

Supporting domestic accountability in the context of budget support

Findings from a stock-taking exercise on German development cooperation in Malawi

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1. Introduction

“Domestic accountability” has become a new buzzword in the international debate on development. Whilst the concept of accountability is not new, it has attracted rising interest in the context of the debate on governance.

This tendency is reflected in a growing number of reports and studies that deal with accountability mechanisms in developing countries. Moreover, the fact that donors have been providing an increasing share of ODA in the form of budget support has triggered a controversial debate on how aid impacts on domestic accountability.

Whilst it has been argued that budget support and other programme-based approaches create new opportunities for strengthening domestic accountability systems by placing heavy emphasis on transparent budget processes, public finance management reform and accounting for results, there are also certain risks (Hudson and GOVNET Secretariat 2009).

Pointing to empirical evidence, critics posit that the strong focus on policy dialogue with government and the use of country-systems can reinforce government control over development policies and funding at the expense of civil society actors. They also point to the risk that in countries with weak administrative capacities, the strict requirements for financial reporting and performance reviews associated with some programme based approaches, such as budget support, result in governments focusing on accountability to donors rather than accountability to their own citizens.

This briefing note aims to contribute to the debate on aid and domestic accountability. It summarises key findings of a case study on German support to domestic accountability in Malawi. Conducted in the context of a larger assignment that was co-funded by the German Federal Ministry for Economic Cooperation and Development, the Malawi case study mapped and analysed how different actors of German development

cooperation intended to strengthening domestic accountability in the country. This included an analysis of the state of art of domestic accountability in Malawi, key lines of intervention of different German development organisations as their role in wider efforts of the donor community to help strengthening accountability systems in Malawi.

The following findings are based on an extensive review of literature dealing with governance and accountability in Malawi as well as 14 interviews with representatives of German development cooperation and other donors and their agencies.

Research for this case study on Malawi was mainly conducted between September and November 2010. The findings thus give a snapshot of the country context and German development cooperation in autumn 2010. At the time of interviewing and writing, GTZ, InWEnt and DED had not yet been merged into GIZ. The case study thus uses the old acronyms.

Since then, there have been some new political developments, which have affected donor's approaches in support of domestic accountability and willingness to grant budget support. They have been taken account of in this note.

2. The political context and the aid environment in Malawi

Malawi is a young democracy. Following independence from Britain in 1964, the country was ruled for 30 years by the Malawi Congress Party of Dr. Hastings Banda. In the beginning of the 1990s, the population showed increasing discontent with the authoritarian regime and the government organized a referendum which paved the way for a peaceful transition to democracy.

The first democratic elections were held in May 1994 under a provisional constitution, which came into effect the following year. According to this constitution, Malawi is a multi-party democracy with a presidential system. Human rights, civil liberties and the rule of law are guaranteed.

The 1995 Constitution contains a number of references to good governance and accountability and foresees an elaborate system of checks and balances, including a provision that explicitly refers to the need to "guarantee accountability, transparency, personal integrity and financial probity".¹ At the same time, illiteracy rates affect the degree of political awareness, especially in rural areas and political culture is still marked by the experience of the Banda regime and strong allegiance to traditional authorities, especially in rural areas. This makes Malawi an interesting case for a stock-taking exercise on support to domestic accountability.

Since 1994 four rounds of presidential and parliamentary elections have been held. The first two elections were won by the United Democratic Party (UDF), whose candidate, Bakili Muluzi, served two consecutive terms. His attempts to change the constitution and serve a third mandate at the end of his second term were answered by protests. Demonstrations were organized by civil society, and the attempt to change the constitution was successfully rebuked by the Parliament (Cammack and Kelsall 2010, p. 31).

His successor, Dr. Bingu Wa Mutharika, won the presidential election on a UDF ticket in 2004, later he founded his own party, the Democratic Progressive Party (DPP), and led a minority government from then onwards. Until the elections of 2009, in which President Mutharika booked a landslide victory, the relationship between Parliament and the government remained very tense and major reform processes were blocked by the opposition (Doepp 2010, p. 5, interviews).

Malawi's economy depends strongly on the agricultural sector, which contributed 36% of the GDP in 2009 and provides 80% of exports (World Bank Development Indicator Database 2010). Over 85% of the population are subsistence farmers. Due the lack of diversification in agriculture and the economy and the strong dependence on the agricultural sector, the country's economy is very vulnerable to external shocks

¹ See Constitution of the Republic of Malawi, Chapter III, article 13 o.

and weather conditions. Since 2002, Malawi has repeatedly faced severe food shortages and famine due to droughts and floods.

After President Mutharika came to power, the management of public finances, and economic prospects in general, improved substantially. A record growth rate of 9.7% was achieved in 2008, against the background of good harvests for cash crops and positive developments in telecommunications and in the financial and manufacturing sector (Deutsche Botschaft Lilongwe 2009, p. 2). Growth is expected to be lower in 2010/2011, but still above 6% (Reuters Africa 2011). However, high rates of population growth and population density, the HIV endemic, a relatively weak infrastructure, strong dependence on the agricultural sector, a severe shortage of qualified human resources and energy constraints limit the prospects for economic growth and development in the country.

Poverty remains pervasive in Malawi, especially in rural areas. In 2010, the country was ranked 153 out of 179 countries in the Human Development Index. This low ranking reflected the low life expectancy of 54.6 years and a GDP per capita income of USD 902 in PPP (UNDP 2010). Reducing poverty and improving access to basic services were key electoral promises of President Mutharika, and, according to the 2008 MDG Report, the percentage of Malawians living in poverty fell from 52% in 2004 to 40% in 2008 (CABS Development Partners 2011, p. 7). The fact that around 11% of the population aged 15 to 49 years in the country have the HIV virus bears heavily on life expectancy, on Malawi society and on the country's human resources (UNAIDS 2009).

Much of Malawi's debt has been amortised under the HIPC initiative and ODA accounted for 35% national revenues and grants in 2009/2010 (CABS Development Partners 2010, p. 9). Assistance was provided through different aid modalities: General budget support accounting for 30% of ODA, sector support (budget support and basket funding) for 15% and project support using Government accounting and auditing system for 7% of ODA in the fiscal year 2009/2010 (Biggs et al. 2011, p. 60). In line with international commitments and in order to broaden its own revenue base, the government has initiated new tax measures to raise domestic revenue in the 2010/2011 budget. Nevertheless the country will remain highly aid-dependent (CABS Development Partners 2010, p. 12 and 29).

Malawi has been receiving budget support since 2000 (Claussen, J. et al. 2006: 1). Since then, and in particular following the Paris Declaration, the government and donors have increasingly invested in aid harmonisation, alignment and programme-based approaches.

In 2010, six donors provided general budget support, following a Common Approach to Budget Support (CABS): the World Bank, the EU, the African Development Bank, Germany, DFID and Norway. The World Bank, UNDP and Irish Aid participate in the CABS group as observers. A first Joint Framework for the provision of general budget support to Malawi was signed in 2005 (Krause 2007, p. 3). Budget support amounted to 11% of total revenues and grants in fiscal year 2009/10 (CABS Development Partners 2010, p. 10). For 2010/2011, this figure was projected to decline to 7% by the government (CABS Development Partners 2010, p. 10), not taking account of the recent developments (see below).

Other current programme-based approaches that were mentioned in available documents and interviews were a Health SWAP, a pooled fund for combatting HIV/AIDs, plans of the EU, DFID and Irish Aid to provide basket funding for the support of civil society organisations and plans for a SWAp in the field of agriculture.

The Government of Malawi has been keen to increase the proportion of aid delivered in the form of budget support. Moreover, with a view toward developing new sector-wide programming and pooled funding arrangements, efforts have been made to improve leadership and capacity within other key sectors, such as education, water and irrigation, and agriculture (Embassy of Ireland 2010, p. 10). However, over the last year CABS donors have become increasingly hesitant to provide general budget support and decided to temporarily halt this aid modality. CABS donors explained this decision by pointing to Malawi's failure to meet specific agreements made in the memorandum of understanding or the performance assessment framework that had been jointly agreed with the Malawian Government (see below).

3. Perceptions on domestic accountability in Malawi

3.1. The analytical framework

Domestic accountability is a somewhat elusive concept. Building on the research findings of GOVNET, the study started from the assumption that domestic accountability usually emerges through the interaction of a variety of state and non-state actors who draw on specific principles, incentives and agreements incorporated in legal frameworks and administrative procedures or traditions (Hudson and GOVNET Secretariat 2009, p. 37).

