

## Monitoring policy outputs: Budget Monitoring in Malawi

By Max Lawson

### *Stage one: Identifying indicators*

Groups from Malawi Civil Society worked closely with the Parliamentary Budget and Finance (BAF) committee around the identification of key Priority Poverty Expenditures (PPEs) in the 2001-2002 budget. Civil Society networks in Health, Education and Agriculture submitted short reports to the committee outlining what they felt should be the three key budget priorities in their sector. This led to 12 PPEs being identified; these included expenditures such as teacher training, or salaries for frontline health workers. These were also underlined by the 'PRSP-Findings to Date' document which outlined the main findings of the PRSP consultations up to that point and also highlighted these 12 priority areas for poverty reduction.

In addition to the content of the 12 expenditures, clear recommendations were made about the process of their identification and reporting. The committee together with Civil Society lobbied for these 12 expenditures to be:

- **clearly outlined in the budget** in the form of a 'virtual fund'<sup>1</sup>;
- **ring-fenced** or protected with a commitment not to make cuts or move funds to other expenditures without first asking parliament;
- and lastly that **regular monthly reports** on expenditure for each of the 12 is made available publicly within 30 days of the end of each month.

In the end success was partial; the Ministry of Finance agreed to produce expenditure figures on each of the 12 expenditures during the year, but the budget failed to give clear output targets for the majority. In addition the 12 PPE's did not get the high profile in the budget that was being pressed for, and also critically there was no commitment to protect them from cuts during the financial year.

### *Stage two: Organising to monitor and carrying out the survey*

Having participated in the identification of these Priority Poverty Expenditures, it was a natural progression for Civil Society to monitor these expenditures. This was the first time anything like this had been done in Malawi, so there was a lot of debate and progress was very much by trial and error. Firstly, having focused on the 12 PPEs, a process of further selection had to be undertaken. The key networks only

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<sup>1</sup> The idea of a 'virtual fund' is based on the experience in Uganda with the Poverty Action Fund (PAF). Unlike other initiatives like the many social funds in various countries, a virtual fund does not involve separate accounts or accounting. It is part of the mainstream budget, but is specifically delineated. For example in Uganda all expenditure on primary education is in the PAF. It includes money from Government revenue, debt relief and donor funds. As a PAF expenditure it is also protected and cannot be cut without Parliamentary approval.

focused on Health, Education and Agriculture, so the number of PPEs monitored was cut down to 9<sup>2</sup>.

It was then decided to monitor at six monthly intervals. The idea here was that it would then be possible to give real time feedback on whether these expenditures were being made during the same financial year to enable the situation to be addressed during that same period. In the event the results took a lot longer to analyse and write up, meaning the findings for the first six months were only available at the end of the financial year just prior to the next budget. However, they still had a valuable and timely impact on the formulation of the new 2002-2003 budget.

A division of labour was drawn up between the Budget and Finance Committee and Civil Society; it was agreed that the committee would focus on the high level expenditure inputs, looking at: whether revenue targets had been met, including receipts from debt relief; whether the money had left the Ministry of Finance to the relevant line ministry; and whether the resources had been received by the Ministry and allocated to the correct cost centres.

Civil Society would then undertake to monitor the actual outputs. They would go to the field to see whether the extra resources were resulting in increased or improved outputs. The hypothesis here was very simple; many of the key Priority Poverty Expenditures had experienced massive increases due to debt relief. The budget for drugs for example had increased 203% on the previous year's allocation. Given the assumption that it is essential drugs in rural clinics that will have the biggest impact on poverty, the Malawi Health Equity Network (MHEN) undertook to visit a sample of rural clinics. Their hypothesis was that if the money was being spent correctly rural clinics should have experienced a massive increase in the amount of drugs they had received during the first six months of the financial year.

Survey tools were developed and tested, which often led to a number of revisions. One positive finding was that information at the lowest level, although far from perfect, was a lot better than expected. For example the majority of primary schools kept good records of deliveries of Teaching and Learning Materials they had received. However, other expenditures proved far more difficult to quantify and derive information on. For example, developing survey tools for monitoring agricultural extension was particularly difficult. Wherever possible, official proxies were used to minimise subsequent attempts to undermine the findings. For example, the Ministry of Health had a list of official 'vital drugs' that was used in the survey of clinics. Similarly the Ministry of Education official definition of Teaching and Learning Materials was used.

