



Fragmented governance and local service delivery in Malawi

Tam O'Neil and Diana Cammack with Edge Kanyongolo,
Moir Walita Mkandawire, Tuntufye Mwalyambwire,
Bryn Welham and Leni Wild

February 2014



Fragmented governance and local service delivery in Malawi

Tam O'Neil and Diana Cammack

with Edge Kanyongolo, Moir Walita Mkandawire, Tuntufye Mwalyambwire, Bryn Welham and Leni Wild

Acknowledgements

The authors would like to thank all those who shared their time and information during interviews. These include senior officials on Capital Hill, in Dedza and Rumphi districts, and in the City of Blantyre. Sector officials at local level and staff in city and district governments made themselves available to us, as did NGO, traditional and civic leaders, as well as politicians in Lilongwe, Dedza, Rumphi and Blantyre. We thank them all for their openness and, as promised during our interviews, we do not cite their names. We are also grateful to the DFID Malawi team for their support and insightful comments on the report. We acknowledge the assistance provided by ODI's internal peer reviewer, David Booth. However, any opinions, errors and omissions are the sole responsibility of the authors.

Table of Contents

Acknowledgements	ii
Abbreviations and Acronyms	iii
Executive summary	vi
Main argument	vi
How do local government and local service delivery work?	vii
Why do local government and local service delivery work this way?	viii
The challenge for government	ix
What might government and donors do differently to support local governance and service delivery?	x
1 Introduction	13
2 How local government and service delivery are meant to work	16
2.1 Formal local government structure	16
2.2 Roll-out of the decentralisation programme	18
3 Local government and management of local services in practice in 2013	21
3.1 Characteristics of local government	21
3.2 Disjointed planning and funding	29
3.3 Community participation in development and basic services	39
3.4 Summary – how local government and service delivery work in practice	41
4 Why local government and service delivery work as they do	43
4.1 Contextual features affecting local governance and services	43
4.2 Governance constraints on local governance and service delivery	49
4.3 Underlying political drivers of fragmented governance and poor service delivery	62
4.4 The effect of the aid regime on governance constraints and political drivers in Malawi	68
4.5 Summary – why local government and service delivery work as they do in practice	69
5 The likely impact of elected councils on local government and service delivery	71
5.1 Local councils	71
5.2 Local councils and the social contract	72
5.3 Local councils and the political settlement	73
6 Conclusions	74
6.1 The enduring elite bargain as a source of pessimism	74
6.2 Appropriate institutions and incremental change as a source of optimism	74
7 Recommendations	76
7.1 Three principles to guide donor action	76
7.2 What could government and donors do to support better local government and service delivery?	77
8 References	82

Figures and photographs

Figure 1: Formal structure of local government, 2013	17
Figure 2: Basic local government structures and relationships in practice	23
Figure 3: Health planning and budgeting processes	30
Photo 1: Two CDF projects in Ndirande, Blantyre	39
Photo 2: Lack of filing cabinets at a district office	44
Figure 4: Hierarchy of causation to explain quality of governance and sector delivery	51
Photo 3: Raw household sewage flowing into the Nasolo River	56
Figure 5: Organisation of ruling coalition and implications for development potential	63

Tables

Table 1: Division of functions between central and local government in the water, health and education sectors in 2013	20
Table 2: Health SWAp Programme of Work expenditures 2009/10 (US\$)	28
Table 3: Health staff per 100,000 population	45
Table 4: Ministry of Health staff at Ndirande Clinic, August 2013	45
Table 5: The effect of sector characteristics on relationships between stakeholders	49

Boxes

Box 1: Sources of local government finance	17
Box 2: Mandate of district/city council and functions to be devolved under the National Decentralisation Policy	18
Box 3: Legal inconsistencies affecting localised governance and service delivery	22
Box 4: Employment of district civil servants	25
Box 5: Local spending per capita	26
Box 6: Health and Education SWAps	27
Box 7: Examples of annual planning in health and education	30
Box 8: Staff payroll	33
Box 10: The interaction of IFMIS at central and local levels	36
Box 11: Procurement in Dedza	37
Box 12: Functioning of the district development planning system	40
Box 13: Types of civic/community organisations involved in public service provision	40
Box 14: Staff shortages in Blantyre City	44
Box 15: Public and private goods	47
Box 16: Coordination problems resulting from policy incoherence in two sectors	53
Box 17: An example of fragmented authority in Ndirande market	54
Box 18: Collective action	55
Box 19: The principal-agent framework	58
Box 20: Politicisation of water in Makata/ Malabada, Ndirande, Blantyre, 2012-13	60
Box 21: Using collective action and principal-agent analyses to understand sector outcomes	61

Abbreviations and Acronyms

ADC	Area Development Committee
AEC	Area Executive Committee
CBO	Community-based Organisation
CDF	Constituency Development Fund
CDPD	Capacity Development Programme for Decentralisation
CEO	Chief Executive Office
CIAU	Central Internal Audit Unit
CMST	Central Medical Stores Trust
CSO	Civil Society Organisation
DDC	District Development Committee
DDP	District Development Plan
DEC	District (or Municipal/City) Executive Committee
DEHO	District Health Environmental Officer
DEM	District Education Manager
DHMT	District Health Management Team
DHO	District Health Officer
DPD	Director of Planning and Development
DPP	Democratic Peoples' Party
DWDO	District Water Development Officer
EC	European Commission
EHO	Environmental Health Officer/Office
EMIS	Education Management Information System
FISP	Farm Input Subsidies Programme
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit

GRF	General Resource Fund
GVH	Group Village Head
HAC	Health Advisory Committee
HMIS	Health Management Information System
HR	Human Resources
HSA	Health Surveillance Assistant
IEC	Information, Education and Communication
IFMIS	Integrated Financial Management Information System
IPC	Internal Procurement Committee
IT	Information Technology
KfW	Bank aus Verantwortung (German development bank)
LDF	Local Development Fund
M&E	Monitoring & Evaluation
MCP	Malawi Congress Party
MISO	Management Information Systems Officer
MMSP	Malawi Municipal Support Programme
MoEST	Ministry of Education, Science and Technology
MoH	Ministry of Health
MoLGRD	Ministry of Local Government and Rural Development
MoU	Memorandum of Understanding
MoWDI	Ministry of Water Development and Irrigation
MP	Member of Parliament (National Assembly)
NAO	National Audit Office
NDP	National Decentralisation Policy
NGLFC	National Local Government Finance Committee
NGO	Non-government Organisation
NICE	National Initiative for Civic Education in Malawi
NLGFC	National Local Government Finance Committee
NRWB	Northern Region Water Board

NWDP	Nation-Wide Development Programme
OPC	Office of the President and Cabinet
ORT	Other Recurrent Transfers
PIC	Project Implementation Committee
PP	People's Party
PTA	Parent-Teacher Association
SMC	School Management Committee
SWAp	Sector-Wide Approach
TA	Traditional Authority
UDF	United Democratic Front
VDC	Village Development Committee
WASH	Water, Sanitation and Hygiene
WMAs	Water Monitoring Assistants
WUA	Water User Association

Executive summary

During a research trip to Malawi in 2012, a senior government official commented that nearly two decades after the government had renewed its commitment to democratic decentralisation, the working of local government in Malawi was something of a ‘black box’. Ahead of the local council elections in May 2014, the Overseas Development Institute (ODI) carried out this study to help government and donors better understand how local government works in Malawi and how decentralisation affects local service delivery. Importantly, the research also set out to understand why local government and service delivery work the way they do, to explain variation across the country, and to assess whether the return of local councils is likely to improve the functioning of local government and the delivery of services.

This study is based on case studies of two districts (Dedza and Rumphi) and one city (Blantyre) and three services – health, education and water and sanitation. In mid-2013 more than one hundred interviews were carried out by a research team of four, with key informants from central and local government, front-line services, funders, civil society and local communities. This study builds on previous work conducted since 2005, by ODI and the Africa Power and Politics Programme (APPP) into Malawi’s political economy, local governance and service delivery, and other studies of decentralisation and sector services.

We acknowledge that many local government employees and service providers are doing good work, and some remarkable successes are achieved with little money or support. Boreholes are dug, schools built, babies delivered, children taught, health campaigns conducted and security ensured. While national social indicators are generally low, some are improving quite rapidly, which can in part be credited to industrious local officials who have made progress despite few resources and poor systems, and who face few incentives to improve performance at that level. This report recognises the contribution of these hardworking staff living in difficult conditions, sometimes in very remote areas. However, its purpose is to evaluate the nature of the institutions and structures of local governance and service delivery and their underlying causes and this is reflected in the main findings and recommendations.

Main argument

Malawi’s health and education sectors are subject to well-known, long-standing problems. For instance, the government has repeatedly been unable to ensure a sufficient supply of infrastructure, essential materials (e.g. drugs, textbooks) and trained staff to meet the needs of most Malawians. Such shortcomings in the delivery of quality services are reflected in sector outcomes, such as low rates of school completion, deteriorating exam results, nationwide stock-outs of key medicines and persistently high rates of maternal mortality. Access to safe drinking water is undermined by erratic supplies in urban areas and the disrepair of many water points in rural areas.

While acknowledging the need for good technical inputs, we argue that these types of sector outcomes arise largely from institutional and governance problems. We identify policy incoherence as the principal cause of the functional fragmentation found in local government and in sectors at local levels, and of the unclear mandates and overlapping jurisdictions that characterise local government. While variations do exist across the country, services and time, these are caused in large part by the informality of local government, which gives rise to ad hoc systems adopted by a succession of district and city executives, and by the characteristics of particular goods and services.

Policy incoherence is a reflection of collective action failures at the level of central government. To a much lesser degree and more locally, it reflects the way information asymmetries undermine the functioning of principal-agent relationships. Policy incoherence also shapes incentives that drive the choices and behaviours of local officials and frontline providers, which undermine their ability to work together to improve services.

Further, we argue that these governance failures arise directly out of the deeply entrenched political settlement that has been crafted since the democratic transition. It is characterised by competitive clientelism, which shapes the social contract between state and society. Patronage relationships reach from the executive through intermediaries to villagers and urbanites. Some forms of donor aid may have unintentionally helped entrench the political settlement.

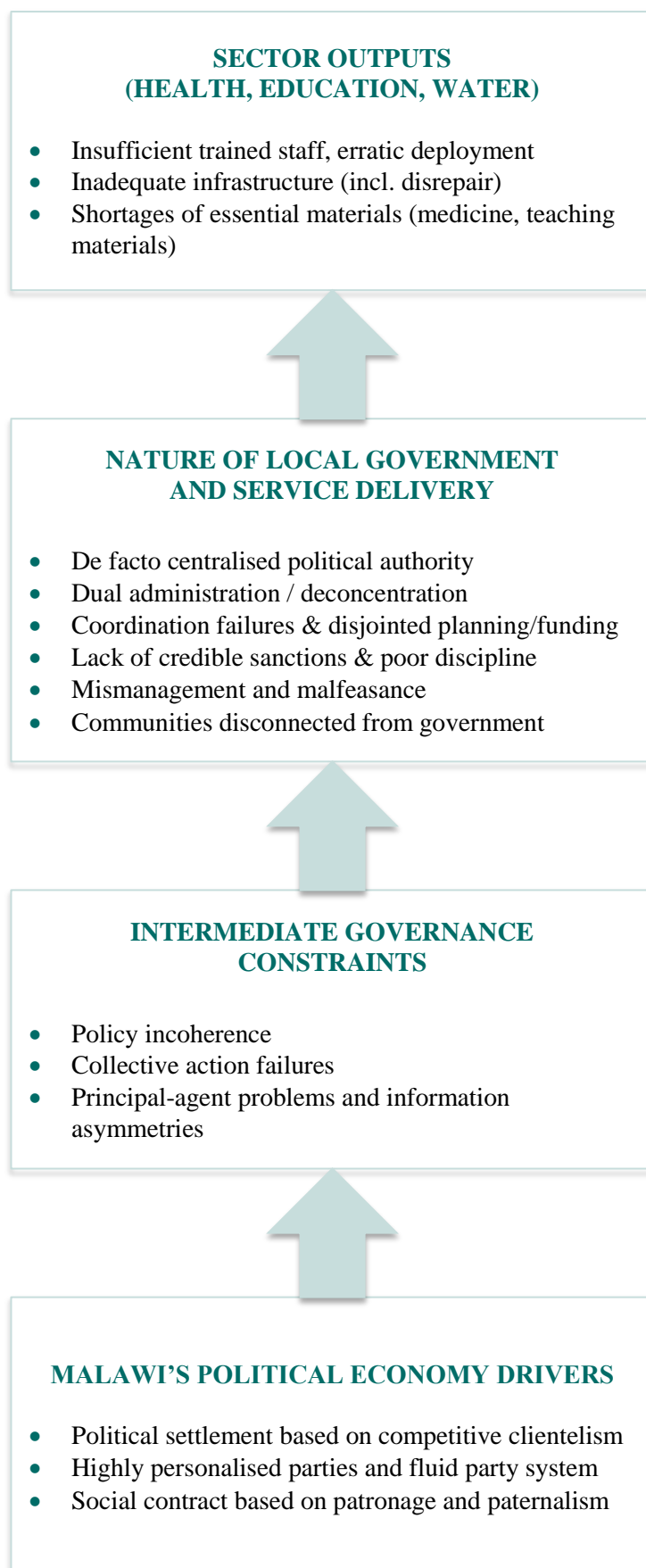
How do local government and local service delivery work?

Malawi's constitution and 1998 Local Government Act (LGA) gave rise to a legal obligation on the part of the government to devolve political and administrative authority to unitary local government units, each with democratic oversight from an elected local council and popular participation in development planning. The LGA and 1998 National Development Policy (NDP) set out how power and functions would be devolved, and the responsibilities each sub-national government agency would have.

In practice, political decentralisation in Malawi stalled indefinitely in 2005, when the President cancelled local council elections, while both administrative and fiscal decentralisation were rolled out in a disjointed fashion over a 15-year period. In the last decade, Sector Wide Approaches (SWAs) were designed, implemented and funded in a handful of sectors (including education and health); these were predicated on the assumption that services would be provided by decentralised agencies.

Despite the rhetorical commitment to democratic decentralisation, the establishment of local authorities has been characterised by an absence of unity of purpose, poor coordination among central government ministries, by resistance, subversion and delays, and by the informal and formal recentralisation of power and functions. These have resulted in a breach between the local government

Hierarchy of causation to explain quality of governance and sector delivery



that exists in theory and in practice. This gap is evident on two levels. First, implementation has not occurred as laid out in LGA and NDP or in planning documents, which means that the ad hoc local governance structures in place are different from those envisioned. Second, there exists a disjuncture between the formal institutions of local government ('rules-on-paper') and the ones actually used ('rules-in-use') (Ostrom et al., 2001).