Accordingly, the study attempted to analyse how the different actors and instruments were used to promote the emergence of domestic accountability systems around important policy processes in partner countries, rather than supporting individual drivers of accountability.

For the purposes of analysis, we distinguish two dimensions or lines of accountability:

- **Horizontal or intra-state accountability**, which refers to the inner system of checks and balances between state institutions and the capacities of these institutions to assume oversight, control or audit functions that render the actions of the state more accountable and transparent.
- **Vertical accountability**, which refers to the answerability of the state to its citizens as well as mechanisms that are used by citizens and non-state actors to hold institutions of the state accountable.

In line with this analytical rationale, apart from government agencies, the following actors were considered potential **drivers of domestic accountability** in Malawi, in the sense that they are important pillars of the state's system of checks and balances or play an important role in ensuring that the government and the administration are answerable to the citizens in a democracy: Parliament the judiciary, supreme audit institution, civil society organisations, political parties, ombudsmen, media, local governments and their associations (in a decentralised political system). The study also looked at how the **informal aspects of governance** affected domestic accountability.

Recent research corroborates that domestic accountability is mainly a result of the political engagement and interaction of domestic actors (DAC 2010; Eberlei 2001; Morazán and Koch 2010). However, **external actors**, such as donors or other global actors, such as international regional organisations, international watchdog or advocacy organisations, multinationals or international agreements can impact (positively or negatively) on domestic accountability. Consequently, the specific role of these external influences was also considered in the analysis.

Moreover, in line with recent research findings, the analytical framework for this study started from the assumption that domestic accountability usually emerges through the interaction of a variety of state and non-state actors who draw on specific principles, incentives and agreements incorporated in legal frameworks and administrative procedures or traditions. Accordingly, we also analysed how different actors of German development cooperation and some other donors aimed to support “domestic accountability systems”, including appropriate legal frameworks, procedures and institutional mechanisms, and not only assistance targeted at individual institutions.

3.2. Domestic accountability systems and their drivers

The analysis of perceptions on domestic accountability and political developments in Malawi showed a mixed picture.

Horizontal accountability

The Malawi Constitution of 1995 guarantees the separation of powers and a relatively comprehensive system of checks and balances, including a number of case-handling institutions (see below). So far, the system of inter-branch checks and balances has operated relatively effectively (Doepp 2010, p. 4). There

are, however, strong imbalances between the executive, legislature and judiciary branches, and with the dominant role of DPP and the above mentioned recent political developments, interviewees expressed concerns that the situation may be at a turning point.

Malawi's presidential system is presently characterised by a strong role of the acting head of state. The **executive** in general has been described as playing a rather dominant role and the strong position of the president as being further accentuated by the existing political culture and informal practices of governance (Cammack et al. 2007, pp. 13, and interviews). Moreover, while the country's administration suffers from substantial human resource constraints, central government institutions still attract the most qualified staff and play a pivotal role in the allocation of public resources to other institutions.

The **National Assembly** has powers to approve the national budget, to oversee key public appointments and government expenditures, and to pass laws. However, it has always been a relatively weak institution (Republic of Malawi - European Community 2007, p. 3). In previous years, key constraints on the national legislature were the low frequency of sessions and committee meetings (which are subject to funding made available by the executive), the lack of a parliamentary administration and research service, the inexperience of MPs and the absence of an own building (Krause 2007, p. 25, Republic of Malawi - European Community, p. 3). During President Mutharika's first term of office, the National Assembly was controlled by the opposition. The latter made extensive use of their powers to block government initiatives and to put a check on the executive – with the side effect of paralysing parliamentary business and important reform processes (interviews).

Since 2009, the situation has changed. Committees have met more frequently and the National Assembly moved into a new building in May 2010 that was financed by the Chinese government (Nyasa Times 2010c). However, improved working conditions and the strong majority of the DPP have apparently not resulted in Parliament becoming a stronger driver of accountability. The Catholic Commission of Justice has accused Parliament of becoming a "rubber stamp and figurehead" (Maravi Post 2010). According to the findings of this study, parliamentary committees are presently not as aggressive as they were during the 2004-09 period, and do not pick for debate issues of public concern that go against the government. The report also criticizes the alarming speed with which even unpopular bills are passed and links this to the fact that most parliamentary committees are headed by members of the DDP (Malawi News 2010). In interviews, several donor representatives argued that this was too general a statement. They highlighted that the Public Account Committee, which is headed by a member of the DDP, played a very positive role during discussions of the 2009/2010 budget, and has organized a number of hearings on audits that allowed for discussion on the use of public resources (interviews).

The powers of Malawi's Supreme Audit Institution, the **National Audit Office (NAO)**, are outlined in the 1995 Constitution and in the Public Audit Act of 2003. The NAO is mandated to audit all accounts of government ministries, departments, statutory offices, agencies, and treasury funds, including donor-funded development projects and programmes. The Auditor General is appointed by the President for a five-year term, and the appointment must be approved by Parliament's Public Appointment Committee.

The fact that the NAO has to negotiate its budget with the Ministry of Finance, poses challenges to the independence of the institution. Moreover, in 2008, the NAO still faced huge capacity constraints: of the 450 auditor posts foreseen, only 200 were filled, and the post of Auditor General was vacant between 2006 and 2008 (KfW, 2010, annex 5, p. 29). These capacity constraints and insufficient linkages with the press, civil society and institutions such as the Anti-Corruption Bureau have limited the effectiveness of the NAO (KfW 2010, annex 5; Rakner and Wan 2005, p. 10-15).

Since the appointment of a new Auditor General in 2008, progress has been made. The backlog of audit reports has been overcome and in 2009 the NAO presented a new strategic plan, which foresees the strengthening of communication and collaboration with other potential drivers of accountability (press, Parliament, and the Anti-Corruption Bureau). However, the 2010/2011 budget provisions by the government were assessed to be insufficient by CABS donors to ensure a smooth implementation of the strategic plan (CABS Development Partners 2010, p. 28).

Noteworthy in Malawi's system of checks and balances is the **comprehensive body of independent case-handling institutions** that were established by the Constitution of 1995. They were set up with a mandate to safeguard important constitutional principles and handle complaints made against public officials or agencies. These institutions include, amongst others, the Anti-Corruption Bureau (ACB), the

Malawian Human Rights Commission (MHRC) and the Office of the Ombudsman (OMB). From interviews and a search of the literature it can be concluded that these three bodies have played a most visible role as drivers of accountability. However, they also face challenges, such as a lack of funding, capacity constraints and political interference. Moreover, their effectiveness crucially depends on an independent judiciary and relationships with other drivers of accountability, such as Parliament, civil society and the press (interviews, CABS Development Partners 2010, p. 6 and 28).

The **judiciary** has distinguished itself for relative competence and independent decision-making. For instance, in 2006, the High Court (sitting as the Constitutional Court) ruled that the Speaker of Parliament could declare vacant the seats of parliamentarians who crossed the floor, thus upholding section 65 of the Constitution (Doepp 2010, p. 11). However, the judiciary is often used for resolving political conflicts and suffers from an inadequate number of magistrates, judges and specialists (e.g. on corruption). This means that cases are often delayed and sanctions are not implemented.

Vertical accountability

Human rights are constitutionally guaranteed in Malawi and so are fundamental political freedoms, such as freedom of expression and the right of assembly – important preconditions for vertical accountability – have been guaranteed in the 1995 Constitution. It also provides for universal suffrage and multi-party democracy.

Political awareness by **citizens** has risen since the 1990s, but is still much more pronounced in urban than in rural areas (Republic of Malawi - European Community 2007, p. 11). According to interviews, the rural population, and women in particular tend to have little knowledge and information on the institutions of the modern state and their civil rights. Demand for accountability from the grassroots was therefore perceived to be rather weak (interviews). Civic education has played and continues to play a central role in sensitizing people to their political rights and issues relating to democracy and development. Both public institutions and civil society (including the press) have promoted civic education with a view toward increasing people's awareness and their participation in public matters, including elections. Such efforts have received support from the donor community, e.g. the European Commission and actors of German development cooperation, who have granted support to the National Initiative for Civic Education (NICE), which has assisted more than a hundred organisations engaged in raising political awareness and furthering education (Republic of Malawi - European Community, Annex 5).

