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Mapping Malawi's budget decision-making for rural WASH service delivery

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TRANSFORMATION TOWARDS SUSTAINABLE
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Mapping Malawi's budget decision-making for rural WASH service delivery

J. Wahba, S. Byrns & C. Madryga

PAPER 3024

The stalled decentralisation of Malawi's rural water sector has left local government with demands that far outweigh its available resources. Through a unique advocacy strategy, WASH Catalysts conducted research to gain insight into the people, procedures and interactions that determine rural water sector funding decisions. This paper highlights the strategy deployed by our advocacy campaign to overcome challenges in decentralisation by mapping information and budget flows among a wide distribution of decision-makers and ministries. Our findings suggest that the promotion of direct support for operation and maintenance of water points in Malawi will require bridging disconnect between key ministries involved in decision-making. Ultimately, clarifying the role of each relevant stakeholder is the first step in holding them accountable to providing effective and sustainable rural water sector budgets.

Introduction

While decentralisation has been the Government of Malawi's (GoM) pervasive policy since 1998, in the WASH sector this process has resulted in a discrepancy between the transfer of administrative duties and the financial support necessary to fulfil them, a function typically required in the practice of decentralisation (Grindle, 2007). Furthermore, the separation of sector ministries and the ministry responsible for decentralisation has perpetuated ambiguity about roles and decision-making power between them.

The crippling effects of this stalled decentralisation are exemplified in Malawi's WASH sector. Despite tremendous gains in water coverage statistics, rural water point functionality is estimated to be as low as 60% (Moyo, 2016). District Water Development Offices (DWDOs) are not adequately financed to meet the service delivery needs of their districts, preventing them from performing arguably their most crucial function: providing direct support for operation, maintenance, and monitoring of water points. This ultimately results in a waste of donor resources and limited and intermittent access to safe water for rural Malawians. Underrepresentation of local government at the Ministry level limits information regarding the service delivery context and creates a barrier for evidence-based and responsive budget decision-making. Through action research, WASH Catalysts set out to demand more responsive budgets by actively involving stakeholder groups in the mapping process.

Background

For the past three years, WASH Catalysts has lobbied for increased direct public financing for Operations and Maintenance (O&M) of rural water points in Malawi. The only recurrent and discretionary source of funding that DWDOs receive is named the Other Recurrent Transactions (ORT) budget. The official purpose of this budget line is to keep offices running through payments of regular bills such as utilities, stationery, etc. However, in practice, since there are no other regular budgets allocated to DWDOs, they must also use this budget to provide services such as water point monitoring or technical support to Hand Pump Mechanics. A national budget analysis revealed that currently government spending for direct support of O&M is at \$ 0.01 per capita (WES Network, 2016). Through an innovative simulation (Wahba, 2017), it was determined that a minimum increase to \$ 0.03 per capita would enable DWDOs to reach their entire district with three¹ critical activities (WES Network, 2016).

Our approach

Coupling our history of partnership with various ministries and our intimate knowledge of the sector's governance challenges, we adopted a unique advocacy methodology: supporting ministries to overcome technical challenges to budget devolution, with a focus on improving coordination. We recognized that we could not make demands of the sector without simultaneously addressing the coordination and communication breakdowns within the technical arm of government. Our project endeavoured to support ministries to navigate through bureaucracy and promote evidence-based decision-making, which could have a considerable impact on service delivery.

Research is the primary aspect of our advocacy strategy described in this paper. Specifically, we employed a mix of action research, and case study methodologies to paint a picture of budget governance in the rural water sector in Malawi. Action research is commonly used in social science research to inspire change; it is characterized by research participation where 'practitioners are the crucial people in the research process' (Denscombe, 2010). For our project, we mapped out the sector through the active participation of the key stakeholders that comprised the map itself. The research is narrow in scope and location, allowing us to fully delve into the case of Malawi's rural water sector.