What are these rules-in-use and ad hoc structures of local government? Since the suspension of local councils in 2005, local government has been characterised by the recentralisation of political authority alongside the deconcentration of administrative functions. Local checks on the actions of a District Commissioner (DC) and a city's Chief Executive Officer (CEO) are absent. District and City Executive Committees are chaired by DCs/CEOs and their members (sector heads and senior administrators) are monitored at a distance by Capital Hill. The degree of oversight that DCs provide varies.

In the councils' place are Consultative Forums, appointed by DCs/CEOs and comprised of politicians, chiefs, business people heads of non-governmental organisations (NGOs), and the like. They are largely used to consult and inform the local elite. While the DC/CEO is the controlling officer of funds reaching local level, central government retains many administrative and fiscal functions. There has been limited fiscal decentralisation and local government mostly relies on (ear-marked) sector budgets, with few discretionary funds, although cities are able to raise more revenue because they collect property rates.

Ministries still appoint sector staff at local levels, who are accountable to Capital Hill, although they also report on technical issues to DCs/CEOs and to senior staff based locally. While planning at district and city level is undertaken annually, the planning processes of the different sectors are poorly coordinated and their plans frequently undermined by funding shortages and autonomous (often donor-) funded projects. Meanwhile, many local development committees have ceased operating, and citizens are largely disconnected from local government processes. Chiefs fill that gap, relaying information from government to the public, and sometimes accessing resources for localised development projects. MPs try to fill the gap too, using their influence and Constituency Development Funds. This is the space that councillors will also fill after the May 2014 elections.

The ad hoc roll out of local government and service delivery in Malawi has resulted in functional fragmentation, unclear mandates, overlapping jurisdictions and responsibilities, and complex administrative processes (e.g., for procurement and reporting). However, integration of sectors and local government has progressed further in cities, such as Blantyre, somewhat reducing functional fragmentation and improving corporate identity. Moreover, the extent of decentralisation differs greatly between sectors, going furthest in education and hardly occurring at all in the water sector. Yet even in education, central government retains control of pivotal functions, such as human resources, payroll and capital development. With some variation, all three of our study areas are subject to poor coordination among government agencies and between government and other stakeholders.

Why do local government and local service delivery work this way?

We argue that the underlying structure of Malawi's political economy explains the manner in which the roll out of decentralisation has proceeded. It also shapes the de facto rules and practices of local service management and delivery. The democratic transition in Malawi saw the breakdown of the elite bargain that had existed since President Banda consolidated his control of the party-state in the late 1960s. In the lead up to the transition, the Malawi Congress Party (MCP) disintegrated into several factions and a new informal elite bargain was struck. This new elite bargain is an archetypal competitive-clientelist political settlement (Khan, 2010). It is reflected in Malawi's highly personalised parties that are held together by patronage and informal relationships, in the acceptance of shifting allegiances (of chameleon-like politicians) (Englund, 2002) and in Malawi's ever-more fluid party system. Finally, it is reflected in a social contract between mostly rural citizenry and the state, based on paternalism and vertical patron-client networks, rather than horizontal class- or interest-based associations or issue-based parties.

Politicians in all democracies are in a perpetual state of insecurity: they can only be sure of being in power until the next election. In Malawi, party leaders know that they will only stay in power if they can cultivate and maintain their personal networks and alliances, and their support base. Parliamentarians are aware of the high turnover of MPs at election time and understand that they may only have one term to recoup the cost of running

for office. If they are to retain their seats, they need to retain support and, in Malawi, that means accessing state resources (even if it means defecting to the ruling party) and providing hand-outs to voters at election time. The difference between the elite competitors is not ideology or policy but their capacity to deliver – and this means how closely they align themselves to the leaders of the ruling party.

Competitive clientelism sets up strong incentives for elites to establish and maintain institutions (rules-in-use) that enable them to deliver rewards of different kinds to their factions and supporters, and to retain their positions in the party, by demonstrating their usefulness to its leader. Conversely, they often have few incentives to work together to build institutions that will deliver national public goods over the long-term. These incentives lead to two governance constraints – collective action failures and policy incoherence – that in large part help to explain the characteristics of local government and sector management (and other development processes) in Malawi.

Symptomatic of long-term policy incoherence is the weak and contradictory legal framework that structures and operationalises local government and some services, and a decentralisation policy that is not being implemented but remains on the books. New local government institutions and systems have been introduced, and functions and resources devolved and/or recentralised, without clear direction or coordination, and without the rationalisation to ensure that new mandates and systems work within the existing institutional framework. This has created a system of government and service delivery at the local level characterised by dual administration, fragmentation and poor coordination and rule-enforcement. In turn, this makes collective action between different parts of local administrations, and between government and other local stakeholders, difficult to organise. For instance, management of urban water and sanitation requires the coordinated efforts of several local actors (the Water Board, the District Environmental Health Office, the City Health Office, a variety of chiefs and NGOs, etc.) but there is no overarching mechanism for ensuring they act collectively over the long term, which means that these services suffer.

The inability of government at different levels to cooperate with each other and with other local stakeholders (communities, civic society, funders and private firms) in ways that effectively produce, use and sustain public goods tells us that current institutional arrangements are flawed. Where institutions are absent, contradictory or used by the powerful to maintain their advantage at the expense of the collective, there are few incentives (positive or negative) for people to work together in socially productive ways, at least outside of small, close-knit groups. Dysfunctional institutions at all levels of government directly affect local service delivery, because they mean that goods and services (medicine, water, doctors, mechanics to fix pumps) are not produced or do not get to where they need to be – and poor Malawians who cannot afford to opt out of the public system pay the price.

Because donors have been active in Malawi for nearly fifty years, it is illogical to ignore their role in Malawi's political economy. Since the democratic transition donors have promoted development and good governance, including decentralisation, and have contributed significant funds to different sectors, including water, health and education as well as local government. Frequently their programmes have focused on the transfer of funds and technical assistance, and have largely ignored the underlying governance constraints that impinge on performance. To the extent that they have done this, and continued to provide funds and support, they may have unintentionally helped entrench the factors undermining reform, in this case, in local government and sector services at local levels.

The challenge for government

Elements of Malawi's context – such as being landlocked, having a small natural resource base, and its relatively low Gross National Product – are important to the nation's potential, but these are not what determines the way government works and the poor services it delivers. They mean only that government and the nation's various development actors must begin from a low starting point. Contextual features inform possibilities; they shape the types of solutions that are likely to help solve the problem. It is the role of the state to design and implement policy that most effectively uses the resources the nation has, and to establish an environment in which other actors and the country as a whole can prosper. The basic parameters of economic transformation are sufficiently well known now that development has become a choice (Mills, 2010).

Successive governments have been unable to design and sustain reforms that make the most of Malawi's material and human endowments. At times (such as from 2005 to 2008) collective action at the very top has generated policies and actions leading to some real economic improvements. But competitive clientelism has undermined the elite's adherence to developmental policies, reduced the political space in which the state bureaucracy worked, and led to short-term rent-seeking being prioritised over long-term national development. This pattern is unlikely to change in the near future.

While the thrust of our findings and argument is profoundly pessimistic in many ways, evidence has shown (Shivakumar, 2005; Ostrom, 1990) that institutions can be changed, but such change generally occurs incrementally. Analysts have noted the importance of crises, and how they can kick-start change. Local 'development entrepreneurs' (Fabella et al., 2011) who are motivated by personal goals can drive national reform. In turn, the introduction of institutions that manage goods in a way that benefits a community as a whole can, over time, transform contextual conditions by, for example, producing an educated and healthy citizenry. This is a more optimistic proposition for development and a more optimistic starting point for development assistance.

The question therefore is not what types of institutions are ideal for producing public and other goods, but what types of institutions are likely to support the provision of public goods given the prevailing conditions? And, in the longer term, what type of change is possible to nudge Malawi slowly away from a competitive-clientelist political settlement?

What might government and donors do differently to support local governance and service delivery?

There are changes that government and donors can make to better support local governance and service delivery in Malawi. These include changes to the way that donors and others work (principles for assistance) and changes to the substantive direction or content of policy dialogue and of governance and sector programming.

Three principles for assistance

First, donors have been supporting democratic decentralisation in Malawi for the past two decades. **More of the same is not the answer.** Instead, donors should identify the deeper problems and work with local stakeholders to find solutions that fit prevailing conditions. Second, donors absolutely need to **ensure that their aid and programmes do not aggravate the drivers of poor governance and service delivery.** The 'do-no-harm' mantra may seem over-used, but aid has had unintended consequences on both national and local politics in Malawi. This is an area that donors can directly influence to ensure that they are not reinforcing a non-development political settlement, protecting government from policy failures or inadvertently accentuating governance constraints. Third, there is a growing consensus that **building institutions requires a different type of assistance** to the direct delivery or distribution of goods and services. Good institutions are based on sound technical knowledge but they must be adapted to local conditions. They therefore emerge through processes of negotiation and conflict, experimentation and iteration (Andrews, 2013). Donors should support new ways of working where possible and recognise that they are likely to deliver such assistance at 'arm's length' (Booth, 2013).

Supporting better local governance and service delivery

Changes should also be made to the substantive direction or content of policy and programming. The political economy of both donor agencies and government mean that a marked change in programme objectives and content is unlikely. We therefore suggest two approaches to improving local service delivery in Malawi that have different levels of ambition.

First, **develop initiatives that work with or around prevailing political incentives to transform the fundamental drivers of poor governance and service delivery in the long term.** This approach tries to shift institutions in ways that have the potential, through their political, social or economic effects, to improve service delivery in the medium term or to change the fundamental political drivers over the longer term. These types of activities take contextual factors and political-economy drivers as the starting point for analysis of the types of institutions that are likely to be socially productive and promote cooperation for different groups and objectives.

While donors cannot drive institutional change, they can try to give good policy advice and to not reinforce a non-development political settlement.

Second, **work within the structures that the current policy paradigm creates to make modest changes that mitigate the negative effects of policy on service delivery.** Interventions of this type are based on the premise that current policy paradigms in Malawi and in international development agencies (such as promoting democratic decentralisation) are not well suited to political conditions in Malawi. They accept that there are limits to what can be achieved without changing the underlying political settlement and social contract, and that these have a perverse effect on decentralisation policy and its implementation. Therefore, the main objective is to alleviate the worst effects of institutions that do not work for development, to help make small improvements to the functioning of local government and to assist particular groups build better institutions.

These two approaches and levels of ambition are not mutually exclusive. Within them, more **specific suggestions for activities that government and donors could undertake** to improve local governance and service delivery include:

- **Consider support for asymmetric decentralisation:** In the shorter term, devolution is much more likely to succeed in Malawi's few cities than in the rural districts: cities have better infrastructure and a more educated population that can organise to demand improvements; the secretariats attract Malawians with skills, education and entrepreneurial spirit; most importantly, cities can generate more local revenue. Support for forms of asymmetric decentralisation, where more powers and functions are devolved to particular regions or localities, would allow resources and expertise to be better targeted.
- **Accept dual administration for now and strengthen de facto decentralised systems:** The de facto situation in the districts is the deconcentration of sector administration. Dual administration will continue, unless there is purposeful action by central and local government. Priority might be given to improving the de facto system by strengthening central ministries and helping them to deliver goods and services more effectively through the deconcentrated system.
- **Long-term support to strengthen the party system:** Changing the nature of political organisation in Malawi is part of what is needed to build a more developmental political settlement. The focus needs to be on the construction of a more functional and institutionalised party system, rather than on traditional parliamentary and party-to-party assistance.
- **Support bridging between more successful civic groups:** Where there are examples of similar types of civic groups working relatively well, donors might consider helping to build higher-level associations, while taking care not to create perverse incentives (e.g. around allowances, 'briefcase organisations', etc.). Support that builds organisational capacity should be included.
- **Support to the political arm of the new District and City Councils:** Councils are coming and they will need support. This should not be one-off training or orientation and should not focus solely on councillors. All council members and people working with councils (councillors, DCs, sector heads, chiefs, MPs and *ex-officio* members) need to understand the respective roles and responsibilities of different groups. Each member of the new council will need support to carry out his or her role. But council members also need to build productive relationships that enable them to cooperate with each other and with other development actors. This means long-term support and regular interaction outside of council meetings.
- **Support to planning capacity of the Councils:** It is imperative that local planning and budgeting capacity are improved, regardless of whether or not dual administration continues. In all sectors and localities, current coordination between sectors, between sectors and the secretariat, and between the council and other stakeholders is inadequate for district-wide planning, informed allocation of resources and joint delivery of services. Long-term and embedded support should be considered here too.
- **Improve information flows:** While information itself will not change the underlying political logic in Malawi, better decision-making (and planning and coordination) depends on better information. This includes the generation and sharing of information and the establishment of feedback loops. Areas that donors might prioritise include: support to systematic data collection within sectors;

collaborative scorecard exercises between users and providers; support to systematic collection of data on community access to services and perceptions on provision; and support to government to improve its ability to aggregate and use data.

- **Support a review of the legal framework for local government:** There is a need to undertake a comprehensive review of the laws that pertain to local government and service delivery at local levels.
- **Build on what is working:** The timeframe for this work did not allow for in-depth research of front-line providers and community groups. But there were indications that some of these are working better than others to deliver services – such as privatised water kiosks, school management committees, and Christian Health Service of Malawi (CHAM) clinics – and the reasons for this deserve closer inspection.

Many of these activities are best suited to an ‘arm’s length’ mode of assistance, with support delivered by local organisations with the appropriate knowledge (technical and local) and skills (diplomacy, negotiation, and change management). All of them can only proceed on the basis of policy dialogue between government and donors. But donors can and should take some actions unilaterally, such as incentivising the NGOs they fund to ensure that local inputs are in line with local government and community priorities. Sector and issue-specific studies are also needed to improve our understanding of how the political economy drivers outlined here affect local delivery in particular cities and districts and how local stakeholders might work together to build more appropriate institutions. The overriding message of this research, however, is that more could be done to help stakeholders to work together to build institutions more able to deliver better local services.

1 Introduction

Malawi's socio-economic indicators (United Nations in Malawi, n.d.; World Bank, 2013a) reflect a generalised difficulty in providing public goods. Expert reviews and audits of the education, health and water sectors have dissected specific problems. These include procuring and delivering medicines and teaching materials, appointing and retaining qualified medical staff and teachers, building and equipping health facilities and schools, controlling and monitoring sector finances, and providing sufficient clean-water sources and sanitation. Capacity and funding constraints, weak public management systems and performance, political interference and corruption with impunity are often cited as causes of these outcomes.