A 2006 Afrobarometer study, which analysed citizens' expectations with regard to the responsiveness and accountability of elected leaders in Malawi, concluded that most Malawians know their MPs and are aware that they can hold their elected officials accountable by exercising their right to vote (Afrobarometer - Institute for Social Research 2006). At the same time, the study showed that Malawians' relationships to their elected representatives are still strongly marked by "the big man syndrome" or the politics of patronage. Most interlocutors consulted for this case study were rather sceptical regarding the accountability relationship between citizens and their MPs. One interlocutor mentioned that a recent study conducted by her agency had shown that only 4% of Malawians had a clear idea of the roles of MPs (interviews).

Political parties were not perceived to play a strong role as drivers of vertical accountability. It was argued that parties did not have programmes on which their performance can be judged, and that they were largely centred on their leaders, who use them as an instrument to mobilise support before elections. Internal accountability and transparency, e. g. on the use of funds, were described as low (interviews).

Civil society organisations have gained strength and become more vibrant since the transition to democracy. Malawian civil society is rather diverse, ranging from faith-based organisations, women's groups, farmer organizations, business associations to human rights and advocacy organisations. Many CSOs address a cross-section of thematic issues and are active in both delivery of services and advocacy. There are also a number of specialized organisations and networks that focus on influencing and scrutinizing policy processes. These include organization such as the Civil Society Agriculture Network, the Malawi Economic Justice Network (MEJN), the Civil Society Coalition for Quality Basic Education, the

Public Affairs Committee (an interdenominational organisation), the Malawi Parliamentary Commission² and CoGOMA, a national platform of CSOs. Some CSOs effectively use radio for convening live debates on upcoming legislation or issues discussed in Parliament. These debates are popular and have triggered responses from government officials. Moreover, an increasing number of CSOs have engaged in monitoring government budgets and expenditures to influence the allocation and spending of public funds in favor of their members or marginalized groups (interviews).

Whilst most interlocutors saw CSOs as (potential) drivers of vertical accountability, they also pointed to capacity constraints, the lack of financial means and insufficient coordination amongst these organisations.

Another important driver of accountability that were mentioned in interviews are **business networks** that have committed to fight corruption. They appear to be well-organised and are seen to hold government accountable on issues such as the rule of law and anti-corruption (Meinhardt 2009, p. 2; interviews).

The **media** have enjoyed considerable freedom in Malawi over the last decade. There are a variety of print media, independent newspapers and radio stations which have played an increasingly important role in recent years (Doepp 2010, p. 7). In the past, journalists have been able to report relatively freely on government policy, on cases of corruption, misuse of public office and on human rights violations. Interviewees described journalistic standards as relatively low, but the media, in particular the private press and radio stations, were acknowledged to have played important and forceful roles as drivers of domestic accountability in Malawi. However, in 2011, media has come increasingly under pressure by government.

Several interviewees expressed concern about what they saw as recent tendencies to limit the space some drivers of vertical accountability. They pointed to the approval and application of a new media law, that according to critics gives the government the power to prevent media from reporting on events and to close down newspapers or radio stations. In July 2011, this law had already been used to ban three private radio stations from reporting on demonstrations. An appeal that had been filed against the law was still pending at the time of writing. The recurrent postponing of municipal elections and the recent approval of the so-called "injunction bill" were also quoted as potentially harmful for vertical accountability (Nyasa Times 2011a, The Nation 2011).

On the whole, it seems that there are presently different tendencies in play. On the one hand, civil society organisations and the press have been able to operate relatively freely and to increasingly engage in policy dialogue with the government and donors, stimulate public debates and create awareness on key policy processes and issues. These efforts have received support from the donor community, enabling these actors to increase their scrutiny of policy making and implementation, convene public debates and inform their constituencies and the public on key policy issues. On the other hand, the potential drivers of vertical accountability, like the independent press and non-governmental watchdog organisations, suffer from multiple capacity constraints. They are often poorly relayed with constituencies at the local level and with accountability institutions of the state, and are facing new obstacles to their scrutiny of state institutions. Many interlocutors pointed to the important role, **local councils** could potentially play as drivers of horizontal and vertical accountability.

Following local elections in 2000, 40 local governments known formerly known as the "assemblies" were established, i.e. 28 district assemblies, eight town assemblies, the municipality of Zomba and three municipal councils in Blantyre, Lilongwe and Mzuzu. The deliberative bodies of these local governments were composed of elected councillors. In addition to these elected councillors, there were also a number of ex officio members without voting rights, namely MPs, traditional chiefs and five representatives of civil society organisations that are selected by the elected members.

According to their mandate, local governments should play an important role in the delivery of services, in local economic development, in the promotion of democracy and as intermediaries between the local population and the central government. In order to ensure a certain degree of financial autonomy, they have also been vested with the power to levy taxes and raise their own revenue.

² The Malawi Parliamentary Coalition on International Financial Institutions, seeks to restore the critical role of parliaments in providing the necessary checks and balances in promoting just and accountable governance and by playing an oversight role in policy and development assistance agreements between government and donors.

In 2005 the mandate of the elected assemblies ran out. Consequently, local government and their national representative body, the Malawi Local Government Association, that continue to exist as hybrid administrative structures, were not perceived to play a significant role as drivers of vertical accountability or horizontal accountability (interviews).

In 2010, a number of changes were introduced to the Local Government Act. For example, MPs received voting rights, and town assemblies were integrated into the district councils. Thus, local government now comprises 4 cities, 2 municipalities and 28 districts, which in principle could have elected councils, if municipal elections were organised. The GoM also announced plans to conduct local elections, but then postponed them again to 2014, i.e they are currently scheduled to take place together with the presidential and parliamentary elections. Some press echoes to these changes were rather critical (Kalua 2011 and comments, Daily Times 2011).

3.3. Informal aspects of governance and the role of traditional authorities

According to a recent study on domestic accountability in Malawi commissioned by GTZ, “informality is a defining element of Malawi’s public sector” (Krause 2007, p. 4). Other studies illustrate that strong informal relations, based on tribal loyalties, family relations or patron-and-client systems, and historical experiences can compete with formal accountability systems (Meinhardt 2009, Cammack and Kelsall 2010, Chisinga 2006, Commonwealth Secretariat 2011).

Traditional authorities play an important role in Malawian politics (Chisinga 2006; Meinhardt 2009, Cammack et al. 2006, Irish Aid s.a.). In rural areas in particular, traditional authorities are still very influential. According to the country’s 1967 Chiefs Act they are champions for local development, should be impartial and serve as examples of integrity and probity above politics. The 1995 Constitution and the Local Government Act of 1998 made the chiefs *ex officio* members of the local assemblies. Today, their role includes tasks in planning, conflict mediation, child protection, crime prevention etc. (Irish Aid s. a., p. 10). Whilst chiefs could play a role as drivers of accountability, it seems that many of them fall short of this role. Their poor material circumstances and lack of administrative resources, has apparently made them easy bait for politicians (Chisinga 2006, p. 1, Nyasa Times 2010f). Both press articles and interviewees reported increasing tendencies by the government to co-opt chiefs (Nyasa Times 2010f). Accordingly, most interlocutors expressed doubts that chiefs could be seen as drivers of domestic accountability, but emphasized that much depended on personal values and attitudes and one should therefore not generalize.

3.4. The role of external actors

Malawi is highly dependent on aid. **External actors**, such as donors and multi-lateral (aid) organisations were perceived to play an important role in stimulating or obstructing demand for domestic accountability.

Assessments on the role that donors did and could play in supporting domestic accountability systems differed. All interlocutors expressed the view that, unlike for instance China or Arabic donors, Western donors played an important role in supporting the emergence of a culture of domestic accountability by engaging in policy dialogue on governance issues and supporting the independent press or Malawian NGOs in their efforts to scrutinize government policy. For instance, many of the recent efforts to strengthen accountability around the budget process or the national poverty reduction strategy were appreciated by the Government and administration and had therefore contributed to relatively good progress. Calls on the government to hold local election or to refrain from restricting selected human rights and liberties in the context of policy dialogue on budget support were seen as more controversial.

Regarding the effect of international compacts and agreements, Malawi had signalled interest in becoming a candidate to the Extractive Industries Transparency Initiative. The participation of Malawian institutions and their staff in international professional bodies and networks, such as the African Association of English-speaking Supreme Audit Institutions or the Collaborative Africa Budget Reform Initiative, were also seen as conducive to strengthening standards of financial accountability and budget transparency (interviews). According to the Government, Malawi’s ratification of international agreements such as the Charter of Human and People’s Rights and the Africa Public Service Charter form the basis for the Government’s

present efforts to strengthen accountability systems around the provision of services (Government of Malawi, Danish Institute for Human Rights 2009, p. 3).

