 The point regarding comparison of civil service pay with pay levels in the other sectors of the economy should be extended to the broad issue of linking public sector pay adjustments to labor market conditions. The public sector salary adjustments in 1992 and 1993 were effected without due regard for the impact on the country's labour market. Consequently, as explained in Chapter 4, the high increases in the salaries of civil servants seriously destabilized the labour market, resulting in unprecedented industrial unrest. To avoid a repeat of this, it is recommended that future salary adjustments are pegged to labour market conditions. Accordingly it is recommended that:

- (a) the annual review of civil service pay should be a joint undertaking of the DPMT, MOF, EP&D and Ministry of Labour. The review should always be preceded by a survey of trends in pay in the parastatal and private sectors; and
- (b) the statutory minimum wage should be the minimum benchmark for the civil service pay.

7.12 Because of the obvious problem of generating adequate revenues to support the huge salary enhancement that would be required (savings from the reduction of staff strength are almost certain to amount to very little), the following alternative policy options are offered for Government's consideration:

- Tax and Customs Administration should be constituted into an **"enclave" Board or Authority outside the civil service**. The officials of the Authority would cease to be career civil service servants and their terms and conditions of service would be set in relation to targets of revenue collection to be determined annually. A key element would be individual and team bonuses to serve as motivators. Ghana, Uganda and Zambia are currently experimenting with this approach. (See Box 7.2) This option was discussed informally with a few Tax Administration officials in Blantyre in 1993 and the initial response was positive.
- Some positions at the senior managerial and professional levels could be designated as **contract positions**. The decision to proceed in this manner would be informed by Government's own priorities. The contract appointees would cease to be career civil servants but would receive performance-related pay that would be significantly higher than what career officials receive. Details regarding this special arrangement would be transparent.
- Some activities that are currently managed as part of the career civil service could, without any loss to the invaluable role of a career civil service system in a plural political system, be **contracted out or privatized**. This would mean that a significant number of officials would be removed from the career civil service (e.g., cleaners, plumbers, gardeners, printers, etc). Their conditions of service would be regulated by the prevailing situation in the labor market.
- The **much smaller career civil service** that would remain would benefit from the salary enhancement that would be implemented under ID II. Although the salary increases would not be as huge as those for staff who choose options (a), (b), or (c), the fact of **security of tenure** for all officials and **participation in the exercise of state power** by the senior management and professional staff would have to be emphasized as additional motivators.

Box 7.2. ENCLAVE APPROACH FOR TAX AND CUSTOMS ADMINISTRATION

An important thrust of the governance approach to civil service reform that was recently adopted by the Africa Region of the World Bank is to hive off as an "enclave" some specific functions of government such that constraints to improved performance can be tackled successfully within a given time frame and with good prospects of sustainability. This enclave approach has been applied to tax and customs administration in Ghana and Uganda with considerable success. Zambia followed suit in April 1994, and other countries, including the Gambia, are poised to launch similar schemes. In all three countries, the enclave approach was to be the answer to the parlous state of tax and customs administration. This was partly the upshot of pervasive corruption and moonlighting, and partly the legacy of a civil service riddled by poor management and dysfunctional institutions and demoralized by low pay. Prior to the adoption of the new approach, tax revenue collection in Ghana had fallen to about 4.5% of GDP. In Uganda, the Revenue/GDP ratio was down to a paltry 5%. Revenue mobilization needed to be stepped up and fast to reduce the budget deficit and salvage important on-going development programs.

Ghana pioneered the application of the enclave approach in 1985 with the creation of its National Revenue Secretariat, which is independent of the civil service and has its own conditions of service and pay policies. The NRS also has a free hand regarding recruitment and dismissal and its management policies and organizational structures. Significant measures calculated to sustain a performance-biased work culture were taken. The revenue services were henceforth to work to fixed targets. The basic salary levels of all staff were raised to be on a par with levels in the private and banking sectors. Additionally, staff get a 15% bonus contingent on achieving agreed yearly targets. Moreover, to cap its funding from the national budget, the NRS is allowed to meet its operational expenses by taking a slice of all revenues collected. Other measures included getting rid of weak performers from the inherited institution, recruiting pivotal professional staff, instituting tough sanctions for tax evasion and fraud and enforcing them rigorously, launching staff training programs, and formulating new operational procedures and producing accompanying manuals.

The autonomous Uganda Revenue Authority was established in 1991 and a former head of the Ghana NRS was employed to head it. In Uganda, the entire previous workforce was absorbed. It was decided that those found to be poor performers would be removed later on. This proved extremely difficult, owing chiefly to political interference. Consequently, corruption, though much reduced, continues to be a problem. The personnel question was also a vexed one for the Uganda NRS, hence its marked reliance, especially in the initial stages on ODA assistance. Setting up the revenue service also entailed some costs in terms of new equipment and vehicles.

The enclave approach appears to be on a success path. In Ghana, between 1985 and 1988, tax and customs revenues increased from 6.6% to 12.3% of GDP. In Uganda, from a 5% Revenue/GDP ratio in 1987-88, it had crept up to 7% by 1991. In 1993, it hovered around 9%. However, much scope remains for improvement as estimates are that only about half of the total customs revenue due is being collected. The successes and problems encountered under the enclave approach underscore the importance of political commitment, improved incentives, and operating procedures that set a high premium on performance.

Improve Morale, Performance and Productivity

7.13 Some of the recommendations proposed for pay enhancement, notably the introduction of performance-related pay and down-sizing of the career civil service, would also contribute to the goal of achieving improved morale, performance and productivity. Another reform measure that could promote improved performance is increased budgetary allocation for operations and maintenance (O&M) expenditures. As pointed out in Chapter 2, the wage bill is gradually crowding out "other goods and services" (i.e. fuel, consumable, maintenance, transport costs etc) from the GOM budget, and thereby increasingly rendering many civil servants under-employed. Therefore, to ensure acceptable standards of performance and productivity by civil servants, and safeguard the quality of Government services, it is necessary for GOM to increase budget allocations for O&M expenditures. Such targeting for O&M expenditure allocations can be facilitated by reference to:

- the historical levels at which these expenditures have been budgeted relative to the expenditures on personal emoluments;
- such international indicators as (i) minimum per capita spending on primary education (from UNESCO and/or the World Bank), primary health care (from the WHO and/or the World Bank), (ii) standard coefficients developed by development agencies that can be used to estimate the recurrent (O&M) expenditure requirements in relation to capital investment.

However, the diversity of government activities constitutes a powerful argument against the use of a single norm for defining the balance between operations and maintenance expenditure on the one hand and personnel expenditures on the other. Therefore, it would be necessary to tackle the problem on a ministry by ministry basis in order to ensure optimal allocation of budgetary resources.

7.14 Finally, the new Public Service Act provides for strict adherence to merit-based recruitment and promotions in the civil service. This provision of the Act should be given wide publicity within the civil service and in all advertisements for recruitment. The new commitment to merit-based recruitment should henceforth affect selections and appointments to posts graded S4/P4 and above, hitherto filled as political patronage posts. Exceptions should be very small in number (possibly limited to S2/P2 levels and above) and the terms and conditions of appointment should be transparent. Furthermore, an emphasis on merit-based promotions should mean the abandonment of the existing preference for promotion based on seniority. The open performance appraisal system to be implemented under ID II would help to bring about this change. It is expected that strict adherence to merit-based recruitment and promotion in the civil service will enhance efficiency and productivity as demonstrated in the experience of the high performing economies of South-East Asia.

**Table 7.2: ESTIMATED REQUIRED INCREASE IN CURRENT SALARIES
TO RESTORE 1986/87 VALUES**

SALARY GRADES	REPRESENTATIVE/GENERIC JOB TITLES	Percentage
S1/P1	SPC, Chief Specialists, etc	59.8%
S2B/P2B	Deputy SPC	58.6%
S2A/P2A	Attorney General	57.6%
S2/P2	Principal Secretaries	56.7%
S3/P3	Senior DPSs, Ambassadors	43.1%
S4/P4	Deputy Principal Secretaries(DPSs)	38.2%
S5/P5	Under Secretaries, Chief Officers, etc	46.5%
S6/P6	Senior Assistant Secretaries	45.1%
S7/P7	Principal Officers	47.9%
S8/P8	Senior Officers	52.9%
A1/AOA/POA	Professional/Administrative Officers	60.4%
A2/AOB/POB	Professional/Administrative Officers	57.0%
A3/AOC/POC	Professional/Administrative Officers	53.6%
B1/CEO/CTO	Chief Executive/Technical Officer	54.9%
B2/STO/SEO	Senior Executive/Technical Officer	47.7%
B3/TO/EO	Executive/Technical Officer	24.2%
D1	Personal Secretary Grade I	54.9%
D2	Personal Secretary Grade II	47.7%
D3	Shorthand Typist	24.0%
D4	Shorthand Typist II	29.7%
D5	Senior Copy Typist	7.1%
D6	Copy Typist I	30.8%
D7	Copy Typist II	15.8%
D8	Copy Typist III	5.6%
C1/DPI/SCO/STA	Senior Clerical/Technical Assistants	32.1%
AF	Assistant Foreman	-100.0%
C2/CO/DP2&3/TA	Clerical/Technical Assistant	45.8%
SC I	Messenger	13.7%
SC II	Messenger	5.4%
SC III	Messenger	-2.0%
SC IV	Messenger	-20.3%
CW G1/CW1	Industrial Class	-10.8%
CW G2/CW2	Industrial Class	-9.5%
CW G3/CW3	Industrial Class	-8.8%
PS1	Senior Police Superintendent	61.2%
PS2	Police superintendent	56.3%
PS3	Assistant Superintendent	51.6%
PS4	Inspector	23.0%
PS5	Sub-Inspector of Police	0.4%
PS6	First Sergeant	-7.2%
PS7	Second Sergeant	-6.5%
PS8	Constable	-13.0%
N1	Principal Matron	176.1%
N2	Senior Nurse Tutor	69.7%
N3	Nurse Tutors	47.8%
N4	Senior Nursing Sister	32.9%
N5	Nursing Sister	53.0%
N6	Staff Nurse	24.2%
N7	Senior Enrolled Nurse	25.0%
N8/N9	Enrolled Nurse	-1.9%
ET1	Secondary School Teacher	56.0%
ET2	Secondary School Teacher	46.0%
ET3	Secondary School Teacher	31.7%
T1	Primary School Teacher	24.2%
T2	Primary School Teacher	23.1%
T3	Primary School Teacher	-3.6%
T4	Primary School Teacher	-22.5%
T5	Primary School Teacher	-25.4%

Source: Appendix Table 4.2

POSTSCRIPT**(DRAFT BRIEF FOR GOVERNMENT ON "MALAWI - CIVIL SERVICE PAY AND EMPLOYMENT STUDY")****INTRODUCTION**

1. The Pay and Employment Study (PAES) was conducted between February and November 1993 by a World Bank-led team comprising Ladipo Adamolekun, Principal Public Sector Management Specialist (Team Leader); Noel Kulemeka, Economist, World Bank Resident Mission, Malawi; Kithinji Kiragu, Consultant, KK Management Consulting Associates; and Harold Kuchande, Management Development Consultant at the Malawi Institute of Management. The study team consulted extensively with government officials in the following ministries and departments: Ministry of Finance, Department of Human Resources Management and Development, Ministry of Economic Planning and Development and Ministry of Labor.