Throughout Africa from the early 1990s the decentralisation of service delivery was touted as a remedy for such problems because responsibility for delivery would be removed from weak central governments and vested in local officials. Such officials, it was argued, are closer to citizens who use the services and therefore subject to – and more receptive of – their demands for better performance. However, studies (e.g. Robinson, 2007; Cabral, 2011) indicate that decentralisation does not automatically improve services and that simply giving citizens the 'voice' to express their demands is insufficient to achieve better government performance. More is needed. What is required is a well-informed, coherent and sustained programme that includes modifying institutions, processes and structures, and providing other incentives to encourage behavioural change among citizens and civil servants. Moreover, in the face of wider government dysfunction, it is idealistic to assume that local government can become more productive without reform of the central bureaucracy.

Decentralisation is broadly defined as 'the transfer of public authority, resources, and personnel from the national level to sub-national jurisdictions' and is normally viewed as falling into the political, administrative and fiscal spheres. It is widely recognised that Malawi's political decentralisation stalled in 2005 with the indefinite postponement of local council elections. Thus, it does not meet even the most basic requirement of 'elected sub-national tiers [and]... the existence of direct elections for local governments'. Administrative decentralisation has been implemented only to a limited extent when judged against 'the clarity of roles for national and local governments provided by the law, [and]... where the actual responsibility for service delivery and... for (hiring and firing) civil servants reside'. Finally, the extent of fiscal decentralisation is determined by the 'arrangements for fiscal transfers from the central government to localities, ... the proportion (offered as a range) of public expenditure controlled by the localities' and should include 'rules of fiscal control and revenue collection' as well as the proportion of funds 'actually allocated and earmarked by central ministries (e.g. salaries of sector ministry staff paid through the local payroll) and funds wholly controlled by the localities' (Ndegwa, 2002:1, 3–5). Using these criteria, fiscal decentralisation in Malawi is at best partial. With regard to the localisation of authority in Malawi it would therefore be more accurate to describe the present arrangements as a combination of 'deconcentration' and 'delegation'.¹

The research programme on which this report is based sought to explore these issues, with a specific focus on understanding why local government and sector offices operate as they do and how decentralisation has shaped service delivery in practice. The team of four international and local researchers was asked first to explain the structure and functions of sub-national government as it was designed in the 1990s and since modified by presidents and legislators. The team compared that formal structure with how decentralised government operates in practice, specifically how the executive/administrative branch in two districts and one city is structured and functions. Secondly, the team was asked to investigate how the delivery of health, education and water and sanitation services is organised and implemented at those levels. Differences in sector outcomes between

¹ 'Delegation relates to transfer of public functions to lower levels of government, public corporations or any other authority outside of the regular political administrative structure to implement programmes on behalf of a government agency ... [and] deconcentration relates to the transfer of power and responsibilities to local branches of the central state, whereby the central government does not give up any authority but simply relocates its officers to different levels within the national territory' (Chiweza, 2010a: 33ff).

districts and in the effectiveness of local governments across the country had been observed and this study was, in part, conceived to explain those variations. Specific questions were asked about central-local government interactions, planning and decision-making at local levels, financial and human resource management, the role of civil society, accountability, and performance management. The team was also asked to assess whether the return of local councils will improve service delivery and local governance after the May 2014 elections.

Research began with a brief desk study of decentralisation and of the recent provision of education, health and water and sanitation services. New data collection started in July 2013 by interviewing government officials, donors and NGO leaders in the capital, Lilongwe, before the team went to the city of Blantyre and Dedza and Rumphi districts between August and September. Follow up of some issues was done later in 2013 and early 2014. The field team – comprised of a civil society organisation (CSO) specialist, an accountant, a lawyer and a political economist – spent ten days in each location doing interviews. With access granted by ministry officials to interview local staff, the team was also able to collect documentation produced by central and local government, including statistics on staffing and funding. NGOs also helpfully provided good advice, copies of reports and field notes. Special attention was paid to budgeting and spending issues, the government's Integrated Financial Management Information System (IFMIS), human resources, procurement and information systems in an attempt to analyse risk at the local level. Time was too limited to explore all aspects of each sector's local operations, the full relationship between local sector officials and their central ministries, or the involvement of private actors in the delivery of services.

With four team members holding meetings over several weeks, more than 110 different interviews were done, sometimes with the same people a second or third time, and at times with a focus group or several individuals. Our informants included senior government officials in the Office of the President and Cabinet (OPC) and the relevant ministries, such as Private Secretaries and department heads; Members of Parliament (MPs) and former councillors; Traditional Authorities (TAs) and village headmen; council candidates; two DCs and the Blantyre CEO; heads of local government departments, such as directors of finance; heads of departments for urban and district services (health, education and water, sanitation and hygiene (WASH); business people and traders; junior staff in districts, e.g. in finance; Water Board management; heads and members of national NGOs and local community-based organisations, (CBOs); leaders and members of area and village development committees; consultants (sector specialists); donor staff; Water User Associations (WUA); education and health committee members; frontline service providers, such as nurses and head teachers; National Local Government Finance Committee (NLGFC) staff; Local Development Fund (LDF) senior staff; journalists; and citizen-users of water, health and education services. To protect their anonymity, we do not provide a list of informants and cite interview dates only in the text.

Our analysis of the findings has focused on explaining the proximate causal factors underpinning the de facto institutions and sector outputs we identified in the field. We go a step further to describe how specific elements of the Malawian context shape these causal factors and thus the nature of public goods and local government in recent years. Our analysis is based not solely on the data collected for this report, but on our reading of the literature on decentralisation, service delivery and governance in Malawi. It is augmented by two decades of primary research on the link between Malawi's politics and development, and by social and ethnographic research on governance and service delivery undertaken by ODI since 2005 and by the Africa Power and Politics Programme (APPP) in 2008-12.² It is for that reason we draw at times on examples in the literature or from data collected previously to reinforce a point we are making about what we found in the field on this occasion. That said, more time and access to do in-depth research in government offices and in the field are needed to clarify the exact linkages and causal relationships between the underlying features of Malawi's political economy and the precise factors driving any particular social-service outcome.

In Section 2 we briefly set out what local government *should* look like in Malawi, how decentralised services should work according to current law and policy, and how decentralisation and sector programmes have been introduced in recent years. In Section 3 we turn to the operation of local government *in practice*, and how local-level sector management affects the delivery of WASH, education and health services in Dedza and Rumphi districts and in Blantyre city. This section also briefly covers the role of donors in decentralisation, financial flows, human resource issues, planning processes, procurement and matters relating to information technology

² In particular, see Cammack (2001); Booth, Cammack et al. (2006); Cammack, O'Neil et al. (2007); Cammack, O'Neil et al. (2009); Cammack and Kelsall (2010); Cammack and Kanyongolo (2010); and Cammack (2011).

(IT). In Section 4 we analyse *why* local government and service management work in the way they do. We outline key contextual features, such as material conditions and the nature of different goods that influence capabilities, interests and behaviour at all levels in Malawi and provide the backdrop for institutional arrangements and their reform. We highlight three governance constraints affecting the operationalisation of decentralised systems – policy incoherence, collective action failures and information asymmetries – before discussing their underlying political drivers. Section 5 contains a short explanation as to why it is unlikely that the May 2014 election of councillors and the emergent local councils will be able to improve local service delivery significantly. Section 6 highlights our main findings and Section 7 suggests first steps that might be taken to support more coherent governance and improved service delivery.

2 How local government and service delivery are meant to work

2.1 Formal local government structure

At the 1994 transition, the twin goals of alleviating poverty and building a viable democracy resulted in constitutional provisions for decentralising government (ss. 146-151). In 1998 the Local Government Act and accompanying National Decentralisation Policy aimed in two phases (NDP I and II) to realise decentralisation and to make public services more effective through the elimination of ‘dual administration’, that is the continuation of field administration of social sectors by central ministries alongside local government (GoM, 1998: 2-3; GoM, n.d.). The 1998 National Decentralisation Policy:

- devolved administration and political authority to the district level;
- integrated governmental agencies at the district and local levels into one administrative unit, diverted the centre of implementation responsibilities and transferred these to the districts;
- assigned functions and responsibilities to the various levels of government; and
- promoted popular participation in the governance and development of districts (GoM, 1998: 2).

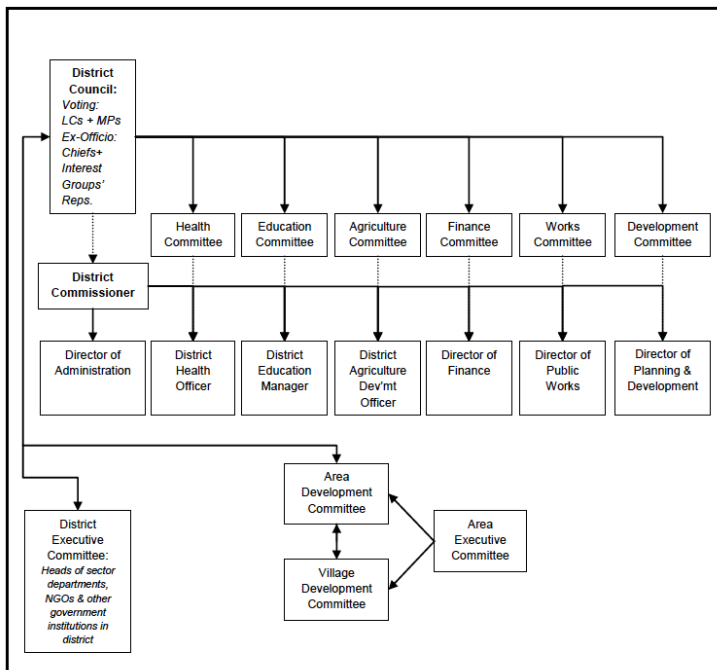
Local government is formally made up of a district, municipal or city council, council committees and the council secretariat (Figure 1). The district, municipal or city council³ is the main political decision-making body and is comprised of elected local councillors and MPs as voting members (who elect a council Chairman and Mayor) and of TAs and five representatives of special-interest groups as non-voting *ex-officio* members.

The executive component of local government, with authority over the daily administration of the district, municipality or city, comprises service committees, some of which may in due course be merged (interview, 30 July 2013), each led by a councillor and comprised of sector-specific civil servants. The council secretariat consists of the District Commissioner (DC) or the Chief Executive Officer (CEO) (in district or municipal/city councils respectively) and local heads of sectors, which together form the District (or Municipal/City) Executive Committee (DEC). District/municipal/city councils have overall responsibility for development within their areas, and are to establish sub-district mechanisms at area, ward and village level to enable participation in development planning (the precise form of which is left open) (Chiweza, 2010a).

Amendments to the Local Government Act in 2001 and 2010, and to the Local Government Elections Act in 2010, clawed back some powers to central government. DCs/CEOs are now selected and appointed by the Office of the President and Cabinet (OPC) and the Ministry of Local Government and Rural Development (MoLGRD) rather than by the councils. MPs became voting members of councils in 2010, which considerably dilutes the power of councillors, particularly given the reduction in the number of council wards to two per constituency (with the exception of cities), effectively halving the total number of councillors. Finally, town and district councils were merged, and the terms of mayors and council chairs were reduced (from five years to two and a half years and one year, respectively), which encourages these officials to focus on short-term objectives (Chinsinga, 2010).

³ Somewhat confusingly, district/municipal/city ‘council’ colloquially refers both to the local authority as a whole and to the elected political body within this. We use the word council to refer solely to the elected political body.

Figure 1: Formal structure of local government, 2013



Source: DFID (2011)

2.1.1 Local government finance

The legal framework for decentralisation establishes three main sources of local government finance: locally generated revenues, ceded revenue and transfers from central government (Box 1). The National Local Government Finance Committee (NLGFC) was created in 2001 to manage financial transfers and to support local administrations' financial performance. In 2005, DCs formally became controlling officers, making them responsible for managing all funds transferred from central to local government,⁴ including a year later the Constituency Development Funds (CDF) allocated by parliament to MPs for local spending.⁵

Box 1: Sources of local government finance

The NDP established the following sources of revenue for local government:

- Locally generated revenue: finance raised from local sources, such as property rates, ground rent, fees and licenses, commercial undertakings and service charges.
- Ceded/non-tax revenue: revenue that central government collects on behalf of local government, such as toll fees, gambling and casino fees, fuel/road levies, motor vehicle registration fees and industrial registration fees, and is meant to distribute 'using a formula to be approved by the Cabinet'.

Central government transfers: 'Government to make available to District Councils at least 5% of national revenues, excluding grants, to be used for the development of districts. The distribution of these grants will be done by the NGFLC in accordance with a formula to be approved by Parliament'.

Source: GoM (1998)

⁴ The new regulatory framework holding DCs accountable for district funds, the Public Finance Management Act (2003), can only be partially operationalised without elected councils (Cammack et al., 2007).

⁵ 'The main justification for the CDF is that it would ensure equitable spread of development across the country, eliminating biases by government tendency to concentrate the development cake in areas considered as their strongholds for strategic political reasons' (Chinsinga, 2009: 2).

2.2 Roll-out of the decentralisation programme

The Local Government Act and National Decentralisation Policy (1998) set out an extensive formal mandate for the councils, including for the management and delivery of local services, with support from central government (see Box 2).

Box 2: Mandate of district/city council and functions to be devolved under the National Decentralisation Policy

The Local Government Act and National Decentralisation Policy (NDP) (1998) give the councils the legal power to make decisions on local government and development and to pass by-laws. They have authority for planning, resource mobilisation, financial management of locally generated revenue and central government transfers, staff employment (appointment, development, promotion and discipline), maintenance of peace and security (in conjunction with the police force), business administration and inspection (e.g. licenses, permits, lease agreements), and delivery of essential and local services. The NDP specifies that particular functions and services be devolved to councils in the health, education, water and environmental sectors:

- Health: health centres, dispensaries, maternity clinics, health posts, control of communicable diseases, health education and environmental sanitation.
- Education: nurseries and kindergartens, primary schools, and distance education centres.
- Water: provision and maintenance of water supplies including boreholes, piped water systems, protected wells, water-distribution networks, and gravity-fed piped water systems.
- Environment: burial services, refuse disposal, sewerage removal and disposal, environmental reclamation and environmental education.

Central government is meant to support councils with policy guidance, financial and technical assistance, with line ministries to retain responsibility for policy formulation, policy enforcement, inspectorate, establishment of standards, training, curriculum development and international representation. Line ministries will have direct links with local authorities regarding professional and operational issues involved in service delivery. The MoLGRD will act as a link between central government and the councils and oversee any other policy and issues affecting all local authorities.