3.5. Important policy processes for the emergence of formal accountability systems

The following political processes and recent public debates were considered particularly important and relevant for the emergence of domestic accountability by our interlocutors:

- **The Malawi Growth and Development Strategy (MDGS):** As the overarching policy framework, the MDGS spells out the governments' policy on poverty reduction and development for the years 2006-2011. The document acknowledges the need to achieve the Millennium Development Goals and puts the emphasis on poverty reduction through sustainable economic growth and the development of infrastructure. Since 2010, the strategy identifies nine priority areas. "Improved governance" is one of the five underlying themes of the strategy (Government of Malawi, Ministry of Finance 2007). In principle, policy dialogue around the MDGS is organised into 16 thematic working groups, but so far only some of them are operational. The joint reviews on the MDGS form the main forum for policy dialogue between government, CSOs and donors on poverty reduction and development priorities for the country (interviews, KfW 2010, part A, p. 12). These reviews are based on a joint performance assessment framework (PAF). Most of the targets of the 2010 PAF on governance are very relevant for strengthening domestic accountability systems. They refer for instance to general and local government elections to be deemed free and credible by local civil society and international observers, the performance of the Anti-Corruption Bureau and progress with implementing the National Anti-Corruption Strategy. (AfDB et al. 2010).
- **The Malawi Development Assistance Strategy (DAS 2006-2011):** This strategy complements the MDGS, aims to improve the effectiveness of development cooperation through implementing the principles of the Paris Declaration and establishes structures for political dialogue at various levels, with a view to improve the coordination of development policy. In this document, the Government of Malawi states its clear preference for budget support and highlights its commitment to the accountability of decision-making and policy dialogue (Government of Malawi, Ministry of Finance 2007).
- **Budget processes and public financial management reform:** All interviewees held the view that strengthening accountability systems around the budget process at both national and decentralised levels, maintaining aid-related dialogue on budget support and the public financial management reform process were crucial for the emergence of domestic accountability in Malawi. Moreover, the MDGS identifies the budget as a key instrument for implementing the millennium development goals (Government of Malawi, Ministry of Finance, p. iv). For a number of years, the Ministry of Finance holds pre-budget consultations with various stakeholders with a view to raise transparency and participation in the budget process. Recommendations from these consultations have been incorporated in the budget. Moreover, activities of the Ministry of Finance's Public Relation Office, an initiative by the MEJN to survey 15 districts, in order to compose a "citizens' budget" and efforts of the media to explain the process, have contributed to a better understanding of budget matters by citizens (CABS Development Partners 2010, p. 29, and interviews). Moreover, the government has been implementing a public financial management reform programme since 2004 and is presently implementing a new Public Financial and Economic Management Action Plan for the years 2010-2012. However, technical capacities remain weak, and in interviews it was noted that the culture of informality often stands in the way of reform.
- **The National Anti-Corruption Strategy:** Corruption is a serious problem in Malawi. The Corruption Perception Index 2010 ranked the country at 85 out of 175 countries examined, thus much better than neighbouring Zambia, ranked (101) or Mozambique (116) (Transparency International 2010). After his landslide victory in the 2009 elections, President Mutharika reconfirmed his commitment to combating corruption by launching a new national Anti-Corruption Strategy. This strategy includes a plan to establish Institutional Integrity Committees in all ministries, departments and parastatals (African Development Bank et al. 2010, p. 29). Their role is to coordinate anti-corruption efforts within institutions and to liaise with external bodies, such as ACB or businesses in the fight against corruption.

- **The National Decentralisation Policy:** The National Decentralisation Policy of 1998 cites the promotion of “accountability and good governance” as one of four central objectives of the reforms. Moreover, decentralisation has been presented as a reform process that would provide new chances for political participation through elections and for the participation of citizens in the formulation of development plans at the district level (Government of Malawi 1998, p. 3). In the years following the local elections of 2000, substantial progress was made in implementing the decentralisation policy. However, the local elections due to take place in 2005 were repeatedly postponed (now scheduled for 2014) and (the elected bodies of) the assemblies dissolved. With the democratic element of devolution on hold, the promise of improving the downward accountability of local authorities³ to citizens could materialise only partially (Cammack et al. 2007, p. 28; Boysen 2009, p. 6).

In addition to these policy processes, interviewees mentioned that the following other debates and processes had or have the potential to strengthen domestic accountability:

First, the **debate on the usefulness of Malawi’s seed and fertiliser programme**, which revolved around the government’s \$185-million seed and fertiliser programme. The programme was initially seen as successful, then questioned due to corruption allegations and experts pointing to the risk of crowding out of other vital expenditures that were widely covered by the press (interviews, Nyasa Times 2010b, Nyasa Times 2010e). Since then, the Ministry of Agriculture and Food Security has worked out specific modalities to ensure that ensure timely allocation of subsidies without irregularities (CABS Development Partners 2010, p. 17).

Second, the debates on the acquisition of a **jet plane** and **travels** of the president. In 2009, President Mutharika bought a jet plane. This expenditure was neither foreseen in the budget nor had it been approved by Parliament. The purchase of this plane sparked a public debate on the use of public resources and reactions from the donor community, e.g. DFID reduced their aid by 3 million pounds). The Government argued that acquiring the plane was in the long run cheaper than chartering one every time the Head of State needed to travel (interviews).

Third, the **National Public Service Charter Programme**, which was launched in 2010. The programme is strongly supported by President Mutharika who made improving access to and the quality of public services one of the key electoral promises for his second term. The main purpose of public service charters is to translate constitutional and legal obligations into realistic minimum standards for the delivery of public services, and to make these known to all parties involved (e.g. service providers, users, supervisory authorities). Malawi’s public service charter programme takes a holistic approach to setting these standards, i.e. it aims to strengthen planning, budgeting and monitoring procedures and build complaint mechanisms and interfaces for dialogue between citizens and service providers around the charters (Danish Institute for Human Rights Malawi 2010).

4. German support for strengthening domestic accountability systems

German *bilateral development cooperation* is concentrated in three sectors in Malawi: Primary education, health and democratic decentralisation. In addition to assistance granted in these focal sectors, Germany provides general budget support⁴ and macro-economic advice to the Ministry of Economic Planning and Development and to the Ministry of Finance. Furthermore, some drivers of domestic accountability, such as the NAO receive institutional assistance.

So far, German development cooperation contributes to four PBAs: a programme-based approach to general budget support, a PBA in support of the National Monitoring and Evaluation Systems and contributions to SWAp in the fields of health and education. Other programme-based approaches, e.g. in

³ In view of the dissolution of the elected councils, district assemblies and municipalities are strictly speaking no longer “local governments”. However, the term continues to be used in literature and official sources. In order to avoid confusion, the following chapters will also stick to the term “local governments”.

⁴ The German Budget Support contribution has, however, been put on hold in March 2011 because of concerns regarding the observance of press freedom and compliance with international human rights agreements.

the focal sector of decentralisation were being negotiated at the time when the interviews for this study were conducted. In this context it should also be noted that German development cooperation (a GTZ programme) has helped the GoM to develop government-wide guidelines with a view to simplifying the often lengthy process of negotiation of sector wide approaches (GTZ s. a., p. 2).

Whilst all the five German bilateral development organizations (GTZ, DED, InWEnt, GTZ/CIM and KfW) were active in Malawi and had inscribed their interventions in joint programmes, the German Political Foundations were less present. Only Konrad-Adenauer-Stiftung had an office in Malawi, which was run by a local expert. Friedrich Naumann Foundation had supported selected activities from its South Africa Office. Web-research and interviews did not yield any information on programmes or activities of German NGOs that could be classified as support to domestic accountability systems. Oxfam Germany mentioned that their British and Malawian colleagues had been conducting a study on budget support in Malawi, which would probably also yield insights on the effect of this aid modality on domestic accountability (interview).

Table 1 Focal sectors of German development cooperation and Programme-oriented Joint Financing in Malawi (2011)

FOCAL SECTORS <i>(in bold those selected for the purpose of this study)</i>	Joint programme-oriented financing by Germany (JPOF)	
	GBS ¹	JPOF in focal sectors (selected) and other areas
1. Primary education	Since 2009/10	<u>Health</u> : Basket funding
2. Democratic Decentralisation		<u>Decentralisation</u> : Basket funding for Local Development Fund (planned)
3. Health		<u>Public financial management</u> : Basket funding for SAI (in preparation)

¹GBS: general budget support

Source: BMZ 2009 and interviews.