Samples were then drawn up for each sector. The samples reflected both the need to be as representative as possible whilst at the same time recognising the constraints under which Civil Society members of the networks were operating. To

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<sup>2</sup> In addition expenditure of Rural Roads was dropped as the majority expenditure on this is between March and June during the dry season, so to monitor it during the first six months (July to December) was not worth it.

give an example, in education it was decided to survey 6 districts, with 3 in the South, 2 in the centre and 1 in the north which reflected the distribution of population. The choice of these districts was the made by focusing on where network members were already working or could reach easily. Lastly however, the primary schools to be surveyed in each district were selected randomly. The result was a reasonably robust sample that also reflected the practicalities of a survey carried out voluntarily with minimal resources available.

For example, in education, 7 member organisations of the Civil Society Coalition for Quality Basic Education (CSCQBE) visited 51 randomly chosen primary schools in 6 districts. Further research was also carried out at a national level on the issue of teacher training. Organisations involved included the Church, the Teachers Union and NGOs specialising in education. Similarly in agriculture seven organisations were involved in surveying 12 Extension Planning Areas (EPAs) across the country, and in health x organisations visited 36 clinics, of which 35 were rural and one urban.

The data was all collected in January 2002, at the end of the first half of the financial year (July 2001- December 2001). Originally the Ministry of Finance was approached to write a letter granting permission to Civil Society to carry out the survey. However, despite many assurances to the contrary and even one member of the MoF publicly stating support at a World Bank meeting in Washington, no permission letter was ever given. Instead a letter was taken written by the Parliamentary Budget and Finance Committee expressing their support that meant information could still be collected in the majority of cases

*Stage three: The Findings of the survey*

A large amount of information was generated by the surveys. Headline findings were as follows:

Health	<ul style="list-style-type: none"> <li>• Vital drugs are not available, and there has been no major increase. Government spending also much lower than budget commitments. On average clinics did not have 50% of the vital drugs on the list. These include drugs for Cholera and Malaria.</li> </ul>
	<ul style="list-style-type: none"> <li>• 644 nursing students are currently enrolled and Government targets for training are being met. Spare capacity still exists though, and 2,800 more nurses are needed for example.</li> </ul>
	<ul style="list-style-type: none"> <li>• Findings showed substantial salary increases across the board. Salaries remain too low however, and also the increases were not included in the budget.</li> </ul>
Education	<ul style="list-style-type: none"> <li>• Only 3200 teachers trained using this year's budget, 46% lower than budget target. At current rate 2002 target of 70% of teachers being trained will not be met until 2020.</li> </ul>

	<ul style="list-style-type: none"> <li>• Despite 221% increase in budget, 41% of schools did not receive any deliveries of Teaching and Learning Materials during the survey period.</li> </ul>
	<ul style="list-style-type: none"> <li>• Average 68% increase in teacher salaries welcome, but lowest grades still paid painfully little (app. \$45 a month). Also increases not included in budget.</li> </ul>
Agriculture	<ul style="list-style-type: none"> <li>• On average 79 villages per surveyed area were unstaffed; translates to 14,310 villages country-wide</li> </ul>
	<ul style="list-style-type: none"> <li>• Need to recruit 1250 more extension staff countrywide. Also need increased transport allowances and training.</li> </ul>
	<ul style="list-style-type: none"> <li>• Original budget increase for extension revised down from 70% in budget to 8% in reality.</li> </ul>

In addition to these sector specific findings, general conclusions were also made by the Malawi Economic Justice Network based on all three surveys. The major one of these was that the amount budgeted for was very different to that spent in all cases. The resources for extension and drugs promised in the budget were cut enormously during the year, and the resources allocated to salary increases had not appeared in the budget at all. This underlined the fact that the budget rarely reflects what actually happens. It also underlined the importance of protected expenditures, in that the major increases in the budget did not actually happen. This reflected the balance of payments crisis of the Government during the year and as such the fact that these resources were simply spent elsewhere. The simple lesson is that without protection laudable budget commitments remain fictional.

A second lesson was on salaries. The major increases were both overdue and welcome, but were not budgeted for. This arguably reflects the cat and mouse game played between Government and donors. Government has no incentive to clearly show expenditures in the budget that donors will not support or agree with, and often the budget set is unrealistic as a result leading to considerable off-budget expenditure during the year.

These findings were unfortunately not well complemented by work at the higher level to see why it was the resources did not reach the grass roots. This was largely due to capacity constraints faced by the Budget and Finance Committee and also a lot of difficulty in accessing accurate figures. The Ministry of Finance figures for each PPE varied enormously during the year, and did not inspire confidence. It was possible to get some idea of how much budgets had been cut however, and this information was included in the findings. However, this again underlined the vital importance of timely and accurate information being made available if resources are to be monitored from all the way from revenue collection through central government and down to the grass roots.