Source: GoM (1998)

In practice, however, the distribution between central and local government of formal authority and responsibilities has been shaped by the implementation of the NDP since 1998. Democratic decentralisation began with local council elections and the restoration of councils in 2000, while fiscal and administrative devolution required a more phased approach. The original NDP did not set out a timetable for fiscal and administrative devolution, but proposed that councils and districts with unitary administrations assume their legal and devolved functions ‘as soon as possible’. Top-level committees (e.g. the Inter-ministerial Task Force) were formed to guide decentralisation policy and provide technical advice. In 2001, intergovernmental formulas were developed and General Resource Fund (GRF) transfers and Other Recurrent Transactions (ORT) from the National Local Government Finance Committee (NLGFC) to local government began (Chiweza, 2010b; Boex et al., 2001).⁶ Sectors began to develop devolution plans and councils, integration strategies, both of which were to be phased-in between 2002 and 2010. Planning in 2001-2002 extended to the Treasury establishing ‘cost centres’ for devolved functions identified by sector ministries. An annual Local Authority Performance Assessment system was established (MoLGRD, 2013a: 9-10) and annual local government audits were required (but are now lagging by two years) (MoLGRD, 2013b: 13-14).

⁶ The national budget is divided into two parts: Development and Recurrent. Recurrent is divided into two further parts: Personal emoluments, which includes salaries, pensions, and formal allowances (i.e. professional allowances or supplements for medical doctors) but not per diem allowances. Any expenses other than salaries are deemed ‘Other Recurrent Transactions’, or ORT. ORT includes goods and services such as fuel, stationery, maintenance, travelling costs, medicines, allowances, consultants fees, cleaning materials, electricity and water bills, etc. (Some operating expenses are paid by donors through the Development Budget, which is where the bulk of their funds are received and from which most capital projects are funded). GRF is a term used to denote funds transferred to local government to cover recurrent expenditures (Boex et al., 2001).

Since both Presidents Muluzi and Mutharika were fearful of opposition-party mobilisation via local councils,⁷ democratic decentralisation was slowed and ultimately halted when President Mutharika decided against holding local elections in 2005 as scheduled by law. Administrative and fiscal devolution moved on sluggishly. Also, only three ministries (education, health and agriculture) had actually transferred any functions by 2005 (DFID, 2011) and even in those, structural and institutional problems persisted (Cammack et al., 2007: 7). NDP II (2005–2009, subsequently revised to 2008-2013) was never officially launched (Chiweza, 2010b) and government officials hold different opinions about the degree to which it was implemented. For instance, one stated that NDP II guided subsequent devolution and that ‘three-quarters of it is already done’ (interview, 1 August 2013) while another said that ‘NDP II was not given a chance to be implemented’ (interview, 30 July 2013).

Table 1 provides a summary of the current division of responsibilities and functions between central and local government and other organisations involved in service provision in each of the three sections: health, education and water. It shows that, contrary to the legal mandate and vision of local government, central government still retains key functions in all sectors. Table 1 also highlights the differences between sectors in the extent of devolution (e.g. further in education and health than in water). The complex way in which devolution has taken place in practice becomes clearer when we look at how decision-making, resource allocation and sector planning occurs in education, health and WASH.

⁷ At the time it was also reported that MPs, chiefs and local civil servants were keen to see the removal of councillors (Cammack et al., 2007, and especially interview, 23 November 2006).

Table 1: Division of functions between central and local government in the water, health and education sectors in 2013

Sector	Central government (ministry, service commission)	Local government / council secretariat	Other organisations
Water	<p><i>Whole sector</i></p> <ul style="list-style-type: none"> • Setting policy and standards • Regulation, monitoring, inspection and evaluation • National projects • Donor funds management <p><i>Rural water supply</i></p> <ul style="list-style-type: none"> • Human resources (salaries, hiring, promotion and transfers) • Payroll • Capital investment/expenditure (incl. contracting and procurement) • Regional Water Offices: technical support to districts 	<p><i>Rural water supply</i></p> <ul style="list-style-type: none"> • Planning (participatory) and budgeting • Coordination • Recurrent expenditure and limited procurement (e.g. stationery) • Managing off-budget donor/NGO projects (rarely capital investment) • Data collection • Monitoring water points functionality, mostly from NGO project not recurrent funds <p><i>Urban water supply</i></p> <ul style="list-style-type: none"> • Responsible for water/ sanitation provision, for maintaining drains 	<p><i>Rural water supply</i></p> <ul style="list-style-type: none"> • Aid agencies/NGOs: capital investment, training, water-point maintenance • Water-point committees: management of boreholes and wells • DC's office provides procurement, financial and IT support to local water offices <p><i>Urban water supply</i></p> <ul style="list-style-type: none"> • Water Boards (parastatals): delivery of water and sanitation services to city; NGOs • WUAs/private vendors: water-point management and sales • Ad hoc water sellers, including political-party managers
	<p><i>Whole sector</i></p> <ul style="list-style-type: none"> • Setting policy and standards • Regulation, monitoring, inspection and evaluation • National projects; referral hospitals • Human resources (salaries, hiring and firing, promotion and transfers) • Payroll • Capital investment/expenditure (incl. contracting, procurement) • Donor funds management • Drugs budget, procurement and distribution • Health Zonal Offices: technical support to District Health Management Team 	<p><i>Whole sector</i></p> <ul style="list-style-type: none"> • Planning (participatory) and budgeting • Recurrent expenditure and procurement for district hospitals and public clinics (except buying drugs) • Data collection • Monitoring standards • Public health (incl. water quality, sanitation and hygiene) • Contracting CHAM facilities <p><i>Urban health</i></p> <ul style="list-style-type: none"> • City management of clinics with assistance from district health officers (DHOs) 	<p><i>Whole sector</i></p> <ul style="list-style-type: none"> • Private clinics/CHAM: all functions relating to health services in clinic • Misc. drug stores/sellers • NGO health providers • Health committees, community health volunteers • Traditional Birth Attendants
	<p><i>Whole sector (excluding early childhood)</i></p> <ul style="list-style-type: none"> • Setting policy and standards • Regulation, monitoring, inspection and evaluation • National projects • Human resources (hiring, firing promotion and transfers) • Payroll • Capital investment/expenditure (incl. contracting, procurement) • Teaching/learning materials (e.g. text books) • Management donor funds <p><i>Secondary and tertiary education</i></p> <ul style="list-style-type: none"> • Recurrent expenditure and procurement • Data collection • Monitoring standards 	<p><i>Whole sector (excluding early childhood)</i></p> <ul style="list-style-type: none"> • Planning (participatory) and budgeting • Monitoring examinations • Teacher loans (incl. secondary) and allowances <p><i>Primary education</i></p> <ul style="list-style-type: none"> • Recurrent expenditure and procurement (except text books) • Data collection • Monitoring standards • Capital investment via LDF and CDF • Allocation of school bursaries and some capital investment, e.g. desks; oversight school management committees • Pupil enrolment and transfers • Informal involvement in secondary exams, school management issues, etc. 	<p><i>Whole sector</i></p> <ul style="list-style-type: none"> • School management committees/PTAs: some functions related to school (fundraising, budget, expenditure, civic education, oversight, etc.) <p><i>Early childhood development</i></p> <p>Centres (e.g. playgroups, nursery schools, childcare centres) run by NGOs, faith-based organisations, the private sector and communities: all functions relating to the centre</p>

3 Local government and management of local services in practice in 2013

Despite a formal commitment to fiscal and administrative decentralisation, central government has retained many powers. Other studies have described resistance to devolution on the part of the OPC and line ministries, how decentralisation has stalled and the ad hoc local governance arrangements that have emerged in the hiatus.⁸ This section adds to this existing literature by taking a detailed look at the main characteristics of local government as practiced in Dedza and Rumphi districts and Blantyre city and at their effect on the ability of local authorities to undertake core functions, including the management and delivery of services. Government and decentralised service delivery in these three areas do not operate the way they are described in law, in SWAp policy documents or in the national decentralisation plans outlined in Section 2 above. Below in Section 4 we turn to the question of why this is the case.

3.1 Characteristics of local government

- Informal recentralisation of political authority has occurred in the absence of elected councils. No separation of powers exists at district level and accountabilities flow upward to central ministries via the District Commissioners and sector heads.
- Dual administration exists in the rural districts, with central ministries retaining control of key functions such as human resource management, payroll and capital development.
- As currently configured, dual administration contributes to multiple and overlapping sites of authority, unclear mandates, multiple reporting lines and weak accountability mechanisms.

When council elections were illegally postponed by the President in 2005, local government was still only a partial construct. Without elected councils, the emerging governance arrangements combined reinvigorated old institutions with piecemeal measures recommended by the MoLGRD. These ad hoc arrangements are still in place, though their exact form and function differ from district-to-district and through time because they have developed without strong central direction or legal strictures to control them.

3.1.1 Legal framework for local government

The legal framework that underpins sub-national government and local operations is fraught with inconsistencies and ambiguities that create opportunities for conflicts of jurisdiction among institutions and confusion of roles among actors. Examples that affect governance include the Chiefs Act (1967), the Local Government Act (1998), and laws dealing with specific sectors. Of particular concern to informants is the non-legal status of the LDF and non-enforcement of legitimate funding requirements (e.g. the Fuel Levy not reaching Blantyre city). A cursory glance at the illustrative (and not comprehensive) list (Box 3) reveals that conflicting jurisdictional claims and the multiplicity of rules and norms play a role in generating uncertainty. That said, the ‘doctrine of necessity’ seems to be at play here, in that stakeholders, including donors, simply ignore many of the illegalities.

⁸ See, for example, Chiweza (2010a, b); DFID (2011); and Cammack et al. (2007).

In considering the legal framework, the 2010 amendments to the Local Government Act, which reversed key elements of decentralisation, are particularly important. Senior staff on Capital Hill see the need to claw back the 2010 amendments, but argue that the time to present this change to parliament has to be chosen carefully. It was suggested that it might be best to do so soon after the 2014 elections. But others state that MPs will never dilute their own authority and at no time will parliament support a reversal (interviews, 30 July, 1 and 8 August 2013).

Box 3: Legal inconsistencies affecting localised governance and service delivery

- The Chiefs Act (1967) defines the geographical area of the jurisdiction of chiefs without excluding areas that are covered by cities or municipalities. This means that the law recognises their customary authority within city or municipality boundaries. The Local Government Act vests city and municipal authorities with the exclusive authority to make decisions in the area of their jurisdiction. This creates overlapping and competing claims for jurisdiction between chiefs and local councils. In practice, in virtually every town and city ‘town chiefs’ have authority to act and are generally integrated into district/city/town and NGO/politicians’ development initiatives.
- The Chiefs Act makes disobedience of a chief a criminal offence for which a person may be imprisoned for up to one year. On the other hand, by virtue of its principle of the rule of law, the Constitution permits a person to be punished only for breaking the law, which does not include a chief’s order. (The High Court has ruled that even a presidential directive is not law: Malawi Law Society Case.) Nonetheless, this informal power is real. For instance, discussions were cut off prematurely in a community forum in Rumphi when an *nduna* (*chief’s adviser*) reminded all present that the Paramount Chief had spoken and thus no further comments were permitted.
- The Public Health Act (1948) permits local authorities to act and incur expenditure outside their respective districts (s142), while the Local Government Act limits the jurisdiction of every local authority to its ‘local government area’ consisting of specified city, municipality or district boundaries. The dual administration and management structures discussed above are thus reflected in the law.
- The High Court has taken inconsistent positions on the revenue powers of so-called ‘councils’ (i.e. DCs and DCFs) operating in the absence of councillors, such as in the cases of the Municipality of Zomba v the University of Malawi (such ‘councils’ can collect rates) and Bandawe v Mzuzu City Assembly (only councils with ‘councillors’ can collect rates). While this problem will disappear with the re-establishment of councils, decisions on rates taken by DCs/DCF in 2005-14 should be addressed.
- Some laws preserve centralisation, while others promote decentralisation. For example, the Water Resources Act (2013) section 3(2) vests the power to control ‘all public water’ in the Minister as does the Education Act (1962), which vests control and funding of primary schools in the Minister. Similarly, the Public Health Act empowers the Minister to make rules for the preservation of health or prevention of disease. At the same time, however, under the Local Government Act (see second schedule) the local authority is empowered to perform functions that include control and management of essential services. For example, the LGA (2nd schedule s.2) empowers local authorities to compel and regulate the provision, construction, use, maintenance and repair of drains, latrines and receptacles for solid and liquid waste; to provide, maintain, equip and manage clinics including maternity clinics, health centres, and dispensaries. Such inconsistencies require legal review and rationalisation. This contradiction goes to the very heart of the inconsistency of the devolution process and of fragmented authority.
- Section 11 of the Local Government Act provides for the DC/CEO of a local authority to be appointed by the Minister of Local Government, and for the local service commission, LASCOM, to appoint Directors. At the same time, the Act empowers every local authority to appoint, develop, promote and discipline ‘its staff’ and obliges it to make regulations determining the conditions of service of ‘the officers of the Council’ (s.25). Since the Act does not define ‘staff’ or ‘officers’ to exclude DC/CEOs and Directors, the provisions create potential conflict between the Minister/LASCOM and Local Government. This again reflects the ambiguities raised by the ad hoc introduction of decentralisation and the failure to implement functional reviews.

3.1.2 Political authority in local government: ad hoc structures and de facto recentralisation

As described in section 2.1, according to law, local government in Malawi should be comprised of a secretariat, the executive arm of local government headed by the DC/CEO and comprising sector departments, and an elected local council, the political decision and oversight body, with sector committees headed by councillors. Since 2005, however, there has been no elected council. Instead, two bodies sit below the CEO/DC: the

City/District Executive Committees or CECs/DECs – made up of the CEO/DC, technical people such as sector heads, and sometimes sector-NGO representatives – and the District Consultative Forum (or DCF) (Figure 2). The composition of DCFs varies from district-to-district and may change when a new CEO/DC is appointed, for he or she has the power to invite others to join. DCFs generally include MPs (who may be represented at meetings by local party leaders), important local business people, NGO and CBO leaders, and TAs.