Extensive consultation with DWDOs and conversations with the Ministry of Agriculture, Irrigation and Water Development (MAIWD) during the initial budget review process revealed knowledge gaps within the Ministry regarding budgetary processes and decision-making. Key information is not available from any single person or resource. As such, we focused on gathering pieces of information via interviews with various government officials. The process relied on continual triangulation and validation of new information, either by another government official in that department or ministry or by an external department. Unfortunately, various stakeholder groups held contradictory or minimal information regarding processes for initiating budgetary reforms.

This lack of consensus underscored the importance of creating multi-stakeholder discussion spaces. We formed a steering committee for our project, comprised of participants from relevant ministries and a handful of relevant development partners. It was a forum for discussion and debate where representatives that espoused contradictory ideas in individual conversations, worked collectively to understand the reality of budget decisions. Bringing the ministries into the same room was a very important step in gaining an understanding of the system both for our team but also for the ministry officials involved. Furthermore, these meetings gave participants an opportunity to discuss their roles, and determine the appropriate protocol for addressing coordination challenges as they arose; engaging participation from practitioners is a major characteristic of the action research approach (Denscombe, 2010).

Findings

Our inquiry highlighted that key budgeting decisions take place at multiple levels of government and across several ministries. Table 1 provides a description of the many government stakeholders that are implicated in funding decisions for Malawi's rural water sector. Descriptions highlighted in the table can be defined as both institutionalised and subjective information that emerged from the research. Since there are no regular channels for funding to change according to need in the current budget system, the table outlines opportunities for each stakeholder to lobby for a change from the Ministry of Finance.

The rural water sector governance system contains two major pathways for communication from DWDOs to ministry-level officials: budget development and service delivery information flows. Without service delivery performance information, or evidence of funding as a barrier to performance, budget decisions by the MoF cannot be responsive to service delivery needs. Box 1 outlines the two major pathways, one for data monitoring and one for budget allocations. From the perspective of the DWDO, service delivery information and budget information travel to different sets of decision-makers, respectively. The implication of the separation of these two flows through different ministries suggests that information regarding operational challenges is not readily available to inform budgetary allocations.

Table 1. Relevant Ministries, Departments and Agencies (MDAs) and their roles pertaining to rural water sector financing

MDA	Key positions and departments	Role
Ministry of Agriculture, Irrigation and Water Development (MAIWD)	Minister and Principal Secretary Planning Department Department of Water Supply Regional Irrigation and Water Development Offices	<p>MAIWD is the core Ministry responsible for water development, and shares responsibility with the Ministry of Health on sanitation and hygiene issues. The Water Development section is much smaller in human and financial resources than the Agriculture section. The Department of Planning is key in developing sector wide changes such as the process of decentralization, development of the Water SWAp, and national level projects. It is up to the discretion of the department whether to include or involve DWDOs throughout any of the planning described above. In practice, DWDOs have rarely been consulted nor does their work appear as the focus of national level water development plans.</p> <p>To lobby for any strategic changes that require approval or support from the political arm of government, such as budget decisions, directors meet and decide what matters they will either bring to the attention of the Principal Secretary or the Minister, who may lobby on their behalf.</p>
Ministry of Local Government and Rural Development (MLGRD)	Department of Decentralisation	<p>MLGRD is the decentralisation policyholder. It is responsible for supporting sector ministries to reform their systems in line with decentralisation and support district government to adopt the functions that have been devolved to them effectively.</p> <p>Without strong leadership from the sector Ministry, or formal direction from the Office of the President and Cabinet, MLGRD has struggled to push the decentralisation agenda. To make budget reform decisions MLGRD is at the bequest of District Commissioners (DCs). If enough DC's were able to understand and prioritise the need for funding to change for DWDOs they would be able to communicate that change to MLGRD, who would then lobby for an increased budget either through Cabinet or from the MoF.</p>
National Local Government Financing Committee (NLGFC)	Planning Department Monitoring and Evaluation Department	<p>NLGFC falls under the direction of MLGRD and acts as the treasury for local government. NLGFC receives global budget ceilings from MoF for each local council for each sector. It is NLGFC's responsibility to prepare budgets and allocate those ceilings to the various districts. This is mainly an administrative task.</p> <p>The MoF consults NLGFC on strategic issues pertaining to every sector at local council level. Similarly to MLGRD, NLGFC waits to hear on the direction of DC's to understand what sectors will require funding changes. They are invited to consultative meetings by the MoF and are able to cite specific funding challenges as strategic issues.</p>
Ministry of Finance (MoF)	Budget Planning Department	<p>The MoF receives direction from the Office of the President and Cabinet. Using historical allocations, and country strategy documents, this ministry determines the national budget, as well as the sector budget ceilings for local councils. It is important to note that the even though NLGFC allocates funds to local councils, the process of setting ceilings for local councils and for each individual sector at local council level is still the responsibility of the MoF.</p>

