

22. MALAWI

MONITORING AND EVALUATION OF THE NATIONAL BUDGET IN MALAWI

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INTRODUCTION

Budgets are a vital policy tool that governments use to promote their objectives, from ensuring macroeconomic stability to allocating resources and delivering services. Given the inherently technical nature of budgetary processes, and their core political function of raising and distributing public resources, such processes have often been scrutinized and deemed to be characterized by a lack of transparency and scarce participation by external actors (Ministry of Finance 2009).

The only way to counter this thinking is through budgetary M&E, which provides documented observations of processes and activities of government programmes over a time period. It is a way of ensuring that monies voted for various projects and activities in the budget are actually spent and put into good use.

According to the Public Finance Management Act (2003), the Ministry of Finance is mandated to follow up on budget implementation on both the recurrent and the development budget. Currently, the M&E Section of the Budget Division takes up this responsibility. However, there are other institutions that also conduct budgetary M&E: the Ministry of Economic Planning and Development and the Office of the President and Cabinet.

JUSTIFICATION FOR MONITORING THE GOVERNMENT BUDGET

There are a number of reasons why M&E of the budget is important for the Ministry of Finance and other stakeholders. Such reasons include:

- Government budgets involve public finances, and in a democracy, citizens have the right to know what their money is being spent on and how;
- To determine the government's level of performance in terms of service delivery promised to the people;
- To keep ministries and government departments alert, since they know that they are being assessed by others as they perform their activities;
- To enhance transparency in government and to build public confidence in budget processes; and
- To assist in decision-making within the government.

INSTITUTIONS RESPONSIBLE FOR BUDGETARY M&E

Ministry of Finance

The Ministry of Finance is responsible for monitoring implementation progress of the budget on all its categories (e.g. Personal Emoluments, Other Recurrent Transactions, Development). Wage bill trends are analysed under the Personal Emoluments Budget; where huge variations are found, reviews are made for proper recommendations. The Other Recurrent Transactions Budget is monitored by comparing planned outputs (as indicated in the Output-based Budget Document) to the actual outputs delivered by the ministries. The Development Budget is monitored by visiting project sites (e.g. roads, hospitals), and then reports are written based on the progress made at those project sites. The reports are produced on a quarterly basis and submitted to the Secretary to the Treasury and the Cabinet.

Ministry of Economic Planning and Development

The Ministry of Economic Planning and Development is responsible for evaluating projects and programmes as implemented in the National Budget. The basis for evaluating projects is the Public Sector Investment Programme, which is a basket of projects implemented by the government under the mandate of the ministry (Ministry of Economic Planning and Development 2009). In addition, the ministry leads the process of developing national policy documents, such as the Malawi Growth and Development Strategy. The Growth and Development Strategy is the overarching medium-term strategy for Malawi designed to attain long-term development aspirations. The national budget is based on priorities set out in the Growth and Development Strategy. This is why the Ministry carries out evaluations to assess impact of projects and programmes on livelihoods.

Office of the President and Cabinet

The Office of the President and Cabinet has a Programmes and Project Evaluation Unit that monitors budget implementation by evaluating organizational performance agreements. Organizational performance agreements are signed agreements between controlling

officers of ministries and the Chief Secretary in the Office of the President and Cabinet. In organizational performance agreements, ministries commit to achieving specific outputs in a particular financial year, depending on the levels of resources provided. The assessment tries to ascertain if the agreed-to outputs were achieved.

CHALLENGES IN MONITORING AND EVALUATING THE BUDGET

M&E faces a number of challenges, such as:

Duplication of reports

Ministries submit monitoring reports to a number of institutions (e.g. Office of the President and Cabinet, the Ministry of Finance, Ministry of Economic Planning and Development), which creates duplication and heavy paperwork burdens.

Inadequate capacity to monitor the whole budget

The M&E Section in the Budget Division does not have the required capacity to monitor the entire budget. This is because the section does not have enough officers to simultaneously prepare and monitor the budget.

Resistance of ministries subject to monitoring and evaluation

When M&E is perceived of as auditing, ministries and departments are reluctant to participate in M&E activities. Therefore, there is reluctance to submit budget progress reports, which make it difficult for the M&E Section to follow up on outputs being delivered by ministries.

Lack of an M&E database system

There is lack of an M&E system that coordinates information for all the M&E departments in the government. Reports from ministries are usually hard copies, which can be misplaced easily.