2. Towards the end of September 1994, the World Bank dispatched copies of the "Green Cover" of the PAES report to the Government of Malawi (GOM) and suggested that the findings, conclusions and recommendations of the report could be discussed at a Workshop on Friday, October 21. The half-day Workshop was held as scheduled and it was attended by twenty-three (23) participants including four Principal Secretaries, a few heads of departments and senior- and middle-level officials from a cross-section of ministries and departments. Representatives of MIM and the World Bank were also present at the Workshop. (The list of participants is provided as Attachment I).

3. At the end of the discussions of the PAES report, the participants unanimously agreed that the report's primary policy objectives and implementation options, as amended and endorsed at the Workshop, should be brought to the attention of policy makers in Cabinet. Four primary policy objectives in respect of civil service pay and employment were adopted: (i) control of civil service wage bill; (ii) rationalization of pay structure and enhancement of pay; (iii) improvement of morale, performance and productivity; and (iv) improvement of industrial relations. A number of specific policy implementation options were identified for each policy objective. (See Summary in Table 1 on the next page)

PRIMARY POLICY OBJECTIVES AND IMPLEMENTATION OPTIONS

4. The following are some of the main implementation options to be considered for adoption and implementation for each of the four primary policy objectives in civil service pay and employment. (Details of the full range of options are contained in the PAES report)

Table 1: Summary of Primary Policy Objectives and Implementation Options

Primary Policy Objectives	Policy Implementation Options
A. Control the Civil Service Wage Bill	1. Re-establish a firm link of establishment control to the budget process 2. Increase government revenue by constituting tax and customs administration into an "enclave" revenue authority. 3. Control the size of the civil service through, among others, reducing the size of the civil service after analyzing civil service census results.
B. Rationalize the pay structure and enhance pay	4. Establish Committee to undertake regular review of salaries, based on job evaluation results and prevailing market rates and conditions 5. Monetize benefits before decisions on salary enhancement 6. Peg public sector pay adjustments to labor market conditions
C. Improve morale, performance and productivity	7. Increase budget allocation for O&M expenditure 8. Improve the personnel management function 9. Introduce performance-related pay, first on a pilot basis and progressively extend coverage. 10. Implement merit-based recruitment and promotion. 11. Increase training budget for ministries and departments
D. Improve industrial relations in the civil service	12. Review existing legislation on industrial relations in the civil service 13. Provide operational guidelines for the establishment and functioning of civil service trade unions 14. Establish collective bargaining and grievance handling systems and procedures 15. Promote education programmes on industrial relations for civil servants.

Control of the Civil Service Wage Bill

5. To effectively control the civil service wage bill, two broad sets of actions are required: re-establishment of budgetary control on the growth of the civil service wage bill and controlling the size of the civil service.

(i) Link Establishment Control to the Budget Process

- **Abolish the industrial class:** On the basis of the evidence provided in the PAES, it is recommended that the industrial class whose staff constitutes the vast majority of non-established employees in Government should be abolished. At present, the exact number of IC employees is unknown (the forthcoming civil service census is expected to clarify this). The current estimate of 50,624 is roughly 35 percent of total positions. They are employed on tasks that could, for the most part, be undertaken outside the civil service, especially in the Ministry of Works: building, construction and maintenance. Existing IC employees would fall into one of the following categories:
 - (a) those engaged on tasks that should normally be part of civil service work should be assimilated as civil servants after appropriate screening.
 - (b) those engaged in tasks that can be contracted out or transferred to the private sector should be removed from the civil service **after payment of appropriate disengagement compensation**. (This is the bulk of IC employees). A proof that abolishing the industrial class is feasible is provided by the experience in the Water Sector in 1993.
- **Abolish all existing vacancies in the establishment:** If all the existing vacancies were to be filled, the result would be a huge 17.6 percent increase in the total number of civil servants. Abolishing all the existing vacancies would mean a zero-based approach. This is to be accompanied by control measures for vetting (i) the creation and approval of new vacancies by both DHRMD and the Treasury, and (ii) the recruitment into newly created vacancies. It is also recommended that approvals for new recruitment should only be obtained at the level of the Secretary to the President and Cabinet as is currently the case in some SSA countries such as Kenya and Tanzania.
- **Establish a National Revenue Authority as an "enclave":** Hiving off tax and customs administration from the civil service and constituting it into an autonomous "enclave" could significantly enhance revenue collection as is already the case in Ghana and Uganda. Zambia established a similar enclave authority in 1994 and both Tanzania and Kenya have passed legislation establishing similar authorities. As part of the preparation to establish the NRA, a study visit could be organized to three of the SSA countries with the relevant experience early in 1995. Preparation of appropriate legislation and other start-up activities could be completed before the end of 1995 and the NRA launched at the beginning of the 1996/97 financial year.

(ii) Control the Size of the Civil Service

- Remove any ghost workers and undertake functional reviews with a view to restructuring and streamlining ministries and departments after the conduct of the civil service census.
- Implement recommendations on the rationalization of the diplomatic service as contained in the 1994 report of the Management Services Division of DHRMD.
- To reduce the burden of the wage bill on the budget that will result from the recent recruitment of about 19,000 new teachers, Government could: (i) return former missionary primary and secondary schools to them and encourage religious organizations to be active in the sector; (ii) promote private sector involvement in the establishment and running of primary and secondary schools; and (iii) redeploy some teaching staff from administrative positions back to the classrooms.
- Scrutinize the parastatal sector with a view to privatizing or liquidating treasury funds as appropriate and review the use of government subsidies to pay salaries in local governments and in loss making commercial enterprises.

Rationalize the Pay Structure and Enhance Pay

- Following the recent agreement with striking civil servants, GOM agreed to establish a salary review committee. It is recommended that at least two credible civil service union leaders be invited to serve on the committee. The committee's work would be a first step toward the salary review, linked to job evaluation, to be undertaken under ID II.
- Restructure the salary/job grading system in terms of (i) eliminating such obvious anomalies as in the case of lower job grades being on higher salary levels; and (ii) designing a simple and unified salary job grading structure to apply to all cadres in the civil service on the basis of schemes of service for each cadre. Such a simple and unified structure will facilitate job evaluation and regrading to ensure fair remuneration for the different occupational groups.
- Reverse the drift to non-transparent and inequitable remuneration options (i.e. allowances and non-monetary benefits). In the context of a comprehensive pay reform initiative, the non-performance based allowances and non-monetary benefits should be monetized and incorporated into a transparent and largely consolidated pay structure. The allowances that constitute incentives for improved performance could be kept distinct from salaries but they should also be made transparent.
- Because salary enhancement would be a gradual process, Government could base appointments to some priority senior managerial and professional positions on contract. The contract appointees would cease to be career civil servants but

would receive performance-related pay that would be significantly higher than what career officials receive. Details regarding the contract positions need to be transparent.

Improve Morale, Performance and Productivity

- It is recommended that provisions relating to merit-based recruitment and promotion in the Public Service Act be highlighted in the proposed Handbook for Civil Servants to be based on the Act. These provision also need to be systematically reflected in all advertisements for civil service position.
- Increase budgetary allocation for operations and maintenance expenditures by ensuring better balance between these expenditures and those on personal emoluments. It is recommended that this problem be tackled on a ministry by ministry basis to ensure optimal allocation of budgetary resources.
- Increase the training budget for ministries and departments and allow greater autonomy for the accounting officers heading them to determine the utilization of their respective allocations.

Improve Industrial Relations in the Civil Service

- The serious disruption caused by civil service strikes in 1993 and 1994 calls for urgent Government attention. Therefore, improving industrial relations ought to receive immediate attention.
- The review of existing legislation on industrial relations in the civil service, the preparation of operational guidelines for the establishment and functioning of civil service trade unions and the development and delivery of workers education programmes could be financed under the HRMD component of ID II. A joint Labor/HRMD study visit to selected Eastern and Southern Africa countries (possibly Botswana and Kenya) to obtain information on "best practice" in this area could be useful. The study tour as well as the review legislation could be financed under the HRMD component of ID II.

LIST OF PARTICIPANTS AT PAES WORKSHOP HELD ON 21 OCTOBER 1994

NAME	TITLE/ORGANIZATION
<u>Government of Malawi Officials</u>	
1. B.F. Banda	Chief Personnel Officer, DHRMD
2. V.C. Banda	Audit Officer, National Audit Office
3. A.P. Bwanausi	Chief Personnel Officer, Works and Supplies
4. Y.D. Chimombo	Commissioner, Inland Revenue Department
5. Mr. D.E. Chunga	Personnel Officer, DHRMD
6. Mr. R. Dzanjalimodzi	Principal Secretary, Water Resources Department
7. P. V. Kachimera	Deputy Secretary, DHRMD
8. R.T.E. Kamanga	Deputy Secretary, HRMD
9. R.A. Kampanje	Deputy Accountant General
10. A.M. Mkoko	Deputy Secretary, DHRMD
11. M.S.D. Magalasi	Principal Secretary, HRMD
12. T.H.T. Masikini	Controller, Data Processing Department, Blantyre
13. G.H. Mandiwa	Chief Personnel Officer, Agriculture & Livestock Development
14. B.B. Mawindo	Project Manager, Second Institutional Development Project
15. C.P. Msosa	Principal Management Services Officer, DHRMD
16. A.H. Mvula	Principal Management Services Officer, DHRMD
17. R.P. Mwadiwa	Deputy Secretary, Treasury
18. Mr. M. Kamphambe Nkoma	Principal Secretary (Administration) OPC
19. G.G.Y. Ngomezulu	Principal Secretary, Labor & Manpower Development
<u>Malawi Institute of Management Staff</u>	
20. Dr. B.F. Kandoole	Principal, MIM
21. H. Kuchande	Senior Management Development, Consultant, MIM
<u>World Bank Staff</u>	
22. L. Adamolekun	Principal PSM Specialist, World Bank, Washington, D.C.
23. N. Kulemeka	Economist, World Bank, Lilongwe

Appendix Table 1.1

AVERAGE NUMBER OF PAID EMPLOYEES, BY SECTOR, 1985 - 1987

	Average Number of Employees				
	1985	1986	1987	1988	1989
Total	401476	417224	411953	432078	440161
Private	319384	332936	320919	345249	353164
Government	82092	84288	91034	86829	86997