		To make budget changes, the MoF consults with sector ministries and expects to receive strategic guidance from them about both national level and local council level budgets. Among several stakeholders, there is confusion as to whether or not the sector ministry is able to provide strategic direction regarding local council budgets or whether that is the responsibility of either the MLGRD or NLGFC.
District Council	District Commissioner (DC) Director of Planning and Development (DPD)	The DC is considered the controlling officer ² for each district council. In theory, the DC is responsible for making decisions regarding resource allocations, and strategic shifts for all sectors at local council level. MLGRD is meant to understand the priorities of DC's and lobby the MoF or the Cabinet in line with those priorities. At local council level, the DWDO is under the direction of the DPD who is under the direct authority of the DC. Even at local council level, DWDOs are a level removed from decision-making since their interests are supposed to be represented by the DPD in almost all decision-making forums.
District Water Development Office (DWDO)	District Water Development Officer Extension Workers	The DWDO is the main permanent institution in the water sector whose mandate is to provide direct support for O&M. They are dramatically underfunded and are only able to reach a fraction of their district with rural water services. At the MAIWD, DWDOs are rarely invited to provide input on sector processes or guidelines. Meetings at central level rarely include discussion regarding the work of DWDOs. And as cited above, this representation gap is also manifested at local council level (see DC).
Politicians	Sector Ministers Members of Parliament (MPs) Councillors	Sector Ministers are able to lobby for budget changes at Cabinet level, MPs are able to make budget changes in parliament, and both MPs and Councillors can determine how local council development budgets are used at local council level. Unfortunately, politicians in Malawi tend to have a limited understanding of the water sector's issues. They typically support the development of visible infrastructure gains in the water sector and are unlikely to advocate for budget changes to DWDOs ³ .

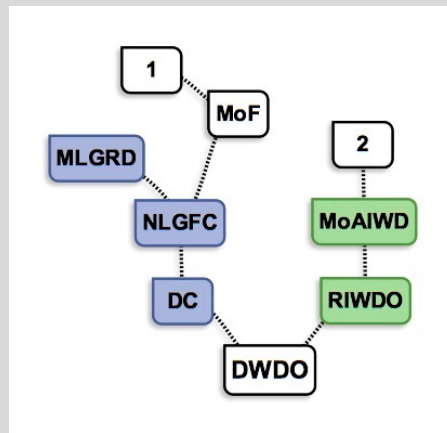
Lessons learned

Findings from the process outlined above have supported the development of a clearer picture of the WASH sector budget decisions in Malawi. However, the picture developed is stilted due to the nature of sector processes and a lack of coordination that results in broken feedback loops. In attempting to piece together the process for influencing or adjusting the sector's budget based on need or impact on service delivery, a major realisation emerged – there is no single process that is followed. District council budgets in Malawi are not responsive or flexible to the service delivery needs of the water sector because the process for that to occur has not yet been fully developed or implemented. Nevertheless, mapping the budget decision-making process and influencers has enabled us to understand opportunities that could address coordination challenges amongst key decision-makers. There are a few lessons to keep in mind when mapping budget decision-makers in a similarly decentralized environment:

- **Engage practitioners as researchers:** We were able to engage representatives from key stakeholder groups in this study as our partners in research. All stakeholders have slightly varying perspectives of the system that must be taken together to understand what actions would have most impact for change. The impact of involving key stakeholders in the research process was that decision-makers' understanding of the budgeting process evolved through their research. This meant that we did not need to convince stakeholders of their own roles and responsibilities, they were able to come to an understanding through the process.