Germany has only started recently to provide budget support to the Government of Malawi, i.e. the first disbursement was made in the fiscal year 2009/2010. Like the other CABS donors this assistance is provided with the explicit objective of contributing to the implementation of the Malawi Growth and Development Strategy (2006-2011).

German budget support follows the general objectives stated in the CABS joint framework. These include, amongst others, the objective to promote effective public financial management, and to improve domestic accountability vis à vis citizens by strengthening civil society and Parliament and the improvement of the M&E system. Policy dialogue takes place within the joint review mechanisms and revolves around the joint performance assessment framework (which corresponds to a memorandum of understanding). German budget support is managed by KfW, whose representative supports the Head of Cooperation of the German Embassy to Malawi in the preparation of the joint reviews.

4.1. Strengthening domestic accountability systems as a theme in country-specific strategy papers

Bilateral aid negotiations between German and Malawi are held every two years. The report of the 2009 negotiations clearly indicates that (domestic) accountability is given a high priority by the German Government in its cooperation with Malawi. The opening statement of the German Government that was made by the key negotiator of BMZ encourages the partner government to involve potential drivers of accountability, such as the Parliament, civil society and opposition partners in policy dialogue processes on development and to strengthen internal and external control mechanisms with a view to enhance (domestic) accountability in the context of shift towards programme-based approaches (BMZ 2009, p. 25).

Whilst BMZ's country strategy paper for Malawi and some of the sector strategies referred to the need to strengthen domestic accountability mechanisms, they provided rather limited guidance on how to achieve this objective. Apart from the strategy paper on decentralisation, none of the strategy papers proposed a vision on how to strengthen domestic accountability systems. As noted in interviews, these strategy papers were only produced every three to five years and did not necessarily reflect the state of art of thinking on domestic accountability. For instance, BMZ's country strategy paper dated from 2007 and thus did not yet take account of the German Government's commitment to the principles of Accra Agenda for Action and the recommendations for operationalizing these principles that have been formulated subsequent guidelines and position papers.⁵ More recent analytical documents and reports, such as the socio-political analysis, governance assessments and annual reports generally contain a lot of information that could help formulate the next country strategy paper in a way that gives the objective of strengthening domestic accountability more prominence in line with the evolving practice of German development cooperation in Malawi.

4.2. Support for domestic accountability systems around selected policy processes and issues

The analysis of programme documents and interviews showed clearly that strengthening domestic accountability systems was an important concern for German policymakers and practitioners. Judging by the information received in interviews, most representatives of bilateral co-operation had reflected on the different accountability challenges in their daily work and the ways in which they and donors in general could contribute to strengthening domestic accountability.

Assistance in the focal sectors of decentralisation and health, and to the MDGS, budget processes and public financial management reform were seen as the most relevant for this analysis.

Support to domestic accountability systems around the MDGS

According to KfW, the objective of strengthening domestic accountability around the MDGS process lies at the heart of budget support (interviews, KfW 2010, Teil A, p. 12). In interviews it was mentioned that the German Embassy, supported by the KfW Country Director has contributed to policy dialogue on accountability with the Malawian government. For instance, together with Norway, they proposed that parliamentarians and representatives of CSOs should be invited to public reviews on budget support and get the chance to contribute actively to the discussion. Accordingly, CSOs and Parliament have increasingly used the CABS dialogue to hold the government to account (interviews).

It should be noted that German support for domestic accountability systems around the national poverty reduction strategy started well before the country became a donor to budget support and is not limited to policy dialogue. GTZ's programme of macro-economic advice to the Ministry of Development Planning and Cooperation and the Ministry of Finance, for example, has been in operation since 2004, and has assisted the process of formulating the MDGS. By helping the government formulate poverty reduction and growth objectives, the programme contributed to establishing transparent national development goals for which the government could be held to account. The programme has also invested in research on the question of how to strengthen domestic accountability by integrating the poverty reduction strategy and the budget (Krause 2007). Today, the programme advises the Ministry for Planning on how to monitor and assess implementation. The objective of these services is to help the ministries monitor key social indicators and to facilitate the compliance of budget implementation with the national objectives of reducing poverty. Accordingly, technical cooperation aims to build national capacities for generating information on the impact of its policy and for reporting on progress to Parliament and to other potential drivers of domestic accountability (interview). The practice case in Box 1 illustrates this approach. GTZ's assistance to the M&E system of MDGS forms part of the programme-based approach, the "Joint Programme Support for

⁵ See, for instance, BMZ. 2009a. Promoting resilient states and constructive state society relations – legitimacy, transparency and accountability. BMZ Spezial 168. Bonn: Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung; BMZ 2009b. Operationsplan zur Umsetzung der Pariser Erklärung 2005 und des Accra Aktionsplans 2008 zur Steigerung der Wirksamkeit von Entwicklungszusammenarbeit (mimeo).

Strengthening the National Monitoring and Evaluation System of Malawi“ that is jointly implemented in a coalition of the UNDP, the EU, DFID, Norway, USAID, and AfDB.⁶

Finally, KFW's support for the National Audit Office can also be seen as contributing to assist the Malawi Government's efforts to improve transparency and domestic accountability around poverty oriented budgeting and reporting (BMZ 2009, p. 5, interviews). This line of intervention is described in the following section.

Support to domestic accountability systems around budget and public financial management reform processes

Most German interviewees agreed that the decision to grant budget support had increased the urgency for investing in **domestic accountability systems around the budget process** and also increased the need to reflect on appropriate lines of interventions.

Germany (in cooperation with the other CABS donors) has made use of the opportunities provided by the joint reviews and bilateral aid negotiations to discuss issues of budget transparency and accountability and in its own fora for policy dialogue (BMZ 2009, African Development Bank et al. 2010). Issues that have been raised in the joint reviews with the CABS group included, for instance, the need to overcome the capacity constraints of the NAO, the backlog of audit reports, a request for a review of the government's travel expenses or progress on the implementation of the Governance and Corruption Survey (AfDB et al. 2010).

In addition to contributing to policy dialogue, German bilateral cooperation has also provided assistance for strengthening the capacities of specific drivers of accountability and their collaboration around the budget process. The practice case in Box 1 illustrates some aspects of GTZ's programme of macro-economic advice to the Ministry of Development Planning and Cooperation and the Ministry of Finance. As a GTZ advisor highlighted, many of the measures described in Box 1 that may seem rather technical, are crucial for strengthening reporting and for creating an information base for other drivers of accountability and policy dialogue (interview).

Box 1: Practice case - Advisory Services to the Ministries of Economy and Finance

GTZ provides a number of advisory services around the budget process. It provides macro-economic assistance to the Malawian Ministry of Economic Planning and Development and the Ministry of Finance in support of implementing their national development strategy. Two GTZ experts are based in the Ministry of Economic Planning and Development, and there is one in the Ministry of Finance.

Strengthening domestic accountability is a key component of this approach. The programme has existed in its current form since 2008. A number of German interviewees classified this project as one of the most important contributions to strengthening domestic accountability in Malawi.

According to GTZ's principal macro-economic advisor, the project addresses weaknesses of domestic accountability around the budget process and thus complements other German efforts to increase budget transparency and make budget support more effective.

The programme has various components. The following lines of intervention were considered to illustrate best how the project intends to contribute to strengthening domestic accountability around the budget and PRSP process and linkages between these two processes:

Strengthening monitoring and reporting on the MDGS

In the past, the programme assisted the Ministry of Planning in developing a Monitoring and Evaluation Master Plan for the MDGS. Today, the programme advises the Ministry of Finance and the Ministry of Planning on how to implement this plan, for instance, by assisting them with drafting their report on the implementation of the national development strategy. A concrete result of this assistance is the timely preparation of the annual report on the MDGS. Furthermore, implementation results clearly featured in the documents that Parliament received in preparation for its debates on the budget. Since September 2010, data relating to the implementation of the MDGS have been posted online by the National Statistics Office. This allows the interested public and drivers of accountability to compare government data with information from other sources and contributes to increasing the transparency of government action in the field of poverty reduction (interviews).

⁶ Cf. GTZ 2009. Draft PBA Studie, Common approach to budget support Malawi, p. 3.

Building capacities of drivers of accountability and accountability systems around the budget process

The project supports the Ministry of Finance in all steps of the budget process except for external auditing. For instance, GTZ advises the Ministry of Finance on how to improve the quality and reliability of their internal audits, while KfW prepares a substantial support to the external audit institutions.