Source: Malawi Government, Employment & Earnings Annual Report
1985 - 1987

Malawi Government, Employment & Earnings Annual Report
1987 - 1989

Appendix Table 1.2
AVERAGE EARNINGS PER EMPLOYEE BY SECTOR, 1985 - 1989

Sector	Average Earnings Kwacha per year				
	1985	1986	1987	1988	1989
Total	773	847	968	1046	1198
Private	728	809	937	1021	1174
Government	942	997	1073	1145	1294

Source: Malawi Government, Employment & Earnings Annual Report
1985 - 1987

Malawi Government, Employment & Earnings Annual Report
1987 - 1989

Appendix Table 2.1

SALARIES AND WAGES ON TREASURY FUNDS

Treasury Fund Categories	1988/89 Actual (K'000s)	1989/90 Actual (K'000s)	1990/91 Actual (K'000s)	1991/92 Revised (K'000s)	1992/93 Estimates (K'000s)
Commercially Oriented	14,707	18,197	20,320	23,052	25,285
Development Oriented	330	438	511	750	588
Agricultural Credit	32	53	65	223	988
TOTAL	15,069	18,688	20,896	24,025	26,861

Source: Malawi Govt/MOF Budget and Performance Report on
Treasury Funds, 1992/93

Appendix Table 2.2

**SALARIES AND WAGES AS PERCENTAGE OF GOVERNMENT SUBVENTIONS
FOR A SELECT NUMBER OF STATUTORY BODIES, 1992/93**

Parastatal Body	Total Subvention (K'000s)	Total Wage Bill	
		Amount (K'000s)	As % of Subvention
Malawi Broadcasting Corporation	4,744	3,506	74%
Chichewa Board	312	189	61%
Malawi National Examinations Board	7,535	1,498	20%
National Herbarium	943	317	34%
Malawi Export Promotion Council	1,468	677	46%
TOTAL	15,002	6,187	41%

Note: The five parastatal bodies taken in this case were those for which data was readily available.

Source: Malawi Government/Department of Statutory Boards (DSB).

Appendix Table 2.3

STATUTORY BODIES - SUBVENTIONS FOR 5 YEARS

Parastatal Bodies	1988/89 (K 000s)	1989/90 (K 000s)	1990/91 (K 000s)	1991/92 (K 000s)	1992/93 (K 000s)
M.B.C.	2,693	3,305	4,388	4,651	4,744
MANEB	3,764	4,559	5,748	7,035	7,535
MEPC	1,067	1,149	1,243	1,368	1,468
N.L.S.	726	922	995	1,095	1,160
M.C.A.	686	880	950	1,045	1,150
N.H.B.G.	550	533	650	696	943
MACOHA	106	283	349	473	640
K.V.R.T.C/LL	145	191	255	471	596
MIDCOR	750	2,500	600		
M.B.S.	571	699	500	665	815
M.A.B.	291	337	364	390	425
CHICEWA BOARD	150	202	219	232	312
TOTAL AMOUNT	11,499	15,560	16,261	18,121	19,788

APPENDIX TABLE 2.4

**GOVERNMENT EXPENDITURE ON WAGES AND SALARIES AS PERCENTAGE OF TOTAL EXPENDITURE
AND LENDING MINUS REPAYMENTS.
MALAWI COMPARED TO SELECT SSA COUNTRIES , 1980 - 1989**

Country	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
Malawi	180	184	188	185	180	170	155	150	157	173
Sus-Sahara Africa (excluding Nigeria)	420	438	425	387	350	329	339	349	360	364
Zambia	22.4	32.9	29.6	31.4	30.7	25.6	22.3	25.8	22.2	n.a.
Tanzania	18.6	21.1	20.4	22.9	22.3	25.6	24.8	19.2	18.2	n.a.
Zimbabwe	30.7	30.0	25.7	26.1	24.4	24.2	25.3	26.4	32.8	32.0
Kenya	25.3	27.2	27.6	31.1	31.7	29.7	33.7	31.5	32.0	n.a.

Source: UNDP/The World Bank, African development Indicators, 1992

Appendix Table 2.4 (a)
PERSONAL EXPENDITURE ON REVENUE ACCOUNT FOR 1991/92

Head/ Vote	Ministry/Department	Personal Emoluments	
		Actual Expenditure	As % of Total
001	The President	270,000.00	0.11%
002	Miscellaneous Statutory		
003	Pensions and Gratuities		
004	Public Debt Charges		
005	State Residences	3,093,504.00	1.22%
006	Audit	756,714.00	0.30%
007	Judicial	1,154,029.00	0.45%
008	National Assembly	1,866,172.00	0.74%
009	Office of the President and Cabinet	1,831,580.00	0.72%
010	Defence	22,137,360.00	8.73%
011	Economic Planning	461,181.00	0.18%
012	District Administration	4,288,606.00	1.69%
013	Lands and Valuation	1,230,748.00	0.49%
014	National Statistical Office	826,066.00	0.33%
015	Police	13,572,035.00	5.35%
016	Printing & Stationary	707,397.00	0.28%
017	Prisons	2,131,511.00	0.84%
018	Survey	957,348.00	0.38%
019	Agriculture	27,446,316.00	10.82%
020	Energy and Mining		
021	Fisheries	1,297,688.00	0.51%
022	Forestry	13,180,383.00	5.20%
023	Geological Survey	608,515.00	0.24%
024	Education	70,180,494.00	27.67%
025	External Affairs	15,894,855.00	6.27%
026	Finance	1,589,241.00	0.63%
027	Customs and Excise	1,606,782.00	0.63%
028	Income Tax	712,943.00	0.28%
029	Office Equipment	167,183.00	0.07%
030	Health	18,918,799.00	7.46%
031	Women and Children Affairs and Community Services	2,933,969.00	1.16%
032	Information and Tourism	858,041.00	0.34%
033	Tourism		
034	Justice	3,677,301.00	1.45%
035	Registrar General	197,130.00	0.08%
036	Labour	1,188,578.00	0.47%
037	Local Government	1,449,325.00	0.57%
038	Trade and Industry	858,327.00	0.34%
039	Transport and Communication	3,221,036.00	1.27%
040	Posts and Telecommunication	9,875,292.00	3.89%
041	Works	15,478,524.00	6.10%
042	National Parks And Wildlife	1,276,391.00	0.50%
043	Youth & Malawi Young Pioneers	729,298.00	0.29%
044	Personnel Mgt. & Training	1,532,220.00	0.60%
045	Housing and Physical Planning	932,922.00	0.37%
046	Forestry and Natural Resources	536,576.00	0.21%
047	Accountant General	1,431,806.00	0.56%
048	Data Processing	571,588.00	0.23%
049	Subventions to Statutory Organisations		
	TOTAL	253,635,774.00	100.00%

**Appendix Table 2.4 (b):
Personal Emoluments Expenditure on Development Account for 1991/92**

HEAD/ VOTE	MINISTRY/DEPARTMENT	PERSONAL EMOLUMENTS	
		Actual Expenditure	As % of Total
201	State Residence		
203	Judiciary		
205	Office of the President and Cabinet		
206	Defence		
207	Economic Planning and Development		
208	District Administration	98,918.00	0.28%
209	Lands and Valuation	276,028.00	0.79%
210	National Statistical Office	112,222.00	0.32%
211	Police		
213	Prisons		
214	Survey		
215	Agriculture	885,231.00	2.53%
217	Fisheries	145,085.00	0.42%
218	Forestry	5,932,886.00	16.97%
219	Geological Surveys	20,018.00	0.06%
221	Education and Culture	8,579,764.00	24.54%
223	Finance		
224	Customs and Excise		
227	Health	1,458,405.00	4.17%
228	Women and Children Affairs and Community Development	105,449.00	0.30%
231	Justice	40,289.00	0.12%
233	Labour	153,512.00	0.44%
234	Local Government		
235	Trade and Industry	5,042,570.00	14.42%
236	Transport and Communications	684,736.00	1.96%
237	Posts and Telecommunications		
238	Works	10,778,843.00	30.83%
239	National Parks and Wildlife	61,617.00	0.18%
241	Personnel Management a and Training	508,719.00	1.46%
242	Housing and Physical Planning	75,709.00	0.22%
243	Forestry and Natural Resources		
244	Accountant General		
245	Data Processing		
	TOTAL	34,960,001.00	100.00%

Appendix Table 2.4 (c)

Total personal Emoluments Expenditure for 1991/92.			
Head/ Vote	Ministry/Department	PERSONAL EMOLUMENTS	
		Actual Expenditure	As % of Total
301	The President	270000	0.09%
302	Miscellaneous Statutory Expenditure		
303	Pensions and Gratuities		
304	Public Debt Charges		
305	State Residences	3093504	1.07%
306	Audit	756714	0.26%
307	Judicial	1154029	0.40%
308	National Assembly	1866172	0.65%
309	Office of the President and Cabinet		
		1831580	0.63%
310	Defence	22137360	7.67%
311	Economic Planning	461181	0.16%
312	District Administration	4387524	1.52%
313	Lands and Valuation	1506776	0.52%
314	National Statistical Office	938288	0.33%
315	Police	13572035	4.70%
316	Printing & Stationary	707397	0.25%
317	Prisons	2131511	0.74%
318	Survey	957348	0.33%
319	Agriculture	28331547	9.82%
320	Energy and Mining		
		1442773	0.50%
321	Fisheries	19113269	6.62%
322	Forestry	628533	0.22%
323	Geological Survey	78760258	27.29%
324	Education	15894855	5.51%
325	External Affairs	1589241	0.55%
326	Finance	1606782	0.56%
327	Customs and Excise	712943	0.25%
328	Income Tax	167183	0.06%
329	Office Equipment	20377204	7.06%
330	Health		
331	Women and Children Affairs and Community Services	3039418	1.05%
332	Information and Tourism	858041	0.30%
333	Tourism		
334	Justice	3717590	1.29%
335	Registrar General	197130	0.07%
336	Labour	1342090	0.47%
337	Local Government	1449325	0.50%
338	Trade and Industry	5900897	2.04%
339	Transport and Communication	3905772	1.35%
340	Posts and Telecommunication	9875292	3.42%
341	Works	26257367	9.10%
342	National Parks And Wildlife	1338008	0.46%
343	Youth & Malawi Young Pioneers	729298	0.25%
344	Personnel Mgt. & Training	2040939	0.71%
345	Housing and Physical Planning	1008631	0.35%
346	Forestry and Natural Ressources	536576	0.19%
347	Accountant General	1431806	0.50%
348	Data Processing	571588	0.20%
349	Subventions to Statutory Organisatios		
	TOTAL	288595775	100.00%