Absence of an M&E unit in some ministries/departments

Not every ministry/department has an M&E unit, which hampers information collection from these departments.

Lack of information sharing

Sharing of information among stakeholders (e.g. Office of the President and Cabinet, the Ministry of Finance, Ministry of Economic Planning and Development) involved in M&E of the budget is a challenge.

Unclear output indicators

Since the M&E Section monitors immediate outputs, the Output-based Budget Document is the only reference material; however, its output indicators are not clearly defined, making M&E difficult and of little value.

Lack of feedback

M&E data must be fed back into the ministries in order to guide the implementation of ongoing activities and to plan for future ones. However, implementing agencies receive little feedback.

SOLUTIONS TO IMPROVE MONITORING AND EVALUATING OF THE BUDGET

The following solutions have been proposed to counter the challenges highlighted above.

Enhance monitoring of Other Recurrent Transaction expenditures

The monitoring of the Other Recurrent Transactions Budget needs to be strengthened. The Other Recurrent Transactions Budget gets more resources than the Development Budget. Strengthening monitoring can be achieved by encouraging ministries to indicate clear outputs to be achieved, which would make it easy to follow up on implementation progress.

Harmonizing M&E templates

The M&E departments in the government should develop a standard template that will gather information necessary for all departments. Concerned parties should collaborate to develop standard M&E templates.

Create an online M&E budget database

An Internet-based system should be created in which ministries input their quarterly budget progress reports for the recurrent and development budgets. The information would be readily available to all stakeholders because the reports would have been standardized.

Improve capacity building

There is need to build capacities of the M&E Section through trainings of officers to equip them with skills to conduct proper M&E of the budget.

Redefine outputs and their indicators

To avert the problem of unclear output indicators, it is imperative that the current budget indicators are clearly defined in collaboration with line ministries and with reference to the Malawi Growth and Development Strategy. Therefore, there is the need to conduct training for implementing agencies in order to improve on the development of outputs at the budget planning stage.

Improve on feedback

For lessons learning, relay the results to relevant stakeholders to redirect the course of implementation.

Conduct public expenditure reviews

Public expenditure reviews are a form of M&E that assists the government to make immediate

decisions in view of longer-term trends and helps bring more rationality to budget monitoring processes. Previously, public expenditure reviews were influenced by development partners such as the World Bank, hence the concentration on sectors where it has more interest. However, M&E departments should be able to initiate public expenditure reviews on their own by looking at the whole budget.

Independence of budget monitoring and evaluation

In Malawi, budget evaluation has some level of independence; there is limited interference in M&E activities. Politically, the President and Cabinet ministers are keen to learn from achievements made in the execution of programmes in the budget. However, there remains the need for the M&E units in the departments to be headed by more senior officers, so as to reduce interference.

There are some departments (e.g. State Residences, Office of the President and Cabinet and the Malawi Defence Force) where less M&E of budget programmes is done relative to other departments. This is mainly due to officers' concern over political pressure. This phenomenon has gone down since 2012, as the Office of the President and Cabinet is also working on the M&E activities.

Credibility of budget monitoring and evaluation

There is a degree of credibility of M&E in Malawi on the budget. However, it is being compromised by lack of expertise on evaluation. There is need for M&E officers to acquire specialized evaluation skills that improve evaluation quality. There is less evaluation being done on the budget, as M&E tends to focus on monitoring. The Public Expenditure Reviews have contributed to the evaluation of the budget, but since most of them are done by consultants, there is no skills-transfer to the officers to carry out evaluations of their own.

Use of budgetary monitoring and evaluation

Government decision makers' use of evaluation is limited. Experience has shown that evaluations on the budget are mainly used by the Ministry of Finance to assist in resource allocation and disbursement. To improve on the use of evaluations, there is a need for proper feedback to the implementing agencies. This could be done by having quarterly or annual budget reviews with the ministries in order to discuss evaluation results and to agree on the necessary actions to be taken.

CONCLUSION

Budgetary M&E in Malawi is vital for accountability and transparency in use of public finances and for guiding implementing agencies on budget execution. However, M&E on the budget faces a number of challenges that need to be addressed in order to yield better results. In regard to independence, credibility and use of evaluations, there is still a long way to go to attain the required targets as recommended by the the United Nations Development Programme.

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