Box 1. Information and budget flows

In mapping Malawi’s rural water governance system, we tracked two major flows – information and budget allocation. Tracking these flows enabled us to understand where there are breakdowns in communication, or where feedback loops are interrupted. From the perspective of the DWDO there are two separate management flows. The first is through the district commissioner, which is connected to several different MDAs. These MDAs include the MLGRD, the NLGFC and the MoF (see flow 1 below in blue). The second is through the sector ministry MAIWD, which is ultimately still connected to the MoF, but only for issues pertaining to the Ministry’s central level budget (see flow 2 in green).



Source: WASH Catalysts

#1 Budget flows

The MoF delivers budget ceilings for each sector at local council level to NLGFC. NLGFC allocate these ceilings to each district council based largely on historical allocations. DWDOs then develop budgets based on the ceilings they receive and submit them to the DC who then submits them back to NLGFC. NLGFC then reviews the budgets to ensure they match their guidelines and to compare them with the MoF’s revised ceilings, which take into consideration changes in the fiscal space according to domestic revenues. Finally, DWDOs are allocated funds. They are supposed to receive it monthly through the local council. However, due to cash flow issues, their funding is often late and up to 44% less than what was budgeted (WES Network, 2017). At no point during this process aside from early ceiling deliberations is the overall resource envelope for DWDOs reconsidered based on service delivery needs.

#2 Information flows

DWDOs report regularly to the MAIWD on only two indicators, the number of water points maintained, and the number of volunteer water point committees monitored. Reports are made directly to the Ministry through Regional Irrigation and Water Development Offices (RIWDOs), which are essentially regional extensions of the Ministry. The MAIWD is also responsible for developing guidelines and standards that DWDOs follow and enforce.

- **Focus on mapping practice over theory:** Originally, we endeavored to understand how the MAIWD was working toward decentralization. We hoped to support budget devolution as a small step in a larger and more resourced process of decentralization. There was a previously developed decentralization plan that was agreed upon by all the necessary stakeholders, which took us nearly 2 years to find. Once we read it, we realized that none of the components dealt with budget devolution, and it was clear that in reality the decentralization agenda was stalled. When we let go of our desire to follow documentation, our research became more flexible and mapping budget decisions became our focus – enabling us to establish a more accurate and nuanced understanding of the system.

- Bridge disconnections and support coordination of various **decision-makers**: We know that there is a coordination issue among technical government Ministries. There are no clear processes for various ministries to discuss local government budgets and possible changes to those budgets. The system requires that a stakeholder facilitate information flow amongst them and bring people to the same discussion since power is distributed among them. By bringing together various stakeholders, real progress can be made to bridge the governance gaps and ensure important decisions are not being overlooked due to underrepresentation of local government at the Ministry level.

Conclusion

The stalled nature of decentralization in Malawi's water sector has made leadership gaps obvious, which has ultimately had a negative impact on service delivery. Mapping budget decision-making enabled us to identify the coordination breakdowns in this multi-stakeholder and convoluted system. Although the MoF is central to budget devolution, sector ministries must share accurate information regarding funding as a barrier to service delivery with the MoF. In order to do that, sector ministries and other stakeholders must understand their role in lobbying for budgetary changes at the district level. It is therefore imperative for the views of local government to be represented at Ministry level to address some of the key challenges of decentralization. Armed with a much clearer map, we are on our way to finding clear and actionable resolutions that can lead to more responsive and sustainable sector financing for effective service delivery.

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Notes

¹ Among the top three priority activities most DWDOs selected are the following: providing support for area mechanics, Collecting data for water point functionality and coverage, providing support for Water User Associations (WUAs), and carrying out complex repairs in response to breakdowns.

² The controlling officer is the top management and authority of any MDA. Typically, the term is used in reference to the Minister or the Principal Secretary.

³ Our understanding of how MPs have typically engaged with the water sector was established through interactions with politicians at our lobbying meetings and through interviews with DWDOs.

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