APPENDIX TABLE 2.5

THE SIZE AND STRUCTURE OF THE NOMINAL WAGE BILL, FYs 1990/91-1993/94

	(a) amounts in K '000s			
	1990/91 actual	1991/92 actual	1992/93 revised	1993/94 estimate
Established Staff - Salaries	176142	132860	343509	317365
Established Staff - Allowances	9710	12728	21411	25222
sub-total	185852	145588	364920	342587
Non-established staff - salaries	35283	88409	79316	79981
Temporary Employment	11618	13124	26061	18589
Village Headmen's Remuneration	202	213	279	305
Technical Assistance Personnel	4854	5446	9496	18
Student and Uniform Allowances	96	721	980	1306
sub-total	237905	253501	481052	442786
Pensions and gratuities	34501	31923	55590	34515
TOTAL WAGE BILL	272406	285424	536642	477301
	(b) percentage distribution by category			
Established Staff - Salaries	64.7%	46.5%	64.0%	66.5%
Established Staff - Allowances	3.6%	4.5%	4.0%	5.3%
sub-total	68.2%	51.0%	68.0%	71.8%
Non-established staff - salaries	13.0%	31.0%	14.8%	16.8%
Temporary Employment	4.3%	4.6%	4.9%	3.9%
Village Headmen's Remuneration	0.1%	0.1%	0.1%	0.1%
Technical Assistance Personnel	1.8%	1.9%	1.8%	0.0%
Student and Uniform Allowances	0.0%	0.3%	0.2%	0.3%
sub-total	87.3%	88.8%	89.6%	92.8%
Pensions and gratuities	12.7%	11.2%	10.4%	7.2%
TOTAL WAGE BILL	100.0%	100.0%	100.0%	100.0%

APPENDIX TABLE 2.6
GOVERNMENT EXPENDITURE ON SALARIES AND WAGES COMPARED WITH GDP
AND TOTAL GOVERNMENT CONSUMPTION, 1982 - 1993

YEAR	SALARIES AND WAGES	GDP AT MARKET PRICES	GOVERNMENT CONSUMPTION
1982	99.00	1234.7	213.2
1983	111.70	1432.7	235.1
1984	127.30	1687.9	264.7
1985	149.50	1929.2	345.4
1986	186.90	2187.4	434.6
1987	231.70	2711.8	487.7
1988	247.60	3505.3	570.9
1989	339.80	5078.8	712.4
1990	346.90	5574.1	773.1
1991	237.86	6891.9	713.6
1992	289.54	7552.8	827.62
1993	332.66	9165.1	878.62

Sources: (1) GOM : Monthly statistical bulletin, December 1992
for figures up to 1990
(2) GOM : Economic report 1993 for figures 1991 - 1993.

YEAR	SALARIES AND WAGES AS % GDP AT MARKET PRICES	SALARIES AND WAGES AS % GOVT CONSUMPTION
1982	8.02%	46.44%
1983	7.80%	47.51%
1984	7.54%	48.09%
1985	7.75%	43.28%
1986	8.54%	43.01%
1987	8.54%	47.51%
1988	7.06%	43.37%
1989	6.69%	47.70%
1990	6.22%	44.87%
1991	3.45%	33.33%
1992	3.83%	34.98%
1993	3.63%	37.86%

APPENDIX TABLE 2.7

EFFECTS OF RECENT 1991/92-1993/94 SALARY INCREASES ON THE WAGE BILL BUDGET
(amounts in K'000s)

BUDGET LINE ITEM	1991/92 BUDGET FIGURES			1992/93 BUDGET FIGURES			1993/94 BUDGET FIGURES		
	ORIGINAL APPROVED	REVISED ESTIMATES	ACTUAL	ORIGINAL APPROVED	REVISED ESTIMATES	ACTUAL	ORIGINAL APPROVED	REVISED* ESTIMATES	ACTUAL
Established staff salaries	197,488	190,350	132,860	209,624	343,509	n.a.	317,365	382,154	n.a.
Non-established staff	36,227	37,857	88,409	50,142	79,316	n.a.	79,981	88,239	n.a.
Temporary staff	11,350	13,529	13,123	14,325	26,061	n.a.	18,588	28,993	n.a.
Housing allowance	0	0	0	0	0	n.a.	0	40,491	n.a.
Pension	35,548	32,058	31,923	36,285	55,590	n.a.	41,514	57,814	n.a.
Other	18,874	19,350	19,186	22,586	33,417	n.a.	30,740	34,754	n.a.
TOTAL	299,487	293,144	285,501	332,962	537,893	n.a.	488,188	632,444	n.a.

NOTE: Revised estimates for 1993/94 are derived from authors' computations.

SOURCE: GOM Estimates of Expenditure on the Recurrent Account for the FYs 1992/93 and 1993/94

APPENDIX TABLE 2.8

EXPENDITURES ON SALARIES AND WAGES COMPARED TO THOSE ON GOODS AND SERVICES

1981/82 - 1993/94					
		Salaries and wages	Goods and services	Goods and Services as a % of emoluments	
1981/82	Actual	57.67	93.68	162.44%	
1982/83	Actual	67.99	102.8	151.20%	
1983/84	Actual	76.66	107.15	139.77%	
1984/85	Actual	85.43	129.06	151.07%	
1985/86	Actual	104.62	155.1	148.25%	
1986/87	Actual	131.97	207.93	157.56%	
1987/88	Actual	163.14	202.63	124.21%	
1988/89	Actual	161.20	311.50	193.24%	
1989/90	Actual	223.58	380.50	170.19%	
1990/91	Actual	237.86	475.20	199.78%	
1991/92	Actual	257.62	530.38	205.88%	
1992/93	Revised	482.31	635.90	131.84%	
1993/94	Estimate	574.63	520.76	90.63%	

Memo Items

Goods and services as % of Emoluments

Source: (i) Malawi Govt/OPC, Economic Reports, 1992 & 1993.

(ii) Authors - for estimates of adjustments to budget figures for FYs 1992/93 and 1993/94.

APPENDIX TABLE 2.9

GOVERNMENT EXPENDITURE OTHER GOODS AND SERVICES
PERCENTAGE OF TOTAL EXPENDITURE AND LENDING MINUS REPAYMENTS

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	75-79	80-85	86-MR
SUB-SAHARAN AFRICA EXCLUDING NIGERIA	19.7	19.4	20.4	17.5	18.0	18.0	20.2	19.4					20.4	17.5
KENYA	27.2	23.0	23.4	25.0	23.1	19.6	20.3	19.4	19.4			21.0	23.6	9.7
TANZANIA	33.2	33.7	35.0	30.8	32.7	31.6	39.3	34.7	28.5			29.7	32.8	34.2
ZAMBIA	23.2	33.2	2.1	7.0	17.5	12.4	16.8	12.4						
ZIMBABWE	24.6	18.8	15.9	17.1	16.7	15.7	15.7	17.2	16.4	17.1	17.8	21.6	16.0	17.6
MALAWI	19.5	33.9	28.2	31.9	26.7	23.7	26.1	30.0				28.8	27.3	28.0

SOURCE: UNDP/THE WORLD BANK, AFRICA DEVELOPMENT INDICATORS 1992

Appendix Table 3.1

**THE MALAWI CIVIL SERVICE ESTABLISHMENT: CURRENT STRUCTURE
BY MINISTRY AND DEPARTMENT, MARCH, 1993**

MINISTRY/DEPARTMENT	ESTABLISHED	FILLED	VACANT	VACANCIES	NON-EST	INDUSTRIAL	TOTAL	TOTAL NO	FILLED POSTS
	POSTS	POSTS	POSTS	AS A % OF EST. POSTS	POSTS	CLASS POSTS	NUMBER OF POSTS	OF FILLED POSTS	FILLED POSTS AS A % OF TOTAL POSTS
005 State Residence	110	67	43	39.00%	0	1,407	1,517	1,474	97.00%
006 National Audit Office	222	135	87	39.00%	1	21	244	157	64.00%
007 Judicial Department	327	299	28	9.00%	0	75	402	374	93.00%
008 National Assembly	37	33	4	11.00%	0	12	49	45	92.00%
009 Office of the President and Cabinet	382	335	47	12.00%	1	127	510	463	91.00%
010 Defence*	2,769	2,769	0	0.00%	0	0	2,769	2,769	100.00%
011 Economic Planning and Development	97	87	10	10.00%	0	6	103	93	90.00%
012 District Administration	658	658	0	0.00%	0	20	678	678	100.00%
013 Lands and Valuation Department	369	347	22	6.00%	0	122	491	469	96.00%
014 National Statistics Office	342	337	5	1.00%	0	581	923	918	99.00%
015 Police (includes immigration)*	6,200	6,178	22	0.02%	0	0	6,200	6,178	100.00%
016 Printing and Stationary	240	239	1	0.00%	0	70	310	309	100.00%
017 Prisons	1,123	1,112	11	1.00%	0	21	1,144	1,133	99.00%
018 Surveys Department	207	151	56	27.00%	0	290	497	441	89.00%
019 Ministry of Agriculture	7,882	6,774	1,108	14.00%	2	8,390	16,274	15,166	93.00%
020 Ministry of Energy and Mining	89	42	47	53.00%	0	5	94	47	50.00%
021 Fisheries Department	465	418	47	10.00%	0	436	901	854	95.00%
022 Forestry department	1,728	1,597	131	8.00%	0	13,356	15,084	14,953	99.00%
023 Geological Surveys	149	116	33	22.00%	0	180	329	296	90.00%
024 Ministry of State	40	23	17	43.00%	0	6	46	29	63.00%
025 Ministry of Education and Culture	46,368	36,451	9,917	21.00%	1,641	1,140	48,565	39,232	80.00%
026 Ministry of external Affairs	235	208	27	11.00%	2	31	268	241	90.00%
027 Ministry of Finance (1)	113	94	19	17.00%	18	17	148	129	87.00%
028 Central Government Stores (2)	302	230	72	24.00%	81	284	667	595	89.00%
029 Customs and Excise Department	555	497	58	10.00%	0	0	555	497	90.00%
030 Income Tax Department	247	157	90	36.00%	20	33	300	210	70.00%
031 Office Equipment Department	57	56	1	2.00%	0	9	66	65	98.00%
032 Ministry of Health	6,415	4,790	1,625	25.00%	74	2,250	8,739	7,114	81.00%
033 Ministry of Women's and children's Affairs and Community Services	1,148	975	173	15.00%	0	279	1,427	1,254	88.00%