GTZ has also accompanied the introduction of an electronic national accounting system. Often, national accountants have not been able to deliver the documents needed by the Court of Auditors. This was and still is one of the main impediments to a smooth auditing process. According to GTZ's macro-economic advisor, use of the electronic system has increased by 50-70% in the past years and reporting has improved notably in terms of quality and timeliness (interview).

Furthermore, assistance has also been provided to help the Finance Ministry to develop a result-oriented presentation of the budget, which is more readable and easier to understand. As pointed out by the principle macro-economic adviser, this can facilitate a more informed and thorough discussion of the budget in Parliament and the media.

After the 2009 elections, the project organised training for the new members of the Public Accounts Committee. The training focused on explaining to participants how budgets are drafted and negotiated. This is one example of how GTZ attempts to strengthen relations between the Public Accounts Committee and the Ministry of Finance.

GTZ's principle macro-economic advisor highlighted the following lessons learned with regard to strengthening domestic accountability systems:

- 1) The experiences of the project show that better and more transparent reporting on the implementation of the MDGS and the budget does not automatically lead to more lively discussion of these in Parliament or the media. Building a culture of accountability takes time and requires more comprehensive efforts (e.g. training for journalists on budget literacy and measures to sensitize parliamentarians on their role and responsibilities in the budget process).
- 2) Mutual trust is key. GTZ has been able to introduce the above-mentioned technical innovations and to stimulate greater budget transparency because its advisors have the trust of the ministries and the CABS group. This view was confirmed in interviews with partners and other donors.
- 3) There is a need for a PBA on macro-economic reform that aligns donor approaches with government policy. This requires an investment in coordinating donor's reform priorities.

Moreover, at the time the research was conducted, KfW was planning to contribute to a programme-based approach in support of the National Audit Office together with Norway, DFID and USAID. This PBA would provide funding for the NAO to implement its strategic plan (BMZ 2009, p. 5, interviews).

Strengthening good financial governance has also been an important objective of InWEnt's support for capacity building for oversight and control institutions at the national level. In the context of the programme "Budget Management in Sub-Sahara Africa", InWEnt has been offering capacity building support to various drivers of accountability around the budget process, such as members of the relevant parliamentary committees, the NAO, the Finance Ministry and sector Ministries. This support has mainly taken the form of involvement in regional dialogue events and training courses.

In addition to these lines of interventions around the national budget processes, GTZ, DED, InWEnt and KfW also promote the emergence of domestic accountability systems around budget processes at the decentralised level (see below).

Whilst most interlocutors agreed that the dialogue around budget support has allowed CABS donors to engage in a joint dialogue on domestic accountability systems around the budget process, there were also critical voices. One external observer raised doubts about the effectiveness of "donor-driven efforts to install democratic control and accountability". Other interlocutors wondered, if the way in which CABS donors had openly demanded the respect of human rights for sexual minorities, had not proven counter-productive in terms of strengthening domestic policy dialogue on this issue. Finally, several interlocutors pointed out that with the strong presence of donors who did not pose any conditions regarding governance, notably the PR China, the Malawian Government showed less and less interest in policy dialogue and aid with "political strings" attached.

Support to domestic accountability systems in the context of support to decentralisation

Germany was one of the first donors to provide assistance to the decentralisation process in Malawi. Unlike some of the Nordic donors, German development organisations have also continued to support this process after the elected bodies of the district assemblies and municipalities were dissolved in 2005.

At the time of interviewing, all four of the German bilateral development organizations (DED, GTZ, InWEnt and KfW) and the Centre for International Migration (GTZ/CIM)⁷ were assisting the national decentralisation policy. They had embedded their approaches in a joint programme proposal for support to “democratic decentralisation”, thus expressing the hope that local elections would soon be held (DED, InWEnt, GTZ, KfW, GTZ/CIM 2010a).

German development cooperation in the field of decentralisation is defined as a contribution to the Second National Decentralisation Programme, NDP II, which sets out the implementation strategy for the National Decentralisation Policy (BMZ 2010b, p. 2). Germany had assisted the Malawian Government with formulating NPD II, was leading the donor working group on “Decentralisation” and actively supported the formulation of a joint strategy on “democratic accountability” for all donors in the framework of its support to decentralisation (BMZ 2010b, p. 5, interviews).

Strengthening systems of domestic accountability was considered a central objective of the support for democratic decentralisation and according to the coordinator of the programme addressed within all of the above programme components (interview). Following a multi-level approach, assistance has targeted a host of actors at the local and national level, (e.g. local governments, development committees at the village and area level, the district commissioners, local civil society and service providers as well as national institutions, such as the MLGRD, the Local Government Service Commission, the National Local Government Finance Committee and the Malawi Local Government Association. In view of the absence of elected local councillors, support to MALGA as a potential driver of accountability had been much more limited than planned. The following lines of intervention were considered particularly relevant for strengthening domestic accountability:

- **Strengthening participatory planning and multi-stakeholder dialogue platforms.** In cooperation with DFID and Irish Aid, GTZ and DED have provided capacity building support to make planning processes at the local level more transparent and accountable. Support has addressed both the supply and demand sides of accountability (DED, GTZ, KfW. 2009, Part B, p. 2 and 6, interviews).
- **Strengthening accountability and transparency of local budget processes and instruments in support of fiscal decentralisation.** GTZ and DED have provided capacity development support in the field of participatory budgeting and investment planning to local assemblies/district committees. They have also assisted the National Local Government Finance Committee with testing and rolling out electronic accounting and monitoring systems at the district and municipal levels. In addition, GTZ is supporting districts to build up departments of internal control and strengthen reporting to supervisory authorities on the use of public resources and grants. Assistance also focuses on helping local governments to account to citizens for the use of local tax money and grants, i.e. strengthening downward financial accountability (DED, GTZ, KfW 2009, p. 11). Furthermore, KfW and GTZ have advised the Ministries of Finance and the National Local Government Finance Committee on the design of a performance-based grant system.
- **Support for learning networks and twinning arrangements for stakeholders in decentralisation and drivers of accountability.** Both GTZ and DED have been supporting learning platforms in different regions of the country for members of local administrations, line ministries and civil society to share their experiences with participatory planning processes and replicate good practice (interviews). Peer-learning and the stimulating exchange of experience on practice in the field of transparent financial management and multi-stakeholder dialogue processes at the municipal level have also been central objectives of InWEnt’s programme in support of capacity building on good financial governance in Southern and Eastern Africa. This programme has offered (peer-) learning opportunities to municipal finance managers and representatives of MALGA

⁷ GTZ/CIM is a joint initiative of GTZ and the German Labour Office. The organisation specializes in putting German experts at the disposal of partner institutions in developing countries. GTZ/CIM experts are employed by and accountable to their local employers.

with the view to strengthen the transparency of local budget processes, fight corruption and strengthen domestic accountability (DED, InWent, GTZ, KfW, GTZ/CIM. 2010a, part C, 14/19, interviews).

- **Strengthening accountability and feedback mechanisms around decentralised service delivery.** In collaboration with selected local governments, GTZ has jointly tested different mechanisms that provide citizens with a chance to give feedback on municipal services and help local government officials and service providers to become more responsive to the needs and grievances of their constituencies (DED, GTZ, KfW 2009, p. 14). More recently, GTZ has started to support the National Public Service Charter Programme, an initiative of the Malawian Government.

As highlighted by the coordinator for German support to decentralization, assistance had taken a “technical” approach toward promoting domestic accountability, focusing on strengthening procedures, institutional mechanisms and civic education. Several interlocutors, including representatives of the Malawian administration, emphasised that this approach could contribute toward building a culture of accountability from below, even in the absence of political decentralisation. It was deemed important in a country where citizens were still marked by decades of top down development approaches and a very deferential attitude towards representatives of the state and traditional authorities (interviews).

The issue of the outstanding local elections has been addressed in policy dialogue, e.g. in the context of joint reviews of budget support and bilateral aid negotiations.

Support to domestic accountability systems around policy processes in the sector of health

In the health sector, Germany has been contributing to a sector-wide approach (SWAp). The implementation of assistance to the SWAp follows a Programme of Work that was jointly developed by the government and donors.

The health SWAp is reviewed twice a year. The Ministry of Health, local administrations, donors, CSOs and the media come together and the Ministry accounts for programme indicators and the use of funds. According to the interviewees, CSOs and the media spend little time on this process and do not have the capacity to follow it in detail. Interviewees stated that domestic accountability in itself had not been discussed, although aspects of it, like corruption, came up frequently.

