

MALAWI: THE USE OF EVALUATION IN MANAGING FOR DEVELOPMENT RESULTS – EVIDENCE FROM MALAWI

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INTRODUCTION

In recent years, the Government of Malawi has been increasing its commitment to expand the use of evidence in policy formulation and resource allocation. This paper uses the national evaluation framework of the implementation of the Malawi Growth and Development Strategy (MGDS) to analyse how evaluation tools are used to support evidence-based decision-making in Malawi. The paper focuses on instrumental use in terms of enhancing governance, transparency and accountability, and on achieving improvements in the design of public policies and programmes.

The MGDS is the overarching medium-term national strategy for poverty reduction and development planning in Malawi. The broad objective of the MGDS is to institute strategies that will stimulate economic growth, catalyse prosperity and improve the welfare of Malawians. The first MGDS was formulated for the period 2006/7–2010/11. The Government of Malawi is preparing the follow-up strategy (MGDS II). This process, currently being finalized, has benefited from reviews of the first MGDS and from several learning events on Managing for Development Results conducted in 2010.

The MGDS guides the allocation of public resources based on predetermined targets and performance indicators for each sector. The Government of Malawi is therefore placing due emphasis on an output-based budgeting process in its fiscal policy framework. In addition to its direct relevance in national budget formulation, the MGDS identifies the country's sector-specific development priorities. It thus guides the formulation and implementation of programmes by development partners and other non-state actors, both within and outside the national budget.

The Monitoring and Evaluation Division in the Ministry of Finance and Development Planning and Cooperation is responsible for evaluating the performance of various sectors

BOX 1: MGDS PRIORITY AND THEMATIC AREAS

ORIGINAL PRIORITY AREAS

1. Agriculture and Food Security
2. Irrigation and Water Development
3. Transport and Infrastructure Development
4. Energy Generation and Supply
5. Integrated Rural Development
6. Nutrition, HIV and AIDS

THEMATIC AREAS

1. Sustainable Economic Growth
2. Social Protection and Disaster Management
3. Social Development
4. Infrastructure Development
5. Improved Governance

REVISED PRIORITY AREAS

1. Agriculture and Food Security
2. Green-Belt Irrigation and Water Development
3. Transport Infrastructure and Nsanje World Inland Port
4. Education, Science and Technology
5. Climate Change, Natural Resources and Environmental Management
6. Integrated Rural Development
7. Public Health, Sanitation and HIV and AIDS Management
8. Youth Development and Empowerment
9. Energy, Mining and Industrial Development

Sources: Government of Malawi, 'Malawi Growth and Development Strategy 2006-11: From Poverty to Prosperity' (2006), 'Malawi Growth and Development Strategy 2006-11 (Revised)' (2009).

BOX 2: SECTOR WORKING GROUPS

1. Agriculture
2. Integrated Rural Development
3. Environment, Lands and Natural Resources
4. Tourism, Wildlife and Culture
5. Water, Sanitation and Irrigation
6. Trade, Industry and Private Sector Development
7. Vulnerability, Disaster and Risk Management
8. Health
9. Education
10. Gender, Youth Development and Sports
11. Roads, Public Works and Transport
12. Information, Communication and Technology and Research and Development
13. Energy and Mining
14. Economic Governance
15. Democratic Governance
16. Public Administration

Source: Government of Malawi (2008)

against MGDS targets and indicators. Annual MGDS Reviews have been prepared by the Division in the context of the first MGDS. These reviews form the basis upon which this paper conducted its analysis. A report on the final evaluation of the first MGDS has yet to be released.

NATURE OF THE MGDS EVALUATION

The MGDS identified nine priority areas (originally six) and five thematic areas (see Box 1). The MGDS formulation process set both targets and performance indicators for all areas. In order to strengthen the MGDS implementation and evaluation processes, the Government of Malawi divided the five thematic areas into 16 sectors—largely based on sub-themes of the five themes—and established an institutional framework for 16 corresponding Sector Working Groups (SWGs; see Box 2). Guidelines for the institutionalization of SWGs were

prepared in 2008, largely to operationalize the Malawi Development Assistance Strategy prepared in line with the requirements of the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action.

Each SWG draws institutional membership from functionally compatible government ministries and departments, development partners, the private sector and civil society organizations. The process of reviewing MGDS performance against set targets is based on the priority areas and the institutionalized SWGs, and is inherently meant to review the performance of both state and non-state actors. However, since many SWGs were not yet fully operational, assessing the performance of non-state actors was not possible in some cases. Annual MGDS Reviews consolidate the SWG evaluation outcomes and present evaluation findings for each of the six priority area and five thematic areas.