Appendix Table 3.1

**THE MALAWI CIVIL SERVICE ESTABLISHMENT: CURRENT STRUCTURE
BY MINISTRY AND DEPARTMENT, MARCH, 1993**

MINISTRY/DEPARTMENT	ESTABLISHED	FILLED	VACANT	VACANCIES	NON-EST	INDUSTRIAL	TOTAL	TOTAL NO	FILLED POSTS
	POSTS	POSTS	POSTS	AS A % OF EST. POSTS	POSTS	CLASS POSTS	NUMBER OF POSTS	OF FILLED POSTS	FILLED POSTS AS A % OF TOTAL POSTS
034 Ministry of Information and Tourism	394	312	82	21.00%	0	131	525	443	84.00%
035 Ministry of Justice	1,634	1,471	163	10.00%	0	685	2,319	2,156	93.00%
036 Registrar General's Department	49	44	5	10.00%	0	8	57	52	91.00%
037 Ministry of Labour	337	299	38	11.00%	3	31	371	333	90.00%
038 Ministry of Local Government	347	217	130	37.00%	4	73	424	294	69.00%
039 Ministry of Trade and Industry	205	179	26	13.00%	0	36	241	215	89.00%
040 Ministry of Transport and Communications	1,048	1,016	36	3.00%	0	699	1,747	1,715	98.00%
041 Department of Posts and Telecommunications	4,002	3,300	702	18.00%	70	1,891	5,963	5,261	88.00%
042 Ministry of Works	2,749	1,717	1,032	38.00%	0	15,357	18,106	17,074	94.00%
043 Department of National Parks and Wildlife	428	357	71	17.00%	0	280	708	637	90.00%
044 Department of Youth and Malawi Pioneers	228	193	35	15.00%	0	1,715	1,943	1,908	98.00%
045 Department of Personnel, Management and Training includes pool of trainees of 150	418	383	35	8.00%	10	152	580	545	94.00%
046 Department of Housing and Physical Planning	418	416	2	0.00%	0	315	733	731	100.00%
047 Ministry of Forestry and Natural Resources HQ	130	105	25	19.00%	4	15	149	124	83.00%
048 Accountant General's Department	413	372	41	10.00%	0	28	441	400	91.00%
049 Data Processing Department	143	107	36	25.00%	0	40	183	147	80.00%
Grand Total	91,819	75,663	16,160	18.00%	1,931	50,624	143,790	128,218	89.00%

Source: DPTM, Personnel Officers from various Ministries and Departments

Note: All establishment data has been verified by Personnel Officers except for:

- . District Administration
- . Ministry of Health
- . Department of Housing and Physical Planning
- . Defence
- . Police
- . Prisons

* : Data for non-established Industrial class employees not available

Appendix Table 3.2

**NUMBER AND DISTRIBUTION OF ESTABLISHED POSITIONS
IN THE CIVIL SERVICE BY SALARY GRADE, APRIL, 1993**

	VOTE MINISTRY/DEPARTMENT	GRADE																D8/SC.I 7/6	SC.II	SC.III	SC.IV	Uncl.	Total					
		S1	S2	S3	S4	S5	S6	S7	S8	AO/CEO	D1	SEO/	D2	EO/	D4/	SCO/	DPI							D5	CO/	DP3/2		
		P1	P2	P3	P4	P5	P6	P7	P8	PO/CTO		STO		TO		STA								TA				
005	State Residence	1	2	1	3	4	3	8	5		12	1	21	1	13	1	4	0	0	14	0	3	0	0	5	5	3	110
006	National Audit Office	0	1	1	2	2	2	7	13		23	1	33	0	51	3	2	0	1	55	0	10	1	4	1	9	0	222
007	Judicial Department	1	5	0	1	3	4	8	9		25	7	6	1	18	2	8	0	1	89	1	35	1	11	11	80	0	327
008	National Assembly	0	0	0	0	1	0	0	1		4	1	3	1	2	0	1	0	0	9	0	2	1	5	2	4	0	37
009	Office of the President and Cabinet	1	9	0	12	17	1	25	23		40	6	8	4	24	22	14	1	2	67	6	22	5	18	19	37	0	383
010	Defence*	0	0	0	0	0	0	0	1		0	1	1	0	10	0	1	0	1	13	0	4	0	0	0	0	0	2737
011	Economic Planning and Development	0	1	1	1	3	0	8	20		25	0	0	1	5	3	2	0	0	10	0	7	1	2	0	7	0	97
012	District Administration	0	4	0	4	8	0	18	21		39	0	6	0	39	16	33	0	0	175	0	38	10	50	49	148	0	658
013	Lands and Valuation Department	0	0	1	1	2	0	10	16		38	0	20	2	57	5	38	0	1	115	1	14	3	6	1	38	0	369
014	National Statistics Office	0	1	1	0	4	0	9	12		29	0	11	1	27	1	41	1	1	119	6	9	1	6	1	14	0	295
015	Police (includes immigration)*	0	9	0	7	12	0	20	13		67	3	90	6	393	13	625	0	1	4830	0	7	0	3	10	91	0	6200
016	Printing and Stationary	0	0	0	0	1	0	2	3		9	0	7	1	15	1	32	1	0	120	3	2	0	7	28	8	0	240
017	Prisons	0	5	0	0	3	0	4	0		4	0	9	0	42	0	90	0	0	965	0	1	0	0	0	0	0	1123
018	Surveys Department	0	0	0	0	1	2	3	5		22	0	21	1	69	0	10	0	0	63	0	3	0	1	0	6	0	207
019	Ministry of Agriculture	0	1	3	6	21	33	46	99		374	1	191	5	676	27	585	10	11	4571	22	217	13	90	177	703	0	7882
020	Ministry of Energy and Mining	0	1	0	1	3	0	7	10		22	1	1	1	13	1	2	0	0	16	1	3	0	1	0	5	0	89
	Subtotal	3	39	8	38	85	45	175	251	733	22	428	25	1454	95	1488	13	19	11231	40	377	36	204	304	1155	2740	1008	0

Appendix Table 3.2		NUMBER AND DISTRIBUTION OF ESTABLISHED POSITIONS IN THE CIVIL SERVICE BY SALARY GRADE, APRIL, 1993																									
VOTE MINISTRY/DEPARTMENT		GRADE																									
		S1	S2	S3	S4	S5	S6	S7	S8	AO/CEO	D1	SEO/D2	EO/D4	SCO/DPI	D5	CO/DP3/2	D8/7/6	SC.I	SC.II	SC.III	SC.IV	Uncl.	Total				
		P1	P2	P3	P4	P5	P6	P7	P8	PO/CTO	STO	TO	STA	TA													
Continued balance from page 2		3	60	35	108	210	125	494	890	3317	45	2218	53	13406	218	2519	25	43	42471	96	875	294	992	2158	3455	2746	76856
041	Department of Posts and Telecommunications	0	1	1	2	6	10	25	48	91	0	172	4	373	26	375	1	11	1235	35	43	61	153	239	1090	0	4002
042	Ministry of Works	0	2	3	8	18	6	42	73	167	1	147	3	364	19	329	2	5	1215	18	60	17	57	22	123	0	2701
043	Department of National Parks and Wildlife	0	0	0	0	2	1	2	5	16	0	6	0	26	1	25	0	1	45	0	13	9	34	216	26	0	428
044	Department of Youth and Malawi Pioneers	0	1	1	0	1	0	6	1	5	1	5	1	53	2	4	0	0	42	0	32	0	7	1	65	0	228
045	Department of Personnel, Management and Training	0	1	0	6	7	0	19	21	55	2	12	7	20	12	5	1	3	41	4	12	9	7	4	23	150	421
046	Department of Housing and Physical Planning	0	2	0	2	4	4	5	23	50	1	15	3	48	4	29	0	2	81	0	18	4	20	40	61	0	416
047	Ministry of Forestry and Natural Resources HQ	0	1	0	1	3	0	4	4	9	0	7	1	15	6	13	0	1	38	3	7	3	2	1	11	0	130
048	Accountant General's Department	0	1	1	2	2	2	4	5	19	0	30	0	45	5	41	0	1	183	2	12	0	4	2	52	0	413
049	Data Processing Department	0	0	1	1	0	2	5	7	15	0	14	1	30	3	3	9	0	5	38	3	0	1	0	5	0	143
Grand Total		3	69	42	130	253	150	606	1077	3744	50	2626	73	14380	296	3343	38	67	45356	196	1075	397	1277	2683	4911	2896	85738

**APPENDIX TABLE 4.1
CIVIL SERVICE SALARY STRUCTURE IN SELECT YEARS, 1982-1992**

SALARY GRADES	REPRESENTATIVE/GENERIC JOB TITLES	ANNUAL BASIC SALARY ON SCALE									1992		
		1982			1986			1989			LOW	HIGH	MEDIAN
		LOW MK	HIGH MK	MEDIAN MK	LOW MK	HIGH MK	MEDIAN MK	LOW MK	HIGH MK	MEDIAN MK	LOW MK	HIGH MK	MEDIAN MK
SUPERSCALE, ADMIN													
S1	SPC, Chief Justice	11097	13371	12234	18084	19104	18594	20256	21696	20976	36372	38652	37512
S2B	Deputy SPC	10263	11718	10990.5	16824	17724	17274	18840	19860	19350	33984	36264	35124
S2A	Attorney General	10152	11511	10831.5	15552	16452	16002	17424	18444	17934	31596	33876	32736
S2	Principal Secretaries	10006	11304	10655	14304	15204	14754	16020	17040	16530	29208	31488	30348
S3	Senior DPSs, Ambassadors	9138	9750	9444	13140	13960	13550	14712	15672	15192	26940	29100	28020
S4	Deputy Principal Secretaries(DPSs)	8391	9597	8994	12036	12016	12026	13488	14448	13968	24672	26832	25752
S5	Under Secretaries	7770	8769	8269.5	11040	11760	11400	12408	13368	12888	22404	24564	23484
S6	Senior Assistant Secretaries	7278	8085	7681.5	10104	10764	10434	11400	12300	11850	20256	22296	21276
S7	Principal Administration Officers	6861	7058	6959.5	9264	9864	9564	10476	11376	10926	18108	20148	19128
S8	Senior Administration Officers	6528	7530	7029	8508	9048	8778	9528	10428	9978	15960	18000	16980
SUPERSCALE PROFESSIONAL													
P1	Chief Specialist Professionals	11097	13371	12234	18084	19104	18594	20256	21696	20976	36372	38652	37512
P2B	Chief Specialist Professionals	10263	11718	10990.5	16824	17724	17274	18840	19860	19350	33984	36264	35124
P2A	Chief Specialist Professionals	10152	11511	10831.5	15552	16452	16002	17424	18444	17934	31596	33876	32736
P2	Controllers, Commissioners	10006	11304	10655	14304	15204	14754	16020	17040	16530	29208	31488	30348
P3	Principal Specialists	9138	9750	9444	13140	13960	13550	14712	15672	15192	26940	29100	28020
P4	Senior Specialists	8391	9597	8994	12036	12016	12026	13488	14448	13968	24672	26832	25752
P5	Chief Officers	7770	8769	8269.5	11040	11760	11400	12408	13368	12888	22404	24564	23484
P6	Assistant Chief Officers	7278	8085	7681.5	10104	10764	10434	11400	12300	11850	20256	22296	21276
P7	Principal Officers	6861	7058	6959.5	9264	9864	9564	10476	11376	10926	18108	20148	19128
P8	Senior Officers	6528	7530	7029	8508	9048	8778	9528	10428	9978	15960	18000	16980
ADMIN & PROFESSIONAL													
A1/AOA/POA	Professional/Administrative Officers	4662	6756	5709	6180	7764	6972	7440	9456	8448	10968	12984	11976
A2/AOB/POB	Professional/Administrative Officers	3576	6756	5166	4992	7764	6378	5928	9456	7692	9456	12984	11220
A3/AOC/POC	Professional/Administrative Officers	2856	6756	4806	3936	7764	5850	4584	9456	7020	8112	12984	10548
EXECUTIVE AND TECHNICAL													
B1/CEO/CTO	Chief Executive/Technical Officer	4314	6699	5506.5	5588	7704	6646	6720	8736	7728	11280	12792	12036
B2/STO/SLO	Senior Executive/Technical Officer	3255	5742	4498.5	4260	6444	5352	5532	7716	6624	9300	11016	10158
B3/TO/EO	Executive/Technical Officer	1576	4518	3047	2064	5088	3576	3180	6636	4908	5772	9084	7428
SECRETARIAL													
D1	Personal Secretary Grade I	4314	6699	5506.5	5588	7704	6646	6720	8736	7728	11280	12792	12036