Figure 2: Basic local government structures and relationships in practice

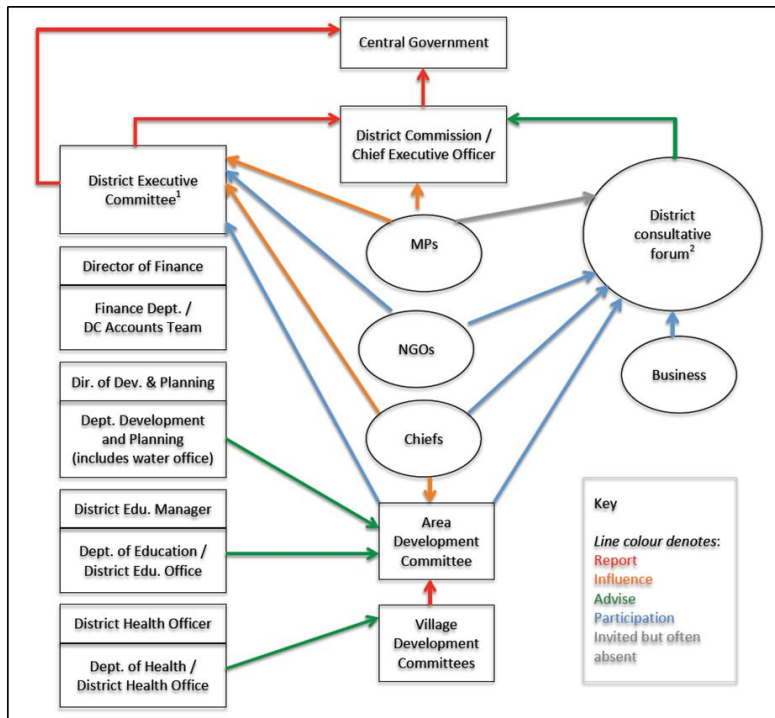


Figure 2 notes: [1] The DC and the heads of departments/sector offices are the permanent members of the District Executive Committee (DEC), responsible for the administration of the district. Members of the DEC form specialist committees, co-opting other district officials (e.g. DC Internal Procurement Committee, Budget Committee). The DC convenes regular DEC meetings. The DC may invite non-DEC members to meetings (e.g. the District Water Development Officer (DWDO) for water matters, NGOs, Area Development Committee or ADC Chairs). [2] The DC convenes ad hoc District Consultative Forum meetings to inform and consult with the local elite. Participation is by invitation only but the meetings can be large (e.g. 50 in Rumphu for some meetings).

DCFs have no legal standing. They were meant to be an ‘administrative, not legal, interim arrangement’ to fill what was then assumed to be a short gap after council elections were postponed and until new elections were held (interview, 23 November 2006 for Cammack, et al., 2007). The DCFs’ informality and non-legal status reflect the powerlessness of citizens vis-à-vis the local executive while at the same time they enable DCFs to vary over time and place.

DCFs are used by CEOs/DCs largely to inform rather than to consult citizens, despite their intended roles and the fact that some members, TAs and MPs especially, seem to have influence over the allocation of Local Development Fund (LDF) and other discretionary resources, such as project funds (DFID, 2011; Chiweza, 2010b), though none over recurrent finances. Furthermore, while the DCFs may be given the opportunity to voice their opinions or to contribute to specific decisions, they have no formal oversight of civil servants. Therefore, while powerful members of a DCF – such as chiefs (especially TAs and above); MPs (especially senior members of the ruling party and ministers); and sometimes business groups (e.g. Rumphu DCF meeting, 27 July 2013; Chikhwawa interview, 16 June 2011) – may influence individual decisions (inside or outside meetings), the DCF does not carry out the core and legal oversight functions of a council. This may include scrutinising district development plans or accounts, monitoring staff, or managing sector committees or resources. For instance, it is not uncommon to find that even if DCF members are shown financial statements, they are not given time to study them in detail. Most often they give advice on how to spend LDF monies, rubber-stamp DCs’ decisions, or suggest where to site pre-arranged and funded projects.

DECs are formal bodies laid out in the decentralisation framework. DECs meet regularly and prioritise area development initiatives, coordinate work on budgets and procurement and other ordinary functions of local government, and serve to inform its membership (and key stakeholders, such as sector NGOs) about progress on projects in each other's sectors. As one DC explained some time back, 'the DEC is running the show' (APPP interview, 16 June 2011) though DCs are the ultimate authorities locally.

One important consequence of the weakness of formal institutions is the fact that local administrations and sector managements are shaped by the local context and the personalities of powerful actors. Appointed by the OPC/MoLGRD and without a council the 'DC is the king' in a district (interview, 5 August 2013). With little formal oversight or accountability at local level the DC's/CEO's conduct affects subordinates' efficiency, honesty and effectiveness (e.g. interview, 27 September 2013). Much of what they do in practice is outside their formal role as head of council secretariats (MoLGRD, 2013a: 3), and it is no exaggeration to say that since 2005 they have 'illegally' run local government.

Yet they have had little choice but to 'make do' in the absence of formal structures and rules and in the face of the uncertainty surrounding decentralisation and local elections. DCs have dealt pragmatically with local elites (TAs and MPs especially) and have lived with the limitations imposed by dual administration and politically driven arrangements. As a result it is fair to conclude that the character of DCs and CEOs and of their senior staff is one crucial determinant of the quality of local government and services, and that this in part explains district variations in sector outputs and in development outcomes over time. For example, in one district we were told of problems with the DEC because the DC did not 'exercise enough authority': notices for meetings were not sent on time, absenteeism and lack of punctuality at DEC meetings were common, and junior representatives were often in attendance, even office assistants on occasion, which meant that the DEC could not discuss technical issues or make important decisions (interview, 23 September 2013).

Considering the wider constraints acting on local governance and services, DCs/CEOs perform reasonably well and where sound rules are enforced and they incentivise staff, relative efficiency is noted (e.g. interview, 10 September 2013). On the other hand, where procedures are ignored and sector staff are threatened by DCs if they report malfeasance to their ministries, bad practice leading to poor service provision is found (e.g. interview, 27 September 2013). Historically there have been cases of DCs indulging in egregious misbehaviour, some of whom have not been disciplined but simply transferred to another location or back to ministry headquarters (APPP interviews, 5 and 13 July 2010).

But more mundane and frequent are cases where DCs do not strictly comply with central guidelines. For example, responsibility for expenditure management is jointly held between sector staff and the DC/CEO, who is the formal controlling officer for all local government funds. This significant oversight power is not always exercised in practice since DCs/CEOs, or those they delegate too, such as the Director of Finance, may sign cheques given to them by finance staff without careful scrutiny of supporting documentation (interview, 27 September 2013). While the volume of a city's or district's transaction approvals obviously makes serious study of each one very difficult, it also appears that DCs/CEOs have different interpretations of their role in financial oversight. Some see sector spending as essentially the responsibility of sector heads, and therefore not their area of oversight, whereas others take a more proactive role in monitoring all elements, including sector expenditures.

3.1.3 The nature of dual administration at local level

As decentralisation went off track little progress was made in the integration of district civil servants into a single administrative unit (one of the main objectives of the NDP). Local government staff were employed by councils until 2001, after which legal reform meant that all but a very few low-ranking employees are to be hired by the local government service commission. Devolution of ministry staff to local level was planned for 2005 but did not occur and district and frontline sector staff currently come under various sector service commissions (see Box 4). There have been moves in both Dedza and Rumphi to physically accommodate district accounts staff in the same building, but even this proposal has met with resistance by sector staff. There has been some success in getting accounts staff from different ministries working together with DCs'/CEOs' accountants (interviews, 6 August, 4 and 27 September 2013) but this is not uniform across the country. In Rumphi, for instance, the accounts staff that were moved into the DC's office complain of cramped conditions and a lack of storage space and security, while the education sector's accounts team remain in a separate building (interview,

18, 19 and 27 September 2013). Lack of space in the city of Blantyre compound means the office for the District Education Manager (DEM) (Urban) is still located in a distant and dilapidated building in town (interview, 12 August 2013).

Box 4: Employment of district civil servants

District level staff are appointed in numerous ways, often with multiple reporting lines. For example:

- MoLGRD/OPC appoints the DC/CEO while the Local Government Service Commission employs their staff.
- The only personnel council secretariats consistently employ are support staff, such as cleaners, gardeners and drivers (Chiweza, 2010b).
- The MoEST, the MoH and the MoWDI employ their respective sector technical staff, including district-sector office staff (sector heads, sub-sector officials etc), frontline service providers (nurses, doctors and teachers) and community sector staff.
- The Accountant General's office employs staff working in accounts teams (both DC and sector offices), with the exception of a handful that the secretariats have recently employed directly (e.g. five of 22 in the Dedza district accounts team).
- Common service staff are paid by the sector they are working in but can be deployed anywhere by their home/line ministry – e.g. the DHO Procurement Officer in Dedza is paid by the MoH but deployed by the Office of the Director of Public Procurement (ODPP).

Source: Interviews 4, 6, 9, 10, 12, 19 and 20 September 2013

Dual administration results in multiple reporting lines. For instance, District Health Officers (DHOs) answer to the DC/secretariat and MoLGRD on administrative issues and financial expenditures (via the NLGFC) and to the Ministry of Health (MoH) on policy, budgeting and technical health issues. Furthermore, a copy of reports also goes to the DC (interview, 9 September 13). Health zonal offices have an advisory role that is not yet fully integrated into the health management system (Carlson, 2008; Wild and Cammack 2012; ODI field observations, 13 and 14 September 2012). In Blantyre city the director of the Department of Health coordinates emergency responses with the Blantyre district DHO but otherwise reports that he works in isolation from that office; he answers to the MoH on major policy issues but mostly interacts with the city CEO and management team (interviews, 12 and 13 August 2013). Similarly, in the education sector, Blantyre's DEM (Urban) reports both to the Ministry of Education, Science and Technology (MoEST) and to the CEO (the latter mostly regarding finances). When reporting to the ministry, the DEM (Urban) may communicate through the South West Education Division or deal directly with MoEST headquarters in Lilongwe (interview, 8 August 2013). Typically, therefore, senior officials have at least two reporting lines, reflecting their various roles, mandates and priorities.

Dual administration shapes accountability relationships, performance management and loyalties within local government in fundamental ways. Different ministries employ different members in a single department, and staff report to both the departmental supervisor and their 'home' ministry, which holds the power not only to hire their civil servants but also to promote, transfer and discipline them. More complex still are sector heads who report to two different government organisations entirely: to the DC, as controlling officer and chair of the DEC, on administrative/financial matters, and to their ministries on budgetary, technical and policy issues (interviews, 12 August, 4, 9 and 17 September 2013). Add to this mix the recently appointed Financial Analysts who are meant to help in analysing district finances but do a variety of other tasks – and therefore have variable reporting requirements – depending on the district where they are posted and the gaps they are assigned to fill (e.g. interviews, 10 and 27 September 2013). Not surprisingly, sector managers at local levels – for example in the District Health Management Team (DHTM) and the DEM – complain that in practice they have very little power to sanction, reward, transfer or fire subordinates who answer to distant service commissions and ministries that have very little direct oversight (interviews, 4 and 9 September 2013).

This disjointed structure also makes it difficult for citizens and their representatives to formally hold to account service providers who work locally but are employed centrally. Moreover, MPs are reported to be largely absent from districts (except around election times) and there have been no local elected representatives since 2005. The system therefore indirectly encourages locals to apply informal pressure on nearby officials, a practice that works better for powerful politicians; local leaders, such as high-level Traditional Authorities; or people who are friendly with DCs/CEOs (e.g. interviews, 8 August, 18 and 23 September 2013). Furthermore, the disconnect between citizens and civil servants and the poor services this arrangement generates undermines the social contract on which the payment of taxes by citizens in return for public goods is predicated.

3.1.4 Fiscal authority within local government

Despite the commitment to devolving fiscal functions, total spending by local governments has remained relatively low, both in absolute figures and in terms of a share of public spending in Malawi as a whole. While the LGA mandates that 5% of government discretionary spending should be directed through councils, in the 2013/14 budget presented to parliament, local governments were budgeted to receive only 3.9% of total government expenditure and net lending (GoM, 2013).⁹ This headline analysis is confirmed by the anecdotal monthly spending figures provided by informants.¹⁰ Given that these funds are expected to pay for the running costs of district offices (e.g., travel, fuel, stationery and allowances), it is unlikely that any significant sums are available for other recurrent activity.

Figures for health and education are higher because of the level of support received from donors and the greater focus on using local systems to deliver funds (unlike in the water sector). But, overall, such figures illustrate the limited financial resources of local governments themselves, particularly with regard to genuine discretionary spending (see Box 5).

Their limited fiscal autonomy is further reflected in local authorities' inability to collect taxes. In 2009-10, for instance, only K4bn or 2% of Malawian taxes were paid by citizens and companies to local governments. Seventy percent of this was raised as property tax; market taxes contributed 13%; and various fees and licences brought in 17%. It has been noted that this is a 'rare example of taxes levied by an unelected body and contradicts the famous "no taxation without representation"' (Prud'homme, 2010: 8-9).

Box 5: Local spending per capita

Divided by Malawi's estimated population of around 13 million, total budgeted expenditure for local government in 2013/14 results in about MK1,800 (\$4.80) per head. It should be noted that this figure significantly overstates the real discretionary resources available to local governments, since large shares of their financial transfers from central government are effectively ring-fenced for certain activities (e.g. the Health SWAp).

Source: GoM (2013)

3.1.5 Sector Budget Support, Sector-Wide Approaches and decentralisation

The bulk of funding reaching local levels therefore still sits within sectors. Indeed, both health and education receive a significant proportion of their funding through Sector Budget Support (SBS) provided by a number of donors, generally as part of sector-wide approaches (SWAps) (see Box 6). Since 2008 there have been unsuccessful attempts to establish a SWAp in water. SBS has increased the overall resources transferred to districts, and the availability of funds, and it could be argued, has enabled significant deconcentration of some line ministries' administration and financial management.¹¹ District-level sector offices now manage the

⁹ This 3.9% understates total resource flows to districts and cities since it does not include all funding from central government delivered in kind (e.g. centrally procured key commodities) or through other routes (e.g. wages of service-delivery personnel working in districts but paid centrally). However, it illustrates that the funding that passes directly through local government systems – and is therefore subject, to a degree, to their prioritisation and expenditure decisions – is relatively small.

¹⁰ The equivalent of around US\$160–300/month of ORT funding for water development being sent to a rural district was mentioned by one informant (interview 31 July 2013) and another informant mentioned figures equivalent to around \$250 a month in funding for water development in their district (interview, 7 August 2013).

¹¹ The mid-term review of the Health SWAp in 2008 found that: 'Decentralisation of health service management has allowed financial resource to flow directly to districts, where services are delivered; giving greater control over how these resources are used to district health managers' (NORAD, 2008, cited in Carlson et al., 2008) and a DFID final impact evaluation of the SWAp also found decentralisation to be a key area of reform progress. The DFID Malawi Education Sector Reform Performance Assessment Report (2010-2013) found progress towards the decentralisation of management and financing of primary education to be 'satisfactory' on the basis that: 'larger proportion of the resources for primary education devolved in increased allocations to

operations of much of the frontline health and education services, including hospitals, clinics and primary schools.