For each MGDS priority and thematic area, the evaluation process focuses on three broad performance indicators: results, budget and development assistance. The results indicator review evaluates implementation performance with respect to achieving core sector and development project outputs, MGDS outcomes and impacts on livelihoods. The budget indicator review evaluates sector performance in terms of national budgetary allocations. In particular, it assesses the extent to which resources were utilized during the review period—actual inputs are associated with registered results. The development assistance (or aid effectiveness) indicator review rates the performance of development partners on the basis of the extent to which the donor's procedures have been harmonized and aligned to government procedures as agreed in select parameters of the Paris Declaration on Aid effectiveness. The development assistance indicator is also reviewed for the degree of aid predictability.

In addition to the MGDS priority and thematic areas, the Annual MGDS Review also evaluates the country's performance against the Millennium Development Goals, in view of their close alignment with the MGDS. This aspect of the Review strongly focuses on outcomes and impacts on livelihoods, as opposed to merely focusing on inputs and outputs.

The Annual MGDS Review provides a framework that enables policymakers to systematically and objectively analyse resource allocations' relevance, effectiveness, efficiency, impact and sustainability—and to then effect necessary changes. Moreover, each Annual Review examines an implementation period with clearly delineated targets on outputs, outcomes and impacts; the final MGDS evaluation will ostensibly be a consolidation of the annual reports. Since 'evaluation' inherently includes aspects of 'monitoring', the Annual MGDS Review can be considered an evaluation process for an ongoing MGDS.

The Annual MGDS Review timeline is based on the government's fiscal year, which runs from July (when the review instruments are developed) to June of the next calendar year. The timeline ends with the production of the review report in January of the following year (see Table 1). This timeline facilitates using the review findings in formulating the subsequent annual national budget, both in terms of the determination of resource mobilization (e.g. commitments by development partners), and budgetary allocations. Data on the implementation of the MGDS at each local level is continually collected and analysed through a monitoring process conducted by monitoring and evaluation officers in consultation with local communities.

organizations. These officers propose, control and account for their vote allocations. In addition to using the evaluations to assess their performance against set targets for received resources, controlling officers use the evaluations to justify their proposed programmes and budgetary allocations for subsequent years. MGDS review process transparency leads to controlling officers taking great care in their choice of programmes to include in the budget; only projects that are closely aligned to the MGDS are included (except in circumstances where this is not generally expected, e.g. national security).

Government of Malawi Ministry of Finance and Development Planning

The Budget Division of the Ministry of Finance ultimately identifies and allocates budgetary resources in close collaboration with the Revenue Division, the Debt and Aid Management Division, the Economic Affairs Division, the Development Planning Division and the budgetary vote controlling officers. Ultimately, the evaluation informs the ministry's value-for-money analysis and helps determine subsequent resource needs and appropriations.

In order to present a systematic and transparent framework for evaluating the performance of the budget against the results-based planning orientation of the MGDS, the Ministry of Finance produces the Output-Based Budget Document as part of the annual budget documentation package. The document outlines each appropriated vote's overall purpose, what outputs were planned and successfully implemented in the preceding fiscal year, how much was spent on such activities against the budget, and what outputs will be delivered against the appropriated resources in the subsequent year. More importantly, the document identifies, for each vote, the portion of the budget that is aligned to the MGDS. The Annual MGDS Reviews are key input in determining the degree to which the previous year's budgets were actually aligned to the MGDS priorities and themes.

Development partners

Development partners contribute significantly to the national resource envelope, and also implement numerous development programmes outside the government's budget. In 2010–2011, development partners funded about 36.5 percent of the national budget of \$2 billion (35.5 percent of GDP). Of this, 21.3 percent was in the form of general budget support provided under the Common Approach to Budget Support (CABS) arrangement between the government and six development partners.²⁰ While the CABS arrangement has its own evaluation framework, other forms of budget support rely directly or indirectly on the Annual MGDS Review. In particular, project support, which accounted for 47.6 percent of development partners' budget support in 2010–2011, largely uses the Annual MGDS Review in addition to project-specific monitoring and evaluation frameworks. The Review also consolidates results from reviews of performance in sectors that receive dedicated donor funding (34.2 percent of total donor funding in 2010–2011), for example, funding through Sector Wide Approach arrangements in Health and Education, grants to HIV and AIDS activities,

21 CABS development partners currently include the African Development Bank, European Commission, Germany, Norway, the United Kingdom and The World Bank.

and grants in support of the government's Farm Input Subsidy Programme. In addition, the reviews provide a key measure of economic governance, crucial for the provision of International Monetary Fund programme loans. While these loans are generally nominal—they constituted less than 1 percent of donor support in 2010–2011—they provide a strong signal for other development partners to provide funding. Thus, the Annual MGDS Review provides an account of how donor funds in projects and dedicated activities were actually utilized and what they accomplished alongside domestic revenues. Development partners use this information as a key input in determining further assistance.