**APPENDIX TABLE 4.1
CIVIL SERVICE SALARY STRUCTURE IN SELECT YEARS, 1982-1992**

SALARY GRADES	REPRESENTATIVE/GENERIC JOB TITLES	ANNUAL BASIC SALARY ON SCALE											
		1982			1986			1989			1992		
		LOW MK	HIGH MK	MEDIAN MK	LOW MK	HIGH MK	MEDIAN MK	LOW MK	HIGH MK	MEDIAN MK	LOW MK	HIGH MK	MEDIAN MK
D2	Personal Secretary Grade II	3255	5742	4498.5	4260	6444	5352	5532	7716	6624	9300	11016	10158
D3	Shorthand Typist	1576	4518	3047	2054	5088	3571	3180	6636	4908	5772	9084	7428
D4	Shorthand Typist II	1578	3432	2505	2016	3536	2776	2004	3564	2784	4584	6024	5304
D5	Senior Copy Typist	1182	2064	1623	1512	2376	1944	2424	4584	3504	3720	5280	4500
D6	Copy Typist I	1026	2064	1545	1320	2448	1884	1584	3420	2502	2856	4296	3576
D7	Copy Typist II	627	1392	1009.5	804	1644	1224	960	2112	1536	1908	3420	2664
D8	Copy Typist III	483	924	703.5	624	1152	888	744	1404	1074	1476	2664	2070
JUNIOR TECHNICAL/CLERICAL													
C1/DPI/SCO/STA	Senior Clerical/Technical Assistants	1578	2952	2265	2016	3536	2776	2424	4224	3324	4584	5664	5124
AF	Assistant Foreman	n.a.	n.a.	0	n.a.	n.a.	0	1584	3420	2502	2856	4296	3576
C2/CO/DP2&3/TA	Clerical/Technical Assistant	447	2054	1250.5	576	3180	1878	720	3696	2208	1872	4512	3192
SUBORDINATE STAFF													
SC I	Messenger	879	1440	1159.5	1104	1680	1392	1320	2040	1680	2376	3672	3024
SC II	Messenger	708	1182	945	888	1356	1122	1068	1692	1380	1920	3324	2622
SC III	Messenger	483	879	681	612	1080	846	876	1356	1116	1680	2760	2220
SC IV	Messenger	312	594	453	396	708	552	732	912	822	1440	1980	1710
TRADESMEN													
E1	Tradesman	n.a.	n.a.	0	n.a.	n.a.	0	1020	2160	1590	1932	3984	2958
E2	Tradesman	n.a.	n.a.	0	n.a.	n.a.	0	840	1500	1170	1596	2784	2190
E3	Tradesman	n.a.	n.a.	0	n.a.	n.a.	0	744	1224	984	1404	2268	1836
EL	Leamer Tradesman	n.a.	n.a.	0	n.a.	n.a.	0	720	1056	888	1368	2124	1746
INDUSTRIAL CLASS													
CW G1/CW1	n.a.	396	753	574.5	504	864	684	888	1080	984	1680	2112	1896
CW G2/CW2	n.a.	357	708	532.5	456	764	610	792	984	888	1464	1896	1680
CW G3/CW3	n.a.	312	594	453	396	684	540	720	864	792	1248	1896	1572
SENIOR POLICE OFFICERS													
PS1	Senior Police Superintendent	n.a.	n.a.	0	7020	8364	7692	8148	9828	8988	12624	14304	13464
PS2	Police superintendent	n.a.	n.a.	0	5376	7716	6546	6336	8676	7506	10644	12828	11736
PS3	Assistant Superintendent	n.a.	n.a.	0	2976	6144	4560	4620	7212	5916	7212	9804	8508
PS4	Inspector	n.a.	n.a.	0	2064	5088	3576	3180	6636	4908	5772	9084	7428
POLICE CONSTABULARY													
PS5	Sub-Inspector of Police	n.a.	n.a.	0	1716	2436	2076	2664	3720	3192	4584	5664	5124

**APPENDIX TABLE 4.1
CIVIL SERVICE SALARY STRUCTURE IN SELECT YEARS, 1982-1992**

SALARY GRADES	REPRESENTATIVE/GENERIC JOB TITLES	ANNUAL BASIC SALARY ON SCALE											
		1982			1986			1989			1992		
		LOW MK	HIGH MK	MEDIAN MK	LOW MK	HIGH MK	MEDIAN MK	LOW MK	HIGH MK	MEDIAN MK	LOW MK	HIGH MK	MEDIAN MK
PS6	First Sergeant	n.a.	n.a.	0	1392	2112	1752	2208	3360	2784	3960	5400	4680
PS7	Second Sergeant	n.a.	n.a.	0	1008	1680	1344	1596	2884	2240	2952	4512	3732
PS8	Constable	n.a.	n.a.	0	576	1344	960	720	2256	1488	1872	3672	2772
SENIOR NURSES													
N1	Principal Matron	6528	7068	6798	8508	9048	8778	9528	10968	10248	9528	10968	10248
N2	Senior Nurse Tutor	5328	6756	6042	7020	8354	7687	8076	9756	8916	12960	14136	13548
N3	Nurse Tutors	4314	6699	5506.5	5688	7704	6696	6720	8736	7728	11280	12972	12126
N4	Senior Nursing Sister	3432	5742	4587	4452	5480	4966	5808	7836	6822	9300	11172	10236
N5	Nursing Sister	2409	4926	3667.5	3132	5680	4406	4476	6924	5700	7212	9372	8292
N6	Staff Nurse	1578	4518	3048	2064	5088	3576	3180	6636	4908	5772	9372	7572
ENROLLED NURSES													
N7	Senior Enrolled Nurse	1578	2952	2265	2016	3436	2726	2424	4224	3324	5004	6204	5604
N8/N9	Enrolled Nurse	708	2064	1386	900	2916	1908	1296	3696	2496	3804	5724	4764
SENIOR SCHOOL TEACHERS													
ET1	Secondary School Teacher	4314	6699	5506.5	5688	7704	6696	6720	8736	7728	11280	12792	12036
ET2	Secondary School Teacher	3255	5742	4498.5	4260	6444	5352	5532	7716	6624	9300	11016	10158
ET3	Secondary School Teacher	1578	4518	3048	2064	5520	3792	3180	6636	4908	5772	9084	7428
JUNIOR SCHOOL TEACHERS													
T1	Primary School Teacher	1578	4518	3048	2064	5088	3576	3180	4476	3828	5484	9084	7284
T2	Primary School Teacher	960	2952	1956	1260	3528	2394	2004	5124	3564	3804	6204	5004
T3	Primary School Teacher	796	2064	1430	1008	2388	1698	1596	3972	2784	3168	5568	4368
T4	Primary School Teacher	519	1392	955.5	660	1680	1170	1296	3120	2208	2964	4524	3744
T5	Primary School Teacher	420	708	564	540	876	708	720	1488	1104	1872	2832	2352
Composite Retail Price Index (1980=100)		120.1	120.1	120.1	199.5	199.5	199.5	385.2	385.2	385.2	551.6	551.6	551.6

SOURCE: GOM/DPMT, various circulars

APPENDIX TABLE 4.2
MEDIAN ANNUAL BASIC SALARY ON SCALE
BY GRADE AT CONSTANT (1980) PRICES

SALARY GRADES	REPRESENTATIVE/GENERIC JOB TITLES	1982	1986	1989	1992	1993
		MK	MK	MK	MK	MK
SUPERSCALE, ADMINISTRATIVE ROLES						
S1	SPC, Chief Justice	10187	9320	5445	6801	5832
S2B	Deputy SPC	9151	8659	5023	6368	5461
S2A	Attorney General	9019	8021	4656	5935	5090
S2	Principal Secretaries	8872	7395	4291	5502	4719
S3	Senior DPSs, Ambassadors	7863	6792	3944	5080	4747
S4	Deputy Principal Secretaries(DPS)	7489	6028	3626	4669	4363
S5	Under Secretaries	6886	5714	3346	4257	3901
S6	Senior Assistant Secretaries	6396	5230	3076	3857	3606
S7	Principal Administration Officers	5795	4794	2836	3468	3242
S8	Senior Administration Officers	5853	4400	2590	3078	2878
SUPERSCALE PROFESSIONAL						
P1	Chief Specialist Professionals	10187	9320	5445	6801	5832
P2B	Chief Specialist Professionals	9151	8659	5023	6368	5461
P2A	Chief Specialist Professionals	9019	8021	4656	5935	5090
P2	Controllers, Commissioners	8872	7395	4291	5502	4719
P3	Principal Specialists	7863	6792	3944	5080	4747
P4	Senior Specialists	7489	6028	3626	4669	4363
P5	Chief Officers	6886	5714	3346	4257	3901
P6	Assistant Chief Officers	6396	5230	3076	3857	3606
P7	Principal Officers	5795	4794	2836	3468	3242
P8	Senior Officers	5853	4400	2590	3078	2878
ADMIN & PROFESSIONAL						
A1/AOA/POA	Professional/Administrative Office	4754	3495	2193	2171	2179
A2/AOB/POB	Professional/Administrative Office	4301	3197	1997	2034	2036
A3/AOC/POC	Professional/Administrative Office	4002	2932	1822	1912	1910
EXECUTIVE AND TECHNICAL						
B1/CEO/CTO	Chief Executive/Technical Officer	4585	3331	2006	2182	2151
B2/STO/SEO	Senior Executive/Technical Officer	3746	2683	1720	1842	1816
B3/TO/EO	Executive/Technical Officer	2537	1792	1274	1347	1443
SECRETARIAL						
D1	Personal Secretary Grade I	4585	3331	2006	2182	2151
D2	Personal Secretary Grade II	3746	2683	1720	1842	1816
D3	Shorthand Typist	2537	1790	1274	1347	1443
D4	Shorthand Typist II	2086	1391	723	962	1073
D5	Senior Copy Typist	1351	974	910	816	910
D6	Copy Typist I	1286	944	650	648	722
D7	Copy Typist II	841	614	399	483	530
D8	Copy Typist III	586	445	279	375	422
JUNIOR TECHNICAL/CLERICAL						
C1/DP1/SCO/STA	Senior Clerical/Technical Assistant	1886	1391	863	929	1053
AF	Assistant Foreman	0	0	650	648	722
C2/CO/DP2&3/TA	Clerical/Technical Assistant	1041	941	573	579	646
SUBORDINATE STAFF						
SC I	Messenger	965	698	436	548	614