In practice, however, forms of sector budget support and the coordination envisaged under SWAPs have had little positive impact on local government control or use of funds, on local-level accountability mechanisms, or on empowering local authorities with regard to discretionary budgeting or local revenues. Indeed, by design SBS and broader SWAP arrangements entail central planning and accountability mechanisms. Central ministries (and donors through the SWAPs) set sector priorities and earmark funds for specific activities (OPM, 2013). Districts apply to the ministry for authorisation to transfer funds between budget lines (e.g. in the health budget) (interview, 6 September 2013). They also influence how funds are used through parallel sector-planning processes. While the emphasis on the strengthening of central functions and capacity is vital it does little to shape how effectively local sector staff and their systems perform (Williamson and Dom, 2010).

Overall, with the suspension of local councils, formal control of sector funds has remained with the sector ministries and their deconcentrated administrative units (although the DC/CEO is responsible for their proper use). Important areas of recurrent costs, in particularly staff wages, have not yet been devolved, while significant purchases are centralised.¹² Finally, not only national development projects, but much of the development budget spent on local or micro projects are still managed by central ministries, for example Ministry of Water for boreholes, Roads Authority for roads, and, until recently, the Ministry of Education for school construction (MoLGRD, 2013a: 4–5). Even most Other Recurrent Transfer (ORT)¹³ funds – comprising less than half of the health SWAP's budget and half of the DHO's funding in the 2009/10 health example outlined in Table 2 – are non-discretionary. Nowadays drugs are centrally procured, while district payrolls are in the ministries' purview.

Box 6: Health and Education SWAPs

The MoH produced a Health Sector Devolution Plan in 2004, which allocated health-related functions between the central ministry and local health structures. In the same year, government agreed a health SWAP with donors. The SWAP programme of work (2004–2010, 2011–2016) has two related components: financial support for the Essential Health Package (EHP), and an institutional/capacity development component, as the MoH delivers its EHP (Makaula et al. 2012). In 2013 donor support amounted to over US\$600m per annum which, with the CHAM, covers 89% of health spending (leaving government to provide 11%). More than 75% of funds were channelled through implementing agents, while half of health funds went to cover 'above facility' costs (Health Donors Group, 2013).

The two principal education policy documents – the National Education Sector Plan (2008–17) and the Education Policy and Investment Framework (1995–2005, 2005–2012) – include commitments to decentralise education and empower districts, communities and educational institutions to manage and administer education and training (Ng'ambi, 2010). The Education SWAP focuses on improving the quality and access to free primary education. Among other things, it includes a joint funding arrangement and a secretariat, and is structured around nine policy targets/reforms (DFID, 2013). While education's share of the national budget fell between 1994/95 and 2009/10, since then it has increased (to an estimated 26% in 2011/12). Approximately half of on-budget educational expenditure is spent on primary education, while donor support covers about 30% of that.

Source: Mambo et al., 2012: 24, 26 and 35; Ng'ambi, 2010; MoEST/EMIS, 2011, *Global Partnership*, 2012: 8

The situation in the water sector is somewhat different. While the National Water Policy (2005) advocates the 'smooth transfer of all devolved functions of the rural water supply and sanitation services' (Sec. 6.2.1.7), devolution of resources and authority have not occurred in practice. This has been partly explained by resistance within the MoWDI (Lockwood and Kang, 2012). On the other hand senior MoWDI staff note that they sent devolution plans to the MoLGRD but the process was thought impossible because 'capacity at district level is

district councils, under the 2011/12 Budget' and '2228 schools received School Improvement Grants (SIG) in 2011/12 and another 3069 schools in the 12 PSIP (Primary School Improvement Plan) districts received Direct Support to Schools' Grants. 1323 schools were trained' (DFID Malawi, 2013).

¹² Informants noted that district-level HR and payroll systems have to be established before staff salaries can be moved to the districts. It is hoped that teachers and their payroll will soon become the responsibility of districts, but the timeframe is uncertain. It was reported, though, that a tender had been put out for the equipment (e.g. computers and software) needed by districts in order to implement the plan (interviews, 30 July and 2 August 2013).

¹³ See footnote 6 for an explanation of ORT.

too junior’ and ‘the numbers of staff are too low’ – a view this research supports. Therefore, in 2012 they began ‘reassessing what was done and planning a way forward’ and ‘want a full SWAp by 2015’ (interview, 1 August 2013).

The way the sector is funded – by bypassing district water offices – reflects the lack of local capacity but does little to address it. The upshot is that a district’s water office has too little funding to enable the water officers (who are also too few in number and more junior than health or education administrators) or their staff to improve their skills or to perform their basic duties. In Rumphu, for instance, it was reported that the office receives approximately MK56,000¹⁴ per month in ORT, it has no car and its few motorcycles are in poor working condition. Spare parts for maintenance of water facilities are often unavailable, the water officer lacks the funds to do refresher courses and water users are not trained in community water management in accordance with policy (interview, 8 October 2013).

Lockwood and Kang found donors in the water sector focused on sector reform and improving the coordination capacity of the ministry, rather than supporting lower-level capacity building or systems development. They also reported ‘little buy-in’ to the LDF as a ‘potential vehicle for channelling funds to local government’. Nor was much desire shown for ‘strengthening local level planning or enabling coordination’. They concluded that ‘many development partners [in the water sector] are not yet ready to channel support directly to local government’ (Lockwood and Kang, 2012: 6-7, 11). In other words, while the ministry may have expressed an interest in introducing a SWAp and devolving authority, this research found little evidence that the prerequisites for doing this were being enacted by donors or government.¹⁵

Table 2: Health SWAp Programme of Work expenditures 2009/10 (US\$)

Expenditure Category	HQ	Central Hospitals	District Health Offices	Health Service Commission	CHAM	Total
Salaries and wages	2.0	9.3	27.3	0.2	17.5	56.4
Other recurrent transactions	41.6	11.7	43.5	0.4	0.0	97.2
Drugs and medical supplies	0.0	8.8	18.7	0.0	0.0	27.5
Capital works	16.3	0.0	0.0	0.0	0.0	16.3
Total (for year)	59.8	29.9	89.5	0.6	17.5	197.4

Source: Lewis (2011)

3.1.6 Urban–rural similarities and differences

There is some variation between rural and urban areas in terms of the effects of dual administration and the potential for more unified and functional systems. City government, at least Blantyre’s administration, appears in practice to be more cohesive than district governments. This is likely to be due to the infrastructure (most departments are located in the same compound) and the fact that the CEO is closer to, and better able to discipline, the managers of the city’s departments (compared to district sector heads who answer to far-away Capital Hill). It is likely that more experienced staff are attracted to living and working in the city rather than in small district towns.

Further, capacity to generate local revenue varies substantially between cities and rural districts. Within the local governments reviewed, neither Dedza nor Rumphu raised significant sums from local sources (e.g. market fees,

¹⁴ At the time of the research, the Malawi Kwacha exchange rate was approximately MK410 = US\$1.

¹⁵ One interesting exception was Engineers Without Borders, a Canadian NGO working with district water staff to improve their efficiency and to upgrade existing infrastructure (interview, 31 July 2013).

rents, taxes or licences),¹⁶ while Blantyre city claimed it raised 95% of its income¹⁷ from local sources, including business rates, to enable it in theory to cover its expenditures. This confirms Prud'homme's assessment (2010: 9) that 'the most remarkable feature of the Malawi local tax system is that the property tax is only levied in cities and in towns'. In 2010 four cities (Mzuzu, Blantyre, Lilongwe and Zomba) 'representing 12% of the population... pocket[ed] 83% of local taxes and fees. In per capita terms, the[se] inhabitants ... pay annually about 2,170 MK [then equivalent to about US\$14] when the inhabitants of rural districts (including towns) pay only 23 MK - one hundred times less'.

Despite this potential to raise funds, urban areas face significant constraints that are rooted in law and poor enforcement. For instance, it was reported that some 70% of Blantyre city's revenue is derived from ratepayers (property and business taxes), but that the default rate is close to 50% (interviews, 7 and 12 August 2013). Thus the city is unable to cover its budgeted expenses on a monthly basis. This shortfall undermines its services. For instance, its inability to pay higher wages makes it difficult to hire and retain staff and the city has high vacancy rates in some departments; operating expenses are cut so that in engineering, for example, only emergency travel is allowed due to the lack of money for petrol; and only a minimum of medicines are provided at city-run clinics.

Further, a senior staff member reports that local officials may not clamp vehicles or remove vendors from the streets because without a city police force, the city must pay individual allowances to national police officers to do the work. He also reports the city is unable to get its legal share of the Fuel Levy or a fair share of the Health SWAp to run its clinics (interview, 7 August 2013). In conclusion, city officials are trying to operate within an inappropriate legal framework that is not supportive of a twenty-first century city. They lack the authority, funds or human resources necessary to serve the existing population (e.g. Cammack et al., 2010) let alone handle the escalating needs that will arise as a result of Malawi having one of the highest urbanisation rates in sub-Saharan Africa (MIPP, n.d.).

3.2 Disjointed planning and funding

- There is uncoordinated planning and decision-making, with sector and district processes occurring in parallel and overlapping ways.
- In particular, fiscal planning and oversight is weakened where there is a proliferation of financial flows and a lack of district-level controls.
- IFMIS and procurement systems are complex and, without proper oversight, are sometimes undermined by unscrupulous officials.

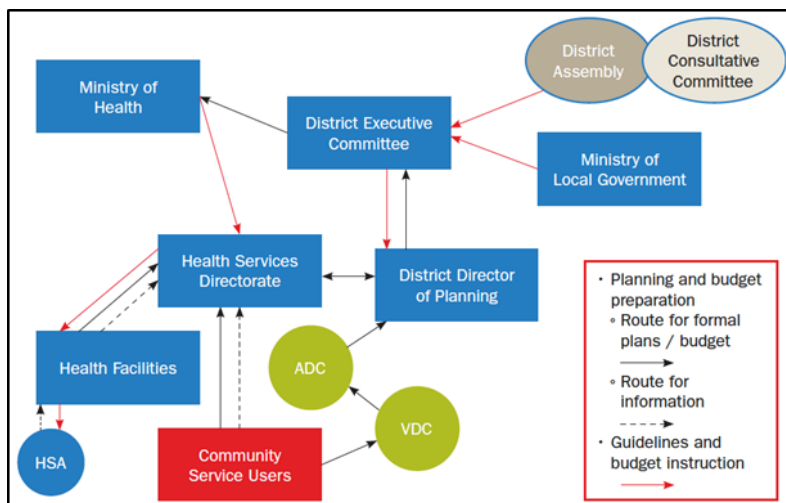
3.2.1 Budgeting and planning at the local level

As described above, in practice planning and budgeting in districts and for local service delivery are only partially devolved. Within the context of the national budget process, the district health and education departments are responsible for developing annual sector plans and budgets (the Health District Implementation Plan and the District Education Plan) for both recurrent and development activities within each district (Figure 3 and Box 7). Each sector's annual plan is prepared in a parallel process and subsequently aggregated into a three-year district development plan (Chiweza, 2010b). This process minimises the opportunity for cross-sector analysis and activities and it eliminates details so that the District Development Plan (DDP) cannot be used for monitoring of sector performance or progress. The upside is that district planning has enabled local officials to gain experience in identifying and analysing service needs (Chiweza, 2010b), although outputs (e.g. DDPs) are sometimes lacking analytical rigour (e.g. the Rumphi DDP appears to have contained more or less the same content for nine years).

¹⁶ As an example, Dedza District Council forecasts revenues of MK66m for 2013/14 (around US\$165,000).

¹⁷ This figure of 95% needs further explication by a technical specialist, as it seems unlikely that total government transfers would amount to such a small figure – indeed, they are budgeted at MK518m (US\$1.3m) in 2013/14 (GoM, 2013a). It may be that locally raised revenue accounts for 95% of the city's discretionary funding.

Figure 3: Health planning and budgeting processes



Source: OPM (2013)

Moreover, the budgeting process undertaken by sector staff seems to vary substantially between sectors, districts and funding streams. In terms of sectors, the process for budgeting in education (a nationally led process with substantial guidance from the centre) appears different from budgeting in the health sector, where less national direction seems to be evident. The importance of local relationships and coordination in effective planning and budgeting is also seen. In one case study the dysfunctional nature of District Health Management Team (DHMT) and its poor relationship with the DC/secretariat has had a negative impact on health planning and outputs (interview, 27 September 2013). Little evidence was gathered of planning and budgeting within the WASH sector as there are no financial staff in the water office, because allocations to local government in this sector are so small, and financial and procurement issues are instead handled by the DC’s staff (interview, 1 August 2013). Furthermore, the real business of water development and infrastructure spending is done centrally through the NWDP.

Box 7: Examples of annual planning in health and education

Drawing on interviews conducted, the following examples suggest how in practice planning processes seem to occur in different districts:

Rumphi health: The DC’s office waits for a budget briefing circular from the Treasury, which usually comes in January. A budget briefing is usually held in January (but was held in March in 2013), which is attended by the DC, Director of Planning and Development (DPD), and representatives from finance. The DHO attends the briefing, reportedly because the experience has been that the health budget is often subject to many changes. This team then briefs sector heads on what took place at the meeting, and informs them of any changes required in formulating the new budget. The sector heads then agree schedules for the date of the final submission of sector budgets. Each sector then costs all activities planned for the next financial year. Some sectors appear not to develop new budgets from scratch, as is required under Activity Based Budgeting, but rather rework the previous year’s activities. In the meantime, the NLGFC communicates ceilings to the DC’s office. These ceilings are reportedly subject to considerable fluctuation: the team was told that sometimes NLGFC communicates changes four times in a week and that the district strategy has been to wait for these ceilings to stabilise. In April, all sectors (except the DHO) scrutinise and consolidate the sector budgets into one. They communicate with the DHO budget team by telephone or email. The Director of Finance (who is the DC’s budget officer) examines all budgets to ensure programme, cost centre, and item codes have been charged correctly.