KfW has contributed to the sector's basket fund in support of the Programme of Work, which is co-financed by a number of other donors. Besides KfW was implementing two accompanying measures which can be seen as contributing to domestic accountability, as they aim to strengthen public financial management in the health sector. These measures specifically focus on structures and procedures that are key to the SWAp at the national level and on the cost centres at district level in order to increase transparency (DED, InWent, GTZ, KfW, GTZ/CIM. 2010c). Together with other donors of the basket fund, Germany had also urged the government to conduct an audit to investigate irregularities in the procurement procedures. Whilst the audit has been conducted, donors are still waiting for the government's proposals on how to address the shortcomings identified in the audit report. According to interviewees, the lack of reaction and the fact that the new strategy for the health sector has not yet been finalised, could put the future of the harmonised support structure and the use of country systems in the health sector at risk.

Moreover, GTZ, along with GTZ/CIM, DED and InWent, runs a programme called “Sustainable Structures for the Health Sector”, which is integrated into the Joint Programme of Work. This technical assistance programme focuses inter alia on a stronger involvement of non-state actors in service delivery within the SWAp and support to decentralisation in the health sector. Interlocutors described this last component as most relevant for strengthening domestic accountability. This component comprises measures to work with councils, district assemblies and the decentralised health administration at the regional and local levels, to ensure better political oversight. It also supports the districts in clarifying roles and responsibilities of different actors in the health sector, such as the tasks for health committee at municipality- and village level and their relations with the health administration, as well as facilitating a more transparent depiction of the district budget (DED, InWent, GTZ, KfW, GTZ/CIM. 2010c). However, strengthening political oversight at the local level has proved difficult to pursue in a context where there are no elected local assemblies that could hold the administration and service providers to account.

Another, more recent line of intervention concerns assistance to the implementation of public service charters. It is described in the following section.

4.3. Complementarities and synergies between different actors and instruments of German development cooperation

Cooperation between the different bilateral implementation agencies appeared to be quite strong. According to representatives of bilateral aid, a particular feature of German bilateral cooperation was its multi-level approach. This approach, it was argued, was also applied with regard to strengthening domestic accountability systems. There was an active information exchange between KFW, who managed budget support and basket funding, GTZ's macro-economic advisors and GTZ's and DED's decentralisation experts at the regional and local levels on issues of public financial management and fiscal decentralisation.

GTZ's and DED's support to the public service charter programme was mentioned as a good example of how capacity building support for different sectors can be combined to strengthen domestic accountability systems around service delivery. In the context of their assistance to the "Sustainable Structures for the Health Sector" Programme and the Malawi-German Programme for Democracy and Decentralisation DED and GTZ have jointly support the development and application of a public service charter in the field of health, with a view toward improving the quality of services and their needs-orientation. The Charter on Patients' and Health Service Providers' Rights and Responsibilities⁸ specifies the rights and responsibilities of patients and the role of service providers. The charters should therefore also serve as an instrument for strengthening the supply and demand side of accountability for service delivery. At the time of interviewing, this initiative was however still fairly new.

Interviewees had many ideas on how German support for domestic accountability could be strengthened. Most of these proposals referred to areas that had been neglected or activities that could complement current efforts rather than to arrangements for strengthening complementarities or synergies between different instruments of German development cooperation. More specifically, it was proposed to strengthen the following lines of intervention and cooperation:

- **Support to CSO networks and coalitions** at the national level to enable them to monitor and contribute to policy dialogue in focal sectors of German cooperation.
- **Strengthening German assistance for media.** Many German interlocutors emphasised that the media played a crucial role as a convenor of public debate, in stimulating demand for accountability and ensuring communication and information flow between different drivers of accountability. They expressed the view that capacity building support, e.g. for promoting investigative journalism and enabling media to convene evidence-based political debates should receive more attention in German development cooperation in general and in Malawi, in particular.
- **Additional support for strengthening the financial accountability of local government and their supervisory institutions.** According to a high-ranking official of the National Local Governance Finance Committee and other donor agencies, German development cooperation has acquired particular expertise in the field of public finance. Accordingly they argued for stepping up GTZ's assistance to the training of financial accountants in the Ministry of Local Government and rolling out the Integrated Financial Monitoring System to the district level, including retraining officials, as trained officials have often been posted away or had to be "replaced" in view of high HIV/AIDS prevalence rates.

Many interviewees deplored that the **German political foundations** were not more active in Malawi. Several representatives of German bilateral cooperation emphasized that their specific expertise in the field of capacity building for political parties, Parliamentarians and the judiciary could complement the more

⁸ In interviews, interlocutors referred to a patients' charter. In the process of writing, the authors Googled for more information and found the Patients' and Health Service Providers' Rights and Responsibilities <http://www.mrw.medcol.mw/The%20Health%20Rights%20and%20Responsibilities.pdf>. The authors would be grateful if interlocutors could confirm the reference in the process of commenting on this draft or point them to the correct document.

technical approach of bilateral development organisations. They were also seen as potential providers of capacity building support for media organisations.

It was also argued that twinning arrangements were a particularly appropriate means for promoting a culture of accountability and institutional change in the present political context in Malawi. Unlike other aid instruments, twinning is based on a long-term relationship of trust and the exchange of experiences between peers. Twinning arrangements with drivers of accountability in other countries could help the leaders and staff of Malawian institutions gain insights into how domestic accountability works in different country contexts access to specialized knowledge and skills that are still difficult to find "on the Malawian market".

4.4. The role of German development cooperation in wider efforts to support domestic accountability

A number of international donors support the strengthening of domestic accountability in Malawi. In consultations with actors of German development cooperation in Malawi, three interlocutors from other donor agencies were selected and interviewed regarding their approach in support of domestic accountability, their views on the role of German cooperation and the scope for greater synergy between donor approaches. The agencies were NORAD, DFID and Irish Aid.

Various interlocutors singled out **Norway** as a donor that gives high priority to supporting domestic accountability systems. As a CABS donor Norway regards policy dialogue around budget support as an important channel for addressing questions of domestic accountability and has made a case for civil society organisations to be allowed to attend the biannual budget support reviews and to contribute to the discussions (interview). Norway has been supporting capacity building of the Malawian National Audit Office since 2003. Bilateral cooperation has also assisted in formulating the NAO's strategic plan and granted around 2.31 Mio EURO in the context of a project that aims to strengthen the NAO's capacities to provide high quality and timely audit services, to improve staff qualifications and motivation and to promote the installation and use of modern communications systems. These activities are carried out in cooperation with the Office of the Auditor General of Norway, who runs a twinning programme with the NAO of Malawi. In addition the Norwegian Parliament funded training and study visits for of the Malawi Public Accounts Committee (interview).

Another line of intervention in support of domestic accountability is Norway's co-funding for UNDP's Democracy Consolidation Programme, which is currently in its third phase. Through its radio listening clubs, the programme gives Malawians i. a. the opportunity to draw attention to discriminatory practices or the malfunctioning of public services at the village level (UNDP Malawi s. a., interview).

The **UK Department for International Development (DFID)** has long been the largest bilateral donor in Malawi. The organisation has also been described as being very vocal on governance and domestic accountability issues. DFID's Governance Advisor in Malawi described their approach to domestic accountability as multi-dimensional, pointing to the following lines of interventions:

Like Germany and Norway, DFID grants general budget support and has used policy dialogue as an instrument to discuss issues of domestic accountability with the Government of Malawi.

DFID has also invested in a number of measures that aim support to improve financial accountability systems: It has assisted the NAO to reduce the back-log of reports, particularly the Local Assembly Audit reports. Furthermore, the Anti-Corruption Bureau has been supported to launch its National Anti-Corruption Strategy, which reaches out to stakeholders from all parts of society. In addition, funding has been provided for establishing a National Integrity System (NIS), which will contribute to the development of anti-corruption reforms and promote ethical culture in all the sectors of the economy, but particularly in those institutions, which had been identified as particular prone to corruption in a national survey. As the biggest donor to the health sector SWAp DFID is supporting the improvement of audit and procurement procedures. In the context of its support to decentralisation, financial and technical assistance is provided to the Ministry of Finance and Planning for a performance-based window in the Local Development Fund (LDF) and to the National Statistics Office. Part of this assistance will be dedicated to develop system for ranking local government and thus ensuring transparent performance based allocation of funds.

DFID also runs a specific programme in support of Performance, Evidence and Accountability (PEA) that provides financial and technical assistance for strengthening domestic accountability systems. The main purpose of this programme is to provide new incentives for performance and accountability, working with several governmental agencies and civil society, including media (interview).