**APPENDIX TABLE 4.2
MEDIAN ANNUAL BASIC SALARY ON SCALE
BY GRADE AT CONSTANT (1980) PRICES**

SALARY GRADES	REPRESENTATIVE/GENERIC JOB TITLES	1982	1986	1989	1992	1993
		MK	MK	MK	MK	MK
SC II	Messenger	787	562	358	475	534
SC III	Messenger	567	424	290	402	433
SC IV	Messenger	377	277	213	310	347
TRADESMEN						
E1	Tradesman	0	0	413	536	603
E2	Tradesman	0	0	304	397	435
E3	Tradesman	0	0	255	333	373
EL	Learner Tradesman	0	0	231	317	354
INDUSTRIAL CLASS						
CW G1/CW1	n.a.	478	343	255	344	384
CW G2/CW2	n.a.	443	306	231	305	338
CW G3/CW3	n.a.	377	271	206	285	297
SENIOR POLICE OFFICERS						
PS1	Senior Police Superintendent	0	3856	2333	2441	2392
PS2	Police superintendent	0	3281	1949	2128	2099
PS3	Assistant Superintendent	0	2286	1536	1542	1508
PS4	Inspector	0	1792	1274	1347	1457
POLICE CONSTABULARY						
PS5	Sub-Inspector of Police	0	1041	829	929	1036
PS6	First Sergeant	0	878	723	848	946
PS7	Second Sergeant	0	674	582	677	720
PS8	Constable	0	481	386	503	553
SENIOR NURSES						
N1	Principal Matron	5660	4400	2660	1858	1593
N2	Senior Nurse Tutor	5031	3853	2315	2456	2271
N3	Nurse Tutors	4585	3356	2006	2198	2271
N4	Senior Nursing Sister	3819	2489	1771	1856	1872
N5	Nursing Sister	3054	2209	1480	1503	1443
N6	Staff Nurse	2538	1792	1274	1373	1443
ENROLLED NURSES						
N7	Senior Enrolled Nurse	1886	1366	863	1016	1093
N8/N9	Enrolled Nurse	1154	956	648	864	975
SENIOR SCHOOL TEACHERS						
ET1	Secondary School Teacher	4585	3356	2006	2182	2151
ET2	Secondary School Teacher	3746	2683	1720	1842	1837
ET3	Secondary School Teacher	2538	1901	1274	1347	1443
JUNIOR SCHOOL TEACHERS						
T1	Primary School Teacher	2538	1792	994	1321	1443
T2	Primary School Teacher	1629	1200	925	907	975
T3	Primary School Teacher	1191	851	723	792	883
T4	Primary School Teacher	796	586	573	679	757
T5	Primary School Teacher	470	355	287	426	476

SOURCE: GOM/DPMT, various circulars

**APPENDIX TABLE 4.3
COMPUTER PAYROLL SUMMARY, JAN 1992 AND 1993**

SALARY GRADES	REPRESENTATIVE/GENERIC JOB TITLES	PAYROLL TOTAL #	JAN 1993 COMPUTER PAYROLL TOTAL BASIC	JAN 1993 COMPUTER PAYROLL ALLOWANCES	JAN 1993 COMPUTER PAYROLL TOTAL PAY	JAN 1992 COMPUTER PAYROLL TOTAL #	JAN 1992 COMPUTER PAYROLL TOTAL BASIC	JAN 1992 COMPUTER PAYROLL ALLOWANCES	JAN 1992 COMPUTER PAYROLL TOTAL PAY
SUPERSCALE, ADMINISTRATIVE ROLES									
S1	SPC, Chief Justice	2	6328	4000	10328	1	1880	1300	3180
S2B	Deputy SPC	35	86185	27403	113588	1	1587	0	1587
S2A	Attorney General	8	21596	1002	22598	5	7311	1852	9163
S2	Principal Secretaries	1	2908	3250	6158	33	45414	36644	82058
S3	Senior DPSs, Ambassadors	4	7055	500	7555	5	5125	3445	8570
S4	Deputy Principal Secretaries(DPSs)	47	104140	9882	114022	46	56949	50716	107665
S5	Under Secretaries	77	150045	9405	159450	79	84252	35060	119312
S6	Senior Assistant Secretaries	5	8814	56	8870	8	7219	56778	63997
S7	Principal Administration Officers	112	189407	10940	200347	92	93352	23564	116916
S8	Senior Administration Officers	119	164521	3751	168272	126	102979	24627	127606
SUB-TOTAL		410	740999	70189	811188	396	406068	233987	640055
SUPERSCALE PROFESSIONAL									
P1	Chief Specialist Professionals	1	3031	0	3031	1	1808	0	1808
P2B	Chief Specialist Professionals	1	2870	1250	4120	0	0	0	0
P2A	Chief Specialist Professionals	0	0	0	0	1	1570	3317	4887
P2	Controllers, Commissioners	17	43012	3967	46979	16	22125	10686	32811
P3	Principal Specialists	11	25559	0	25559	15	18746	13475	32221
P4	Senior Specialists	36	77803	4595	82398	34	38719	13830	52549
P5	Chief Officers	82	154581	6865	161446	77	79823	34005	113828
P6	Assistant Chief Officers	50	88220	1941	90161	47	46338	12041	58379
P7	Principal Officers	197	370570	24264	394834	169	197397	34905	232302
P8	Senior Officers	541	770679	32521	803200	484	400855	41638	442493
SUB-TOTAL		936	1536325	75403	1611728	844	807381	163897	971278
ALL SUPERSCALE SUB-TOTAL		1346	2277324	145592	2422916	1240	1213449	397884	1611333
ADMIN & PROFESSIONAL									
A1/AOA/POA	Professional/Administrative Officers	17	16412	0	16412	18	12222	5317	17539
A2/AOB/POB	Professional/Administrative Officers	686	599592	18997	618589	578	330162	32666	362828
A3/AOC/POC	Professional/Administrative Officers	469	371315	15721	387036	422	198302	18602	216904
SUB-TOTAL		1172	987319	34718	1022037	1018	540686	56586	597272
EXECUTIVE AND TECHNICAL									
B1/CEO/CTO	Chief Executive/Technical Officer	481	493549	27796	521346	456	289860	32073	321933
B2/STO/SEO	Senior Executive/Technical Officer	1146	934685	49887	984572	990	508819	34838	543657
B3/TO/EO	Executive/Technical Officer	2433	1417570	82409	1499979	2157	809726	68294	878020
SUB-TOTAL		4060	2845804	160093	3005897	3603	1608406	135204	1743610
SECRETARIAL									
D1	Personal Secretary Grade I	37	37195	1270	38465	37	23243	4248	27491
D2	Personal Secretary Grade II	74	61724	3099	64823	65	33567	3154	36721
D3	Shorthand Typist	162	92437	5850	98287	126	44615	6062	50677
D4	Shorthand Typist II	35	13811	932	14743	34	8484	1414	9897
D5	Senior Copy Typist	127	55467	3646	59113	108	30926	4760	35687

**APPENDIX TABLE 4.3
COMPUTER PAYROLL SUMMARY, JAN 1992 AND 1993**

SALARY GRADES	REPRESENTATIVE/GENERIC JOB TITLES	PAYROLL TOTAL #	JAN 1993	JAN 1993	JAN 1993	JAN 1992	JAN 1992	JAN 1992	JAN 1992
			COMPUTER PAYROLL TOTAL BASIC	COMPUTER PAYROLL ALLOWANCES	COMPUTER PAYROLL TOTAL PAY	COMPUTER PAYROLL TOTAL #	COMPUTER PAYROLL TOTAL BASIC	COMPUTER PAYROLL ALLOWANCES	COMPUTER PAYROLL TOTAL PAY
D6	Copy Typist I	568	182372	10387	192759	605	127760	11863	139623
D7	Copy Typist II	161	37266	752	38018	155	19389	556	19945
D8	Copy Typist III	185	32660	1711	34371	160	14449	531	14980
SUB-TOTAL		1349	512932	27646	540578	1290	302432	32589	335021
JUNIOR TECHNICAL/CLERICAL									
C1/DP1/SCO/STA	Senior Clerical/Technical Assistants	3873	1721798	232640	1954438	3107	790059	72530	862589
AF	Assistant Foreman	1	258		258	0			0
C2/CO/DP2&3/TA	Clerical/Technical Assistant	10558	3382968	386367	3769335	9909	1838917	133969	1972885
SUB-TOTAL		14432	5105024	619007	5724031	13016	2628976	206498	2835474
SUBORDINATE STAFF									
SC I	Messenger	290	71484	2108	73592	162	21997	1113	23110
SC II	Messenger	891	184487	5656	190142	634	69257	3619	72876
SC III	Messenger	2153	376077	18694	394771	1835	162730	8691	171420
SC IV	Messenger	3897	572530	34162	606692	3701	256509	15278	271786
SUB-TOTAL		7231	1204578	60620	1265197	6332	510492	28700	539192
TRADESMEN									
E1	Tradesman	46	13752	8309	22061	37	6101	1403	7505
E2	Tradesman	24	5086	2372	7458	23	2815	1227	4042
E3	Tradesman	36	6099	4235	10334	38	3841	1251	5091
EL	Learner Tradesman	91	14559	6430	20988	99	8956	3523	12479
SUB-TOTAL		197	39496	21346	60842	197	21713	7404	29117
INDUSTRIAL CLASS									
CW G1/CW1	n.a.	35	7055	821	7876	18	2457	94	2551
CW G2/CW2	n.a.	21	3598	470	4068	17	1664	328	1991
CW G3/CW3	n.a.	206	26465	6461	32926	211	15106	2077	17182
SUB-TOTAL		262	37118	7753	44871	246	19226	2498	21725
SENIOR POLICE OFFICERS									
PS1	Senior Police Superintendent	49	52339	220	52559	31	21644	13	21657
PS2	Police superintendent	71	64137	2265	66402	59	32158	284	32442
PS3	Assistant Superintendent	104	67973	4077	72050	115	46801	1303	48104
PS4	Inspector	150	80549	186	80735	159	50029	1706	51735
SUB-TOTAL		374	264998	6748	271746	364	150632	3306	153938
POLICE CONSTABULARY									
PS5	Sub-Inspector of Police	230	94896	884	95780	238	59447	1827	61274
PS6	First Sergeant	350	131961	1210	133171	319	71472	829	72300
PS7	Second Sergeant	635	200726	2457	203183	690	133434	3214	136648
PS8	Constable	3803	964903	15363	980266	3773	524775	13009	537784
SUB-TOTAL		5018	1392486	19914	1412400	5020	789127	18878	808005
ALL POLICE. TOTAL		5392	1657484	26662	1684146	5384	939759	22184	961943
SENIOR NURSES									
N1	Principal Matron	1	1645	623	2268	1	914		914
N2	Senior Nurse Tutor	5	5857	2313	8170	4	2804		2804