As such, the following general recommendations were made for the new budget:

1. Budget should include quantifiable outputs for each PPE
2. PPEs should be protected, with Parliamentary approval required for any budget changes.

### 3. Government must produce transparent and timely expenditure figures<sup>3</sup>.

#### *Releasing the findings: maximising impact*

It was agreed that the findings should be first shared with the Government to allow them to respond, before they were made public. This meant they could explain their side of the story, and also that they were not taken by surprise when the findings were made public. However, due to resource and time constraints not all ministries were contacted and not all of those contacted replied. Some did however, and there was for example a response from education that was incorporated in the final report.

Following this period of sharing results with the Government, they were then released to the media and also presented to key donors.

Originally the idea was to have a phased media strategy. Rather than go ahead and release all the findings at once, it was agreed to do one week on Health, one on Agriculture and so on. The idea was to maximise the coverage of the findings. In the event however, this did not prove possible, as the findings took much longer to analyse and finalise than anticipated and it was agreed that it was better to publicise them all at once in time for the budget. As such a press conference was held to which Government and donors were invited. PowerPoint presentations of the results were developed for each network. In addition the Malawi Economic Justice Network gave summary introductions and drew general conclusions and recommendations to feed into the budget. One-side sheets detailing the key findings in bulleted lists were also prepared and distributed.

The press conference was held four days before the budget speech that helped to draw attention to the findings, and also to put pressure on the government to protect key expenditures in the new budget. Coverage was good but could have been better, and if carefully timed a much better campaign could have been built around the findings.

#### *Lessons learned*

- **For relatively little cost, Civil Society can monitor the budget on a nationwide basis and produce credible figures that can have a major impact.**
- **Focus focus focus!** Collective agreement on indicators from the outset is essential; the need to focus on a few key expenditures.
- **Work with Parliament.** Working with Parliamentary Committees offers both critical credibility and increased access to information
- **Use Government figures where possible.** Using Government figures and definitions is essential to maintain credibility.

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<sup>3</sup> Specifically Civil Society asked for a. monthly publication of disbursement reports, not less than 30 days after the end of that of that month and b. quarterly expenditure reports for each PPE down to the lowest cost centre level. These should be produced not less than two months after the end of the quarter.

- **Government is likely to be unhelpful.** Although not always true, and certainly particular individuals can be very supportive, it remains in the interests of the Government to avoid scrutiny wherever possible.
- **Develop informal contacts.** Informal contact within Ministries and donors proved invaluable for generating information. Donors in particular often have staff working in Ministries who have very good information.
- **Allow enough time for analysis.** Analysis of the data collectively by groups who are doing it voluntarily in their spare time takes at least three months. Targeted technical assistance can help at this stage, but maintaining ownership is vital.
- **Share findings with Government in time for them to respond.** This is important to assist in minimising mistrust and ensuring that the impact is as constructive as possible.
- **Try and emphasise positive findings wherever possible and be constructive.** In the Malawi example salary increases were very welcome for example, and Government was congratulated on these.
- **Allow time for a structured media strategy.** The more coverage findings get the better, and the way they are released is crucial. Involving the media from an earlier stage would have increased their interest, and taking them to the field or to visit a clinic for example would be a good idea in future.

#### *Implications for monitoring of PRSPs*

The Malawi experience was carried out in advance of the full Malawi PRSP being prepared. It demonstrates how budget monitoring can be carried out in the absence of a PRSP, but equally at the same time it has valuable lessons for Civil Society involvement in PRSP monitoring:

- The only way a PRSP will be implemented is if it is translated into the budget.
- There is a need for Civil Society to focus on a number of key public actions in the PRSP and follow them through.
- Resources allocated in a budget are themselves no guarantee of implementation.

In addition the existence of PRSPs also has a bearing on budget monitoring:

- PRSPs have in many countries got Civil Society involved in the process of policy formulation to varying degrees. Although experience is very varied, this has meant that a) in many cases a relationship has been built with Government and donors around policy debates, b) Civil Society Organisations usually only involved in service provision have got involved in policy work for the first time and c) there is an enthusiasm to see these policies implemented, and as such a new found interest in monitoring on the part of Civil Society.
- Furthermore, a number of PRSPs explicitly delineate a role for Civil Society in monitoring PRSPs and in a number of countries Civil Society is being involved in drawing up monitoring mechanisms with

Government and donors. This is valuable as the more official the role of Civil Society the harder it is for Government to prevent monitoring going ahead.

- A number of PRSPs have made some attempt to prioritise and cost poverty expenditures and to develop indicators. Although very poorly done in most cases, they could provide a good starting point in deciding what specific expenditures to monitor.