Ireland is a relatively new donor, whose bilateral aid programme did not start until 2007. The country programme strategy for the years 2010 to 2014 puts a strong focus on food security, nutrition, poverty reduction and improving democratic governance and leaves no doubt that strengthening domestic accountability is an objective (Embassy of Ireland 2010, pp. 25).

The following lines of intervention were seen as particularly relevant for achieving these objectives by the Irish Embassy:

Together with other development partners, Irish Aid supported the Malawi Electoral Commission to successfully conduct the 2009 Presidential election and was assisting the Commission to prepare for the local government elections at the time we conducted our interviews. Ireland has also provided financial resources to help ACB roll out its strategic plan (interview).

According to the Irish Embassy in Lilongwe, all activities in the field of decentralisation are intended to strengthen the supply and demand side for accountability. Irish Aid contributes to the Local Development Fund. It also co-finances activities of GTZ, which aim to strengthen financial management structures and accounting in all districts. In addition, Irish Aid assists CSOs in selected districts with a view toward strengthening district planning and management systems for providing services. Moreover, support has been granted to a pilot programme that aims to develop and implement public service charters at the level of local government.

At the time the interviews were conducted, DFID and Irish Aid were also planning to set up a civil society basket fund in collaboration with the EU. The purpose of this new instrument would be to support advocacy activities at the local and national level, with a view to improving access to services for marginalised people and strengthening demand for accountability.

All of the above donors emphasized the importance of a continuing policy dialogue on governance aspects and domestic accountability issues. They welcomed Germany's decision to grant general budget support, as this contribution was seen as strengthening the coalition of those CABS donors who gave high attention to issues of domestic accountability. The fact that Germany was a smaller budget support donor, with particular expertise in the field of decentralisation, macro-economic support and statistical capacity building, and who was generally willing to share this knowledge with other donors, was seen as an advantage for the CABS group.

For this reason and with a view to potential positive impact on planning processes some interlocutors expressed plans to strengthen cooperation with German development organisations around budget processes. Interviewees also pointed to ongoing efforts to develop a programme-based approach in the field of Public Economic and Finance Management. Several interlocutors held the view that harmonizing support to public financial management in a programme based approach could impact positively Malawi's budget and planning processes (interviews).

The rather strong engagement of German development cooperation in the decentralisation process was seen as important for strengthening domestic accountability at the local level. Continued support by some donors, such as Germany, was regarded as crucial for "keeping the decentralisation process alive", as other donors had phased out their support (e.g. Norway and Sweden). Interlocutors emphasised due to GTZ's and DED's presence at the national and decentralised level, German development cooperation had insights on domestic accountability relationships and public finance management at the local level that other donors were lacking and could draw on. Interestingly, the strong tendency of German development cooperation to disburse a significant part of its assistance in the form of project aid and sector approaches, was thus seen as complementary to the approaches of other donors who made strong use of budget support.

Some interlocutors argued that it could be useful to facilitate a structured **exchange between donors of experiences, with specific approaches toward strengthening domestic accountability**. This could help donors and their partners to identify approaches that had worked well and those that were less

effective. As one interlocutor put it “There is a lot of good work done that can contribute toward strengthening domestic accountability systems, also on the side of the Malawian government, but the impact of successful activities will remain limited if it is done in isolation.” It was acknowledged that this kind of exchange did not really happen at the level of sector coordination groups, but rather took place on a bilateral basis between donors engaged in joint activities.

Joint analytical work was also seen as a way to strengthen a shared vision on domestic accountability issues and on opportunities for support. DFID and BMZ expressed interest in collaborating on political economy analysis and in learning more about DFID’s drivers of change approach. This approach was considered highly relevant for analyzing opportunities and incentives for and blockages to domestic accountability and to pro-poor change at the country level (interviews). At the time of writing, the two agencies were planning to cooperate in this area.

5. Conclusions and perspectives

As the above analysis shows, constitutional principles and formal institutions for strengthening domestic accountability exist in Malawi. However, the informal aspects of governance are very strong and the analysis of perceptions on domestic accountability and political developments in Malawi shows a mixed picture.

The country’s democratic Constitution of 1995 establishes accountability and transparency as key principles and foresees a comprehensive system of checks and balances, including an impressive body of case handling institutions. These constitutional bodies have gradually been established, but remain vulnerable in view of political interference, funding and capacity constraints. Moreover, their effectiveness crucially depends on an independent judiciary and relationships with other drivers of accountability, such as Parliament, civil society and the press.

Whilst the potential drivers of vertical accountability, such as the independent press and non-governmental watchdog organisations seem to be quite vocal, they also suffer from multiple capacity constraints and are often poorly relayed with constituencies at the local level and with accountability institutions of the state.

Germany has only recently started to provide general budget support to Malawi. However, all those consulted emphasized that the use of this aid modality and the increasing shift towards programme-based approaches had increased the focus on strengthening domestic accountability systems as well as provided a new entry-point for addressing issues of accountability with partners. On one hand, policy dialogue has provided new chances for addressing issues of political and financial accountability with partners and for opening political spaces for CSOs and the press to participate in policy dialogue on implementing the national poverty reduction strategy. On the other hand, participation in a common approach to budget support and other programme-based approaches also appears to have strengthened the leverage of advisory services and the capacity development support of German development organisations that aim to strengthen accountability systems around budget processes and public financial management reform. From interviews, it can be concluded that expertise and the multi-level approach of German bilateral cooperation in this area are acknowledged and in demand by partners and other donors.

The following opportunities for strengthening complementarities and synergies of ongoing support to specific drivers of domestic accountability were seen:

- **Assistance to Parliament.** A number of donors, such as the EC, The Scotland Branch of the Commonwealth parliamentary Association, Norway and DFID, GTZ and InWEnt have provided support to Parliament. Much of this assistance (implicitly) aimed to strengthen Parliament’s role as a driver of domestic accountability. From interviews, it can be concluded that these efforts have not been closely coordinated between donors. The interlocutor of the Norwegian Embassy expressed interest in such a dialogue and in closer cooperation with Germany (interview).
- **Support to the NAO of Malawi** At the time of interviewing, the KFW, the Norwegian Embassy, DFID and USAID were discussing how to jointly support the NAO of Malawi in the future. In view of their own capacity constraints, Norway was interested in close cooperation with KFW, who – in their view – was well equipped to take the lead (interview).

- **Common funding arrangements for CSOs.** Many donors shared the view that in the present political context, capacity building support for civil society should be increased, with a view toward strengthening CSOs as drivers of accountability and counter-veiling powers. German bilateral cooperation does not plan to participate in the discussions on a common fund for civil society actors, currently being negotiated by DFID, the EC and Irish Aid. In line with the principle of task division, Germany does not plan to contribute to this fund. However, both the head of cooperation of the German Embassy and GTZ advisors emphasized the important role played by advocacy and watchdog organisations. In particular, CSO networks active in the field of election monitoring, civic education and anti-corruption deserved more attention, in the view of German interlocutors (interviews).

Already in September 2010, external observers expressed strong doubts about the interest of the Malawian government in policy dialogue on issues such as freedom of the press and und some human rights issues. It remains to be seen, if the recent decision of CABS donors to withhold budget support until the Government of Malawi would again honour principles jointly agreed in the Memorandum of Understanding and the PAF, will be effective in restoring policy dialogue and space for drivers of accountability, or if it will trigger contrary reactions and negatively impact the outreach of the above mentioned capacity building support.

Another test case for the Governments' interest in strengthening democracy and institutional frameworks for vertical accountability are the local elections. If these elections were eventually held, the subsequent reconstitution of elected local government could certainly enhance the effectiveness of current external assistance for strengthening accountability systems around planning, budgeting and service delivery at the local level.

However, even if local elections should not materialize, there remains scope for strengthening domestic accountability in the context of a more technical approach, e.g. in support of the public service charter programme, twinning arrangements or other forms of peer-learning. As one interlocutor noted, it is important to ensure that external assistance for domestic accountability is geared to developing procedures and institutional options that are socially acceptable and locally owned. This requires sufficient time for jointly testing, reviewing and adapting institutional innovations and building trust with drivers of change. Twinning arrangements may allow for this, as they tend to be embedded in a longer time relationship of trust between peers. However, such arrangements can only be effective if embedded and systematically linked in a mix of other aid modalities and instruments of assistance that support domestic accountability.

The organisation of a structured exchange between donors of experiences, with specific approaches toward strengthening domestic accountability and joint analytical work looking into ways to strengthen a systemic approach to accountability at the sector level appear are other lines of intervention that may be worthwhile to explore.

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