**APPENDIX TABLE 4.3
COMPUTER PAYROLL SUMMARY, JAN 1992 AND 1993**

SALARY GRADES	REPRESENTATIVE/GENERIC JOB TITLES	PAYROLL TOTAL #	JAN 1993 COMPUTER PAYROLL TOTAL BASIC	JAN 1993 COMPUTER PAYROLL ALLOWANCES	JAN 1993 COMPUTER PAYROLL TOTAL PAY	JAN 1992 COMPUTER PAYROLL TOTAL #	JAN 1992 COMPUTER PAYROLL TOTAL BASIC	JAN 1992 COMPUTER PAYROLL ALLOWANCES	JAN 1992 COMPUTER PAYROLL TOTAL PAY
N3	Nurse Tutors	5	5328		5328	7	4724		4724
N4	Senior Nursing Sister	25	22572	330	22902	34	19478	89	19567
N5	Nursing Sister	53	40067	682	40749	65	32668	109	32777
N6	Staff Nurse	128	81224	1069	82293	136	55628	1174	56802
SUB-TOTAL		217	156693	5017	161710	247	116216	1371	117587
ENROLLED NURSES									
N7	Senior Enrolled Nurse	176	77894	4477	82371	164	43413	258	43671
N8/N9	Enrolled Nurse	213	77634	6906	84540	268	61056	1504	62560
SUB-TOTAL		389	155528	11383	166911	432	104469	1762	106231
ALL NURSES, TOTAL		606	312221	16400	328622	679	220685	3133	223818
SENIOR SCHOOL TEACHERS									
ET1	Secondary School Teacher	17	17992	258	18250	19	13356	748	14104
ET2	Secondary School Teacher	111	95802	718	96520	110	60319	675	60994
ET3	Secondary School Teacher	421	256731	9890	266621	415	159166	4398	163564
SUB-TOTAL		549	370525	10865	381391	544	232841	5820	238661
JUNIOR SCHOOL TEACHERS									
T1	Primary School Teacher	3174	1683487	24194	1707681	2765	854648	12248	866897
T2	Primary School Teacher	5035	1820003	113172	1933174	4998	1072241	31400	1103641
T3	Primary School Teacher	11925	4011417	206132	4217549	11141	2230164	62297	2292461
T4	Primary School Teacher	404	155762	348	156110	547	142532	2067	144599
T5	Primary School Teacher	11	3005	0	3005	13	1612		1612
SUB-TOTAL		20549	7673674	343845	8017519	19464	4301197	108012	4409210
ALL TEACHERS, TOTAL		21098	8044199	354711	8398910	20008	4534038	113833	4647871
NON-ESTABLISHED GRADES									
DRV	Driver	9	0	1971	1971	10	194	955	1149
CA	Court Assessor	4	598		598	0			0
DCA	District Court Assessor	0			0	0			0
CHA	Court Chairman	184	31978		31978	91	7585		7585
CHI	Chief	104	41900		41900	67	27300	19861	47161
JUD	Judge	14	9721		9721	11	4882		4882
NO-GRADE		6724	2048600	877680	2926279	7811	1433501	332118	1765619
SUB-TOTAL		7039	2132797	879651	3012447	7990	1473463	352933	1826396
GRAND TOTAL		64184	25156295	2354198	27510493	61003	14013325	1359446	15372771
SOURCE: GOM/DPTM, various circulars.									

Appendix Table 5.1

**Comparable jobs between the Civil Service and the
Private/Parastatal/Donor sector.**

CIVIL SERVICE BENCH MARK JOBS	PRIVATE/PARASTATAL/DONOR SECTOR COMPARABLE JOBS
Top level: Principal Secretary	managing Director, General Manager, Executive Director, Head of mission.
Legal: Chief State Advocate State Advocate	Company Secretary, Chief Legal Advisor. Legal Officer, Assistant Company Secretary.
Finance: Principal Accountant. Senior Assistant Accountant	Accountant, Cost Accountant, Financial Accountant, Managerial Accountant. Assistant Accountant.
Data Processing: Principal Systems Analyst/Programmer System Analyst/Programmer.	Data Processing Manager, Computer Manager, EDP Manager, Information services Manager. computer Programmer, Senior Computer Programmer.
Personnel: Chief Personnel Officer Personnel Officer.	Personnel/Training Manager, Human resources/Personnel, Director Personnel Officer, Welfare Officer, Training Officer.
Professional Support: Chief Engineer. Engineer. Principal Economist	Chief Engineer, Plant Engineer, Chief civil/Mechanical/Electrical Engineer Engineer, Civil/mechanical/Electrical Engineer. Economist, Economic Consultant/Advisor.
Health: Medical Officer.	Medical doctor.
Agriculture: Agricultural Officer Chief Agricultural Officer.	Agricultural Officer, Agricultural Research officer, Agronomist. Chief Agricultural Research Officer, Agricultural Manager, Agricultural Research Officer.
Administrative Support: Personal Secretary Clerical Officer	Secretary, Personal Secretary Filing Clerk, Clerk.
Support Staff: Messenger	Messenger.

Source: Wages, Salaries and Fringe Benefits Study, Republic of Malawi, by Price Waterhouse.

Appendix Table 5.2

Comparison of Salary Scales Widths for Various Employers
 (percent difference of highest to lowest salary Level for various jobs)

Job Category	Percentage Difference Between Highest and Lowest Salary			
	Civil Service 1993	Manufacturing Sector March 1993	Donor 'A' April 1992	Donor 'B' April 1992
1	47%	53%	36%	36%
2	147%	54%	36%	36%
3	50%		37%	36%
4	31%	70%	37%	36%
5	18%	80%	38%	36%
6	11%		38%	36%
7	19%	80%	38%	36%
NO-A	13%	80%	32%	30%
NO-B	11%	70%	32%	30%
NO-C	10%		31%	30%
NO-D	8%	58%	31%	30%

Source: Civil Service Pay Structure for 1993; Manufacturing Sector Remuneration Package Survey March 1993; Local Staff Salary Guide lines for UNDP and World Bank.

Appendix Table 5.3

Comparative Minimum Wage Levels

Country	Annual Earnings at Minimum wage in US Dollars at Official Exchange Rate						
	1980	1981	1982	1983	1984	1985	1986
Kenya	737	606	607	498	480	443	499
Tanzania	703	869	776	648	636	556	297
Zambia	1264	1131	1252	1059	1059	821	
Malawi	180	253	249	223	186	188	174

**Comparison of Pay Levels for select Job Positions
in a Few Representative Donor Organizations in Malawi**

Job Category	Monthly Net Salary (MK) 1992			Average Monthly Pay (MK)
	Organization A	Organization B	Organization C	
	Minimum	Minimum	Minimum	
MANAGEMENT			n.a.	12,251
1. Sr Commercial Officer/Sr Programme Officer	12,691	11,766		
2. Sr. Finance Asst./Asst. Account	10,522	3,480	n.a.	7,001
3. Finance Officer	10,522	7,812	n.a.	9,167
4. Accounts Assistants/Sr. Finance Assistant	3,727	2,219	3,253	3,066
5. Admin. Officer	10,522	n.a.	n.a.	10,522
6. Asst. Admin. Officer	8,717	n.a.	n.a.	8,717
7. Sr. Admin. Officer	3,727	n.a.	n.a.	3,727
8. Admin. Assistant	2,790	n.a.	n.a.	2,790
SUPPORT STAFF				
10. Finance Clerks	2,101	n.a.	n.a.	2,101
11. Secretary	1,595	n.a.	2,144	1,870
12. Drivers	950	1,252	807	1,003
13. Messengers	749	641	485	625
Note: The salaries are inclusive of quantifiable allowances and fringe benefits.				

Source: Authors' survey of salaries of Representative Donors Organizations with Offices in Malawi.

Appendix Table 5.5

Salary Ranges for Select Jobs in the Manufacturing Sector

Position	Annual salary		% Difference Between Highest & Lowest Salary
	Lowest	Highest	
Factory supervisor	4730	24598	420.04%
Engineering Foreman	3360	30000	792.86%
section supervisor	3244	23541	625.68%
Quality controller	3226	21600	569.56%
Factory recorders/prod. clerks.	2760	8043	191.41%
Dispatch clerk	2090	10800	416.75%
W/shop mechanics	1668	12319	638.55%
Welders	1668	14400	763.31%
Fitters	1668	18009	979.68%
Plumbers	1668	10800	547.48%
Machine operators	1596	7464	367.67%
Labourers	1404	5900	320.23%

Source: Deloitte & Touche, Survey of Remuneration Packages for the Manufacturing Sector, March 1993.

Appendix Table 5.6

**Comparison of Pay Levels for a Select Number of Employers
in the Private Sector, Sept. 1992**

Job Category	Monthly Basic Salary (MK)			% Difference Between Highest & Lowest Salary
	Max	Average	Min	
Top Management: Senior Level	19500	14916	8580	127.27%
Finance: Senior Level	10000	7125	2922	242.23%
Middle Level	6000	3489	1280	368.75%
Personnel: Senior Level	7088	3877	2220	219.28%
Professional/Technical :	6668	4219	2450	172.16%
Senior Level	4044	2982	1541	162.43%
Middle Level				
Support Staff: Senior Level	950	668	525	80.95%

Source: Deloitte & Touch, Mid Year Survey of Remuneration Packages - September 1992.

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