Source: interview, 27 September 2013

...continued

Rumphi education: The Ministry of Finance communicates the budget ceiling to the DEM each year, usually in January or February, and the DEM requests the accounts office to prepare estimates for the coming year. All the sections in the DEM's office, the heads of which sit on the DEM budget committees, are then given a deadline for submitting a list of activities for the coming year. MoEST has instituted a strategic planning framework, called the Programme of Works (PoW), to help District Education Offices to allocate resources to the various activities the MoEST thinks will be needed in the coming year in order for it to achieve national education objectives. MoEST organises a budget workshop each March, attended by district education budget coordinators, to develop their PoW. For example, MoEST provides guidance on the level of funds to be allocated to teaching and learning materials or the Primary School Improvement Programmes. Previously, DEM offices had reportedly developed their own activities, which were not always in line with government priorities or strategic plans, but under the PoW framework. Reports suggest that all DEM offices operate in a similar manner. The district education budget committee then finalises the education budget and sends it to MoEST for submission to NLGFC in April. Both the DEM and the NLGFC send the final budget (in a simplified template) to the Rumphi Director of Finance.

Source: interviews, 18 and 28 September 2013

Blantyre urban education: The first stage of budgeting involves consultations with the ministry's planning department to discuss priority areas and budget ceilings. The sectors later prepare budgets in conjunction with the city's finance directorate, in accordance with budget ceilings provided. The funds reportedly flow from Treasury to NLGFC, then to the city and to the DEM (Urban). Each year a technical team from NLGFC comes to the CEO's office to advise and comment on the budget, however reportedly the DEM's views are not always taken into account. The first tranche of LDF (MK273m) came to DEM (Urban) in 2012/13, and it is for building additional school blocks and toilets. After consulting with MPs, Primary Education Advisors, (PEAs), Parent-Teacher Associations (PTAs), School Management Committees and the Projects Management Committees in urban zones, the DEM plans how the LDF funds are to be spent. The city's Engineering Department advises on costs. The money is held in the city's bank accounts. The city's main Internal Procurement Committee (IPC) procures contractors and other necessary materials. School Grants come from the education SWAp, which flow from the Ministry through the city to the DEM. Major maintenance funds are drawn from the ORT and are held by the city. CDF money comes from government, but that entire process is seen as being controlled by the city and MPs and is not viewed as transparent.

Source: interview, 8 August 2013

What is less clear from the research is the degree to which sector planning and budgeting match up with district/municipal/city council-wide planning and budgeting. First, the DDP should naturally be aligned with, and informed by, the sector planning process. However, given the size of the earmarked health and education transfers within local government budgets, there is relatively little discretionary funding left to allocate to items identified in the DDP. Second, not all DDPs are up to date and it is difficult in some districts to use them to inform decisions and spending allocations on an ongoing basis. Third, it was also noted that DC/CEOs receive instructions from central government regarding expenditure that must be made within the financial year with little effective choice over the matter, and this undoubtedly interferes with annual planning. For instance, the 61% rise in civil servants' salaries in 2013 played havoc with planning and spending in Rumphi district, as the DC had not expected to increase local staffs' wages during the year and had no easy way to raise the additional revenue (DCF meeting, 27 July 2013). Adding to these problems, local governments receive funds from different sources, often with requirements that they be managed differently, such as the LDF or NGO/donor aid. Overall, it is difficult for a DEC and the CEO/DC to predict with any certainty the amount or flow of district funds for the coming year.

The impact of the devolution of planning on local governance is largely negated when districts do not control key functions (particularly staff employment) and when fiscal devolution has not kept pace. Plans are developed in a vacuum, initial forecasts bear little relation to ceilings set by the Ministry of Finance and, importantly, actual monthly financial transfers do not meet recurrent costs. This means that, in practice, how funds are to be spent must be negotiated by sector teams on a month-by-month basis on receipt of transfers. Often expenditure

bears little resemblance to the original annual plan (OPM, 2013).¹⁸ Decisions about much of the infrastructural development at district level appear to be reactive and ad hoc as funding becomes available, especially from the separate LDF process, but also for larger infrastructure projects.¹⁹

3.2.2 Coordination failures

Dual administration increases the likelihood of coordination failures, as do the multiple funding streams and actors within local government. Effective systems and incentives are needed to ensure that individuals/groups work together in any organisation but this is particularly so in one where functions and responsibilities are split between many different agencies and levels. Coordination mechanisms appear largely lacking or ineffective within local government in Malawi, particularly those that cross teams, layers of government and other stakeholder groups.

For example, in both Dedza and Rumphi, there appears to be insufficient coordination among the various agencies involved in delivering the DDP. The DEC/District Coordination Team is the main mechanism for coordination between sectors but there appears to be insufficient systematic interaction between sectors (both ad hoc and for annual planning), despite this being necessary in order to deliver many services. For example, coordination between water and health officials is essential to providing public health and adequate health facilities, but local water officials have almost no control over infrastructure, e.g. to ensure that clinics (or schools) have improved water sources (interview, 3 September 2013). There is also no Memorandum of Understanding (MoU) between the MoEST and MoH to facilitate higher-level coordination (Lockwood and Kang, 2012). Further, capital investment is rarely aligned with sector or district plans and, with little discretionary funding, district officials make decisions reactively as funding becomes available.

In all sectors, limited coordination between district officials and sub-district development and project committees fuels misinformation and undermines rational, needs-based planning. For example, Area Development Committees (ADC) should be advised by an Area Executive Committee (AEC) that includes sector staff but these are not meeting (interviews, 13 and 19 September 2013). And, while there are several NGO networks,²⁰ it is far from clear that they are fulfilling their basic purpose of coordinating NGO activities on the ground and aggregating and better representing community and special interests to local government (e.g. to the DCF). Reports suggest that some networks meet only when funding or allowances are available, and that they are not serving to prevent duplication of activities or to direct resources to areas of most need (interviews, 23 and 24 September 2013).

Improving cross-sectoral and intra-office coordination and addressing the causes of fragmentation appear not to have been prioritised or resourced, at least not since the functional review of local government nearly a decade ago, and those findings were not operationalised. This is a serious obstacle to better quality and more equitable services in Malawi.

There are also clear coordination failures between local and central government. In both health and education, severe staffing issues signal, amongst other things, insufficient coordination and information sharing both between and within central and local government. Another example is the errors in payroll, where many staff working at the district level are officially supposed to be working elsewhere (a finding in line with those from reviews of sector payrolls, e.g. KPMG, 2012). Examples were found of ministry-employed staff working in one district but formally posted in another, which is not surprising given that KPMG listed more than 30 staff charged to the Dedza DHO cost centre who were working elsewhere in the year ending June 2011 (KPMG, 2012: 26–27). Our team found that the payroll paperwork for staff that had moved to new stations had, for whatever reason, never been completed. Fragmentation of payroll management undoubtedly generates unreliable

¹⁸ Rakner and colleagues (2004: iv–vx) made a similar observation about the national budget process in Malawi bearing little resemblance to actual spending and therefore that it is largely ‘a “theatre” that masks the real distribution and spending. All the actors, from civil society, government, and donors seem aware that many of their statements and actions have little bearing on actual distribution of resources. Yet, all stakeholders ‘act’ as if the budget planning and formulation will actually have a bearing on the actual implementation and distribution of resources... The formulation process results in a budget that is overambitious and do not reflect priorities between expenditures. At the stage of implementation, the existing rules and regulations are easily circumvented, allowing powerful actors to utilise the budget to serve their own interests. Again, powerful interests and informal incentives allow the oversight institutions weak capacity, commitment and interests to fulfill their mandate.’

¹⁹ For example, one district official said a line ministry approached him to ask if he had any projects that needed funding, and he suggested a relatively large infrastructure project that a chief had been petitioning the DC about for some time (interview, 12 September 2013).

²⁰ For example, NGO networks in Dedza include the Dedza NGO Network, Dedza Education Network, Early Childhood Development Network and the Rights Advocacy Network (interview, 6 September 2013).

central human resource information and appears to be costly. For instance, it must contribute to expenses associated with travelling allowances for accountants responsible for reconciling payrolls (Box 8). In the education sector, one senior informant complained that all teachers are centrally managed, but that ‘to run things from the centre is not possible’. As a result it ‘takes months to get teachers on the payroll’ and in the meantime, they complain to the ministry in Lilongwe. ‘We need to move much, much quicker’, he concluded (interview, 30 July 2013).

Box 8: Staff payroll

There appears to be an excessively complex and laborious payroll process. In the health sector, for example, the salaries section in the MoH in Lilongwe manages payroll for district health workers, but the human resource (HR) section of the DHO manages information about district staff returns. Consequently, in Rumphu, two members of staff (an HR officer and an accounts officer) travel to Lilongwe each month to scrutinise the MoH’s draft payroll to check that the names of Rumphu DHO staff are correct and that the appropriate amounts have been credited or deducted from their monthly salary – and manually correct any errors. The DHO accounts officer then prepares vouchers for the different banks and institutions for which deductions have been made for employee salaries to be given to the Accountant General, whose office prepares the necessary payment cheques. It was reported that payroll personnel had to wait for two weeks in Lilongwe to complete payroll tasks because of IT problems in the MoH. On one occasion, lack of district funds for allowances reportedly meant that the Rumphu district staff could not travel to Lilongwe and salaries were paid more than two weeks late. Devolving staff payroll to the districts would address these and other problems (e.g. staff remaining on the district payroll after they have been transferred, with the result that they may become ‘ghosts’ on the payroll after they leave the civil service), but reportedly the Rumphu DHO office currently lacks the capacity (staff and equipment) to take on the payroll function.

Source: Interview (20 September 2013)

3.2.3 Staff accounting at local levels

Besides being unpredictable, multiple funding sources create a significant logistical and accounting challenge. For instance, local governments receive Other Recurrent Transfers (ORT) for the sectors that have been deconcentrated, and within these, sums are typically earmarked. For example, ‘inter-borrowing’ between sector budgets is not permitted, although respondents acknowledged that it does happen despite the fact that IFMIS has features that can prevent it. They receive further allocations for their own operations. In addition, local governments are required to open and operate separate bank accounts for certain joint government–donor programmes and specific donor projects. They receive some capital funding through the LDF windows, but some of this is earmarked (for teacher housing and classroom construction) while other funds are more discretionary. For the water sector, almost all capital investment is directed by the central ministry through the National Water Development Programme (NWDP) and operates outside local government systems. Local governments manage their own payroll for directly employed staff, such as cleaners and guards, but almost all key local-level district staff are formally employed by central ministries, and accountants at local level must negotiate with them directly regarding remuneration issues. Some key commodities can be purchased locally by district and city governments (e.g. certain teaching and learning materials) while others must go through central systems. However in a situation of critical local shortage, local governments can go ahead and purchase certain items directly (e.g. drugs).²¹

Staff at local levels do not report significant problems with regularity of funding released to their sectors, and cash was reported as flowing each month to local government to pay for activities. Respondents did note, however, that the amount of money released varies and rarely matches their cash-flow plan or the sector budgets written at the start of the year. This is in line with experience in the wider Malawian public sector. However, such a practice makes planning more difficult as certain ‘bulky’ expenditures will be difficult to manage in a situation of the irregular and uncertain availability of funds. The impact of variation in ORT on frontline services is minimised somewhat in the education sector, where schools directly receive funding and grants from

²¹ They should have a waiver from the Central Medical Store (CMS) to do this, although one informant said that this procedure is not always followed (interviews 6 and 20 September 2013).

central government, but some health facility managers report that their recurrent transfer from local authorities can be below forecast, and without proper explanation (Mueller et al., 2011).

Box 9: Financial problems in Rumphi health sector and conditions at Rumphi hospital

During our visit to Rumphi, district staff spoke of financial problems in the health sector. Rumphi has a single ORT account for all sectors held by the secretariat and two separate informants told us that monies from the monthly allocations to health were 'going missing', with cheques for health expenditures bouncing only a few days after the monthly transfer was received. One claimed that the matter had been brought to the attention of the DC, but that the secretariat and the bank were unable to provide a proper explanation for where the money had gone.

Another informant also told us that Rumphi hospital had enormous debts (owed to electricity provider ESCOM and the Northern Region Water Board, or NRWB) and that, after debt servicing, 'the health funds were being quickly used up'. Any money left was being spent on basics, such as food and allowances, and some sections, including maintenance, simply went without monthly funding. A senior hospital administrator confirmed that there were drug and transport shortages in the district, but was reluctant to discuss them in detail. However, the team observed conditions at Rumphi hospital and spoke informally with some staff. There were clear operational signs of financial difficulties. For example, meals were being cooked using firewood, reportedly to save on electricity costs; the ambulance had been out of service for several days and could not take patients to Mzuzu hospital, and the hospital was unable to print or photocopy documents.

A member of the team returned to Rumphi hospital in November 2013 and was told there was a four-month arrears amounting to K5m due to the NRWB, which has led it to disconnect the hospital's water supply. He photographed toilets that were tied shut and guardians or care-givers who were ferrying water from a borehole to patients unable to walk on their own. The water-supply issue received attention in the media and from opposition politicians, and local government subsequently paid these arrears. A further visit in February 2014 indicated that the financial situation had deteriorated further still; this time, reportedly, because of reductions in the amount of aid given by donors to the health sector as a result of the 'Cashgate' affair. Specifically, the hospital's monthly allocation was reportedly down to less than one-half the normal portion and the hospital was forced to buy cheaper food for patients. The team member was told that the water board was threatening to disconnect water again due to the on-going arrears.

One informant highlighted a second problem, in terms of the management of the health budget. Specifically, the team was told that two officials develop the annual budget without the assistance of the accounts team and without assessment of each sections' needs. Unsurprisingly, given this and the on-going shortages, monthly budget provisions are not adhered to. It was further claimed that the ORT account had not been reconciled during that financial year.

Accounts staff complained that technical problems with IFMIS are frequent and that they are not sufficiently trained to deal with them. As a result, they say that transaction processing comes to a halt when the Management Information Systems Officer, or MISO, is unavailable. Also they reported that inter-borrowing between sectors and inter-charging between activity codes are common. A third problem flagged was that the funding from the Treasury had remained constant for four years despite high inflation. More investigation would be needed to ascertain the veracity of these claims.

Source: Interviews, 19, 20, 27 September and 22 November 2013 and 1 Feb 2014

3.2.4 Scrutiny of funding

The uncoordinated nature of planning may also have implications for post-expenditure scrutiny. Indeed, audit functions, both internal and external to local government, appear to be highly variable. Respondents noted the existence of internal audit committees in the three areas studied, but they were generally considered to be reactive – only meeting to consider a specific incident – and weakly led. Several respondents, particularly in Rumphi, suggested that mismanagement of funds and even outright fraud were not uncommon, but they expected little from the internal audit function in terms of investigation and sanctions. It should be noted that this is not confined to local government, and internal audit committees of central ministries are also perceived to play a marginal role in internal risk management. Accounts staff did, however, note a plethora of audits to which local government, and/or its constituent parts, were subjected, including specific sector/SWAp audits, as a result of donor involvement in sector financing. This includes separate audits of specific funds and projects run by donors and NGOs. These can create additional burdens for an already weak function.