In addition to budget support, off-budget development assistance (donor funding that does not use government financial systems) is quite large in Malawi. The Government of Malawi estimates that development partners will provide total (direct and indirect) project support amounting to \$0.83 billion in 2011–2012. Only 23.7 percent of this will be provided through budget support, while the balance will be provided off-budget. The decision to provide such funding is also guided by sectoral performance as evaluated by the MGDS review process.

Members of parliament

Members of parliament provide checks on the sources and uses of national resources against set objectives. The evaluation provides a transparent tool to conduct such checks. Since the evaluation is conducted by the Executive Branch of Government, which is also responsible for MGDS implementation, members of parliament (i.e. the legislature) use the evaluation to hold the Executive Branch and respective public officers accountable. A comparison of accomplished inputs, outputs, outcomes and impacts against set targets is a key analytical point of the work of the Budget and Finance Committee and the Public Accounts Committee of the Malawi National Assembly. Parliamentary sector committees (e.g. Education, Health, Agriculture, Media and Communication) also have an interest in the evaluation's performance assessment for their sectors, in order to follow up on relevant matters, take appropriate positions in debates and prepare informed committee reports. Additionally, individual members of parliament use the evaluations to validate alleged accomplishments against actual accomplishments to their constituencies.

Civil society organizations

Civil society organizations (CSOs) implement development projects outside the national budget, and are usually funded directly by local and international development partners. The Government of Malawi estimates that non-governmental organizations will administer 13.7 percent of the total that development partners will provide in 2011–2012. Because sector-specific evaluations are designed to cover performance of all SWG member institutions, CSOs have a direct interest in the annual reviews.

The evaluation also assists CSOs in identifying intervention gaps within the MGDS framework and their programming processes. In addition, CSOs operating in the governance sector (e.g. the Malawi Economic Justice Network) use the evaluation to assess trends in the stance of economic governance to help promote an informed electorate. The review is also important to sector-specific advocacy organizations (such as the Malawi Health

Equity Network, the Civil Society Coalition for Quality Basic Education, and the Civil Society Agriculture Network), which closely monitor the performance of relevant sectors in order to advocate for additional public and donor resources, guide sector parliamentary committees on budgetary and related deliberations, and require explanations on variant performance from concerned public officers. The review also informs the technical cost-benefit analyses periodically conducted by the Economics Association of Malawi.

Private sector

The Annual MGDS Review is also used by the private sector, which has a direct interest in a value-for-money analysis of taxation outcomes. The national budget process involves wide consultations with stakeholders and the private sector (usually represented by the Malawi Confederation of Chambers of Commerce and Industry and the Society of Accountants in Malawi), who use the review to formulate views on macroeconomic policies and fiscal policies in particular. Additionally, the evaluation helps the private sector contribute to the national development agenda through corporate social responsibility initiatives.

LIMITATIONS

The MGDS evaluation process has several limitations. First, the MGDS is a very broad-based national strategy, such that almost all areas of public expenditure can be justified on the basis of the MGDS. In such a situation, the divergence of resources from a planned activity to an unplanned activity does not always entail misalignment of resource use from the MGDS. A more focused prioritization process would be more effective in achieving commendable development evaluation results.

Second, the fact that most SWGs are not yet fully operational implies that evaluation focuses primarily on state actors. As such, sectors that are inherently dominated by non-state actors (e.g. governance) can report low scores on the evaluation scale without such scores accurately reflecting sector performance.

Third, because both implementation and evaluation are within the domain of the Executive Branch, some evaluation outcomes can be questioned. The definitions of indicators and the choices of data sets are entirely at the government's discretion, which sometimes leads to questions of objectivity.

Finally, many sectors face critical data limitations. For example, in capacity scans for the 2010 learning events on Managing for Development Results, data limitations emerged as the most important constraint in implementing evaluations. These were evident at district, national and CSO levels.

CONCLUSION

This paper discusses the Annual MGDS Review framework and how it is used as a tool for evidence-based decision-making in Malawi. It is evident from this analysis that controlling officers in the Government of Malawi are greatly influenced by the requirement to account for variations between planned and attained outcomes, and that evaluations greatly influence subsequent resource allocations. It is also clear that these processes facilitate rich legislative

debate and influence programming beyond the boundaries of public office. In sum, the Annual MGDS Review process is a key factor in enhancing economic governance, transparency, resource mobilization and accountability, as well as the design of public policies and programmes. However, the merits of this process could be enhanced through: i) a more focused prioritizing process within the Government of Malawi; ii) full operationalization of Sector Working Groups; iii) the creation of an independent body to assume responsibility for the evaluation function; and iv) improvements in data quality and availability.

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