Reports raised the more serious issue of collusion and of deliberate misreporting of audit findings by auditors. It was suggested that in some circumstances public-sector auditors, such as the National Audit Office (NAO), the Central Internal Audit Unit (CIAU) and the NGLFC, would offer a deal to audited institutions whereby they would overlook examples of mismanagement of public funds in return for various benefits, such as the payment of generous allowances by the institution being audited (e.g. interviews, 29 July 2013; 20 February 2014). A rapid review of several audit reports for a number of different councils did raise questions about the depth of their scrutiny and impact, with many examples of poor procedures and questionable decisions being responded to with a repeated commitment that management would ‘review’ the situation. Lack of supporting documentation for transactions – making an audit simply impossible – was also often cited in reports as a barrier to drawing effective conclusions on financial management. Allegations were also made – which we cannot confirm – of serious financial mismanagement in one local government where pressure had been put on sector staff by DC staff to not report to Capital Hill a matter requiring further investigation (e.g. interview, 27 September 2013). Based on the current research evidence, local-level financial control appears frequently to operate without the full range of expected *ex-post* and *ex-ante* controls. A full fiduciary risk assessment would explore such issues in detail.

3.2.5 Use of IFMIS at local level

IFMIS is the Malawi government’s computerised accounting system that was introduced in 2005. It’s effectiveness and use has recently come under intense public scrutiny in the ‘Cashgate’ scandal,²² and government and donors are currently working together to improve it. This brief study is unable to judge whether IFMIS is a ‘good’ – or even a ‘good enough’ – system for local government, but the case studies provide some information about how it operates at the local level.

First, respondents were divided on whether IFMIS is an adequate system that suffers from poor implementation and unchallenged subversion, or whether the system itself is simply inadequate. Senior officials on Capital Hill expressed the view that IFMIS has ‘failed’, while staff interviewed in the three district offices appeared more positive, and several compared it favourably to the previous manual procedures (e.g. interviews, 30 July and 10 August 2013). More than one respondent noted that the local-level use of IFMIS had forced sector accounting staff to work more closely with other local government finance staff and thereby reduced institutional ‘silos’ (interview, 10 August 2013). Findings suggest, then, that IFMIS does indeed offer clear advantages compared to previous manual systems, but has been let down by poor implementation and weak controls. The more technically informed respondents with accounting responsibilities, and those who use the system more frequently, were generally of this opinion. Certainly it was noted by more than one respondent that the old system of manually writing cheques provided significantly greater scope for misuse of funds (interview, 18 August 2013).

Second, the system is seen as having internal flaws (Box 10) and errors. Informants noted that several features of IFMIS have not been fully enabled (e.g. production of final accounts; HR module) which reduces its full potential (interview, 29 July 2013) although NLGFC reported that more IFMIS modules had been introduced in local government than on Capital Hill (interview, 2 August 2013). Experts outside government noted that the central operators of the system have not actively invested in keeping auditors up to date with the programme in order to stay one step ahead of its potential abusers (Pers. Comm., 22 October 2013); a view that was supported by users with reference to money apparently ‘vanishing’ from the system (interview, 19 August 2013). It was also reported that some relatively junior staff have obtained the means to use the system, rather than ensuring

²² The so-called ‘Cashgate’ scandal broke in Malawi when the Budget Director at the Ministry of Finance, Paul Mphwiyo, was shot outside his home in September 2013. The official line is that President Banda had given him the task of closing loopholes in the public financial system and it is alleged that the shooting was an assassination attempt involving high-level government officials. In response, President Banda dissolved the Cabinet in October 2013 and sacked her Ministers of Finance and Justice. This was followed by the arrest of the Minister of Justice, Ralph Kasambara, on charges of money laundering and conspiracy to murder, along with more than 70 other people suspected of involvement in corruption. It is thought that loopholes in the government accounting system had enabled public officials to steal public money. The extent of the looting is not yet known, but it is thought to extend back to the introduction of IFMIS in 2005 and could be upwards of \$100 million. In November many of Malawi’s main donors, including the UK and the EU, suspended budget support worth around £150 million. However, the IMF has recently released a \$20 million tranche. The first trials began at the end of January. A DFID-funded forensic audit team delivered a report to the IMF and government in January 2014. A revised version of this report, available online in late February, confirmed that between April and September 2013 alone large sums of money (over MK13 billion) had been stolen from government accounts. The auditors identify two main methods of misappropriation: first, systematic money laundering through commercial organisations (the ‘Cashgate’ activities); second, more widespread corruption related to overvalued and high value transactions, payment for goods not received and funding transferred internationally to overseas jurisdictions. The auditors found significant control failures, not only in relation to the internal controls that should be applied by individual government departments, but also the secondary controls applied by the Account General and commercial and reserve banks (Chinsinga, 2014; Masina, 2014; Mapondera, 2014; Baker Tilly, 2014).

that access is restricted to key personnel. Issues cited as IFMIS misuse are symptomatic of deeper dysfunctional attributes of the public service in Malawi (e.g. Anders, 2005) and point to the need to strengthen performance management as well as IT systems.

Box 10: The interaction of IFMIS at central and local levels

Serenic Navigator is the software used by IFMIS at local level, while EPICOR is the software used by IFMIS in central government. 36 local authorities now provide financial information to NLGFC via Serenic Navigator. Data are transferred by CDs, produced in the districts, which are delivered by hand to NLGFC. Each CD is then uploaded onto the NLGFC's Serenic Navigator system, and the data are consolidated. The consolidated district reports are then sent to the Accountant General for integration with central EPICOR data. The coding system for transactions (e.g. ministry, department, programme, activity) in each software system is reportedly the same, but the accuracy of that claim needs to be verified.

Currently, it is not possible for the two software systems to 'speak' to one another directly. For instance, the MoH and MoEST require district ORT figures for their sectors (available via Serenic Navigator) to combine with their EPICOR data from headquarters. At present they do this by getting an Excel spreadsheet from NLGFC, which is consolidated with a spreadsheet derived from EPICOR data. Thus, rather than Serenic Navigator linking directly to EPICOR, this is still done using Excel. Plans are undoubtedly in the works to integrate the two IFMIS systems so that CDs and Excel spreadsheets are no longer needed to consolidate national data. In the meantime, the process of creating government-wide accounts is more cumbersome, costly and time consuming than it should be, and may potentially produce less reliable reports.

Source: Pers. Comm., 16 November 2013

Third, the system was seen to suffer from a lack of trained staff, lack of hardware and inconsistent central support from system managers in Lilongwe. Several respondents noted that not all accounting staff across the districts and sectors were fully trained, resulting in errors (interviews, 9 and 12 August 2013) and that frequent staff transfers reduced the value to a district of the training provided (interview, 8 August 2013). In the two rural districts reviewed, accounts staff using the system were found to lack basic qualifications for the level of accounting they were expected to perform, and for the positions they occupied, though this was reportedly less of a problem in Blantyre city (interview, 19 August 2013). Several respondents also stated that they did not have the right kind of servers, internet connections and local area networks that would make the system run more efficiently (interview, 12 August 13). Support from central system administrators in Lilongwe was often not as forthcoming as local government users would like, and some respondents reported significant bugs in the system (e.g. inability to print a list of cheques with the correct dates) that had not been fixed despite repeated complaints (interview, 19 August 2013).

Fourth, several respondents openly admitted that IFMIS controls can be subverted (e.g. interview, 12 August 2013), in part because technicians are not properly supervised by seniors who have little understanding of computer systems (interview, 30 July 2013). Others noted specific examples where they believed IFMIS controls had been by-passed in order to facilitate fraud (interview, 19 August 2013). Respondents also saw instances of 'inter-borrowing' and incorrect charging of expenditures done at year-end in order to make the numbers add up, although not necessarily with an intent to steal (interview, 19 August 2013). Since a forensic audit of individual actions is required to confirm such claims, this research could not substantiate or refute them. Nevertheless, the idea that IFMIS controls are not sufficient to stop misuse of funds appeared to be widely shared among informed local government respondents.

3.2.6 Procurement at local levels

The Public Procurement Act (2003) requires all agencies of public administration to form a number of structures to manage procurement, notably Internal Procurement Committees (IPCs). In local government, the common institutions in place to manage procurement are IPCs and sector-specific procurement committees operating under the IPC. These sector committees generally feed their procurement work up to the IPC for final approval, with the IPC containing the most senior officials at local level (DC, Director of Finance, Director of Public Works, heads of the major sectors).

Procurement procedures vary depending on the amount being procured, with goods over K5m requiring a ‘no-objection’ from the ODPP. Some local authorities also have procurement units acting as secretariats to the IPC, although this is not universal. Several respondents noted high vacancy rates in their procurement functions (e.g. interview, 6 September 2013).

Procurement processes across education, health and water illustrate many of the challenges of managing funds at local levels more generally. This is not surprising, since procurement is one of the core financial processes that local government and sector staff must deal with in order to deliver their services. First, there appear to be several different regimes and rules for procurement, even within the same sector. For example, within education, certain materials can be procured locally (e.g. chalk), but others come from central systems (e.g. pens). Duplication of such functions is wasteful, although the process is seen locally as a step forward. For instance, a Primary Education Advisor (PEA) is at least given a chance to choose items to be procured from a list that comes from the DEM. This is a step towards real decentralisation where we will actually be making decisions ourselves on what to buy’, one reported (interview, 28 September 2013). In health, certain drugs must be procured centrally from the Central Medical Stores Trust (CMST), but if CMST cannot provide them, sector staff in the district can request a waiver to purchase locally; and emergency drug procurement can be done without going through full IPC procedures. Meanwhile cities such as Blantyre are procuring drugs separately from the district health offices.

General procurement of items for the direct use of local government is sourced by the DC’s office, subject to ODPP thresholds for ‘no-objection’. But one respondent noted that uncertainty of funding from month to month can reduce the ability of local government to plan procurement effectively (interview, 10 September 2013).

Second, procurement staff report to several different agencies in addition to the local IPC. These include the ODPP on large procurements (at least K5m), Central Government Stores for stationery items (where government has mandated that all procurement of stationery must go through this channel) and also to the relevant sector heads for general procurement within a sector. Moreover, water and sanitation appear to have significantly less procurement at local level than health and education. This would be consistent with the findings that the level of funds flowing through deconcentrated systems for water and sanitation is much lower, and that most water development (including procurement of goods and services) is handled centrally.

Box 11: Procurement in Dedza

In all three sectors, the official process requires sector officials to identify goods or services that are needed, and to obtain three quotes, which are sent to the DC’s IPC, which selects a contractor. The CDF and LDF procurements are handled differently, even if they relate to health or education inputs. The District Public Works Department and the District IPC manage CDF procurement, but reports suggest that MPs may not always work within formal procedures (interviews, 12 August and 6 September 2013). Some items procured using LDF funds are handled by the LDF Secretariat in Lilongwe (such as school desks, grill windows and doors) and other materials and services (e.g. school-block construction) should be managed by a community-based Project Implementation Committee (PIC), which obtains quotations, in conjunction with the DC’s IPC, which selects suppliers. Again informants report that this procedure is not always followed, and that sector staff or DCs may select contractors.

Within the education sector, different processes and teams are involved in the procurement of teaching materials (they are put out to tender, with ODPP approving choice of supplier) and of maintenance services (where head teachers give maintenance requirements to PEAs or pass these to the DEM who, depending on the item, may request the Building Section of the district’s Public Works unit to inspect the school). This results in a Bill of Quantities that the DEM then refers to the DC’s IPC, or the DEM requests the DEM sub-IPC to source quotes to refer to the DC’s IPC (interview, 28 September 2013).

Third, in common with other financial management systems, there are questions about the strength of accountability and scrutiny of the procurement system. The DCs are legally empowered to approve all expenditures, and their membership of the IPC should give them significant oversight of local procurement processes. As noted above, however, there is limited time available to undertake these processes, and DCs appear to vary in the degree to which they see themselves as ‘responsible’ for sector expenditure. In such

instances, the procurement system appears to operate in the absence of a strong internal and external audit function. Also, procurement staff are relatively junior to DCs and other members of IPCs, and this probably affects their ability to insist on procedures being followed. One respondent noted examples where goods are procured under emergency procedures without formal approval, and then relevant documents are ‘prepared backwards’ to legitimise the purchases (interview, 6 September 2013).

3.2.7 Local Development Fund

The main source of discretionary funding for local development is the LDF, which one senior official said was not unlike a ‘Local Government SWAp’ (interview, 29 July 2013). Replacing MASAF– the Malawi Social Action Fund, designed to finance safety nets and community self-help projects (e.g. Patel, 2011) – the LDF aims ‘to empower local communities to take part in the decision-making processes through improved local governance and development management, in order to reduce poverty and improve service delivery’ (MoLGRD, 2009: 1). The fund has no legal framework (MoLGRD, 2013a: 6–7) and is mostly funded by donors (almost 80% in 2011/12) (Lockwood and Kang, 2012: 12). Its four ‘windows’ were designed around existing donor funding arrangements (interview, 1 August 2013):

- The Community Window to finance demand-driven community socio-economic infrastructure investments and services directly managed by communities.
- The Local Authority Window to finance capital investments, labour-intensive public works programmes and local development initiatives contained in Local Authority Plans through projects managed by Local Authorities.
- The Urban Window to finance socio-economic infrastructure in urban areas (including growth centres), both of which are labour- and capital-intensive, as prioritised in the District Development Plans or Urban Development Plans.
- The Performance Window to finance capacity development requirements of Local Authorities in the management of their core functional areas and to reward good performance through annual performance assessments (MoLGRD, 2009: 2).

The use of LDF monies is not always straightforward. In theory, LDF projects are supposed to be community managed, with a residents’ committee established to oversee funds, procurement and the building of infrastructure. But in fact these committees are often weak (in comparison with district officials or other actors, such as MPs or chiefs) and lose control of the process at key moments, such as during procurement of goods and services. These often pass into the control of district officials, who may refuse to account to local committees. Sometimes substandard materials are passed off to communities without their knowledge, and the selected contractors have close attachments to officials (interviews, 1 August and 20 September 2013; Centre for Youth and Children Affairs, n.d.; Kalondolondo, 2012). DCs’ offices are meant to manage the LDF projects that come through their areas, for which they are entitled to take 5% for administration (Pers. Comm., 21 October 2013). Interviews with communities suggest, however, that DCs’ offices appear sometimes to be taking more than 5%, again without accounting to the LDF project committees (e.g. interview, 2 September 2013).

3.2.8 Constituency Development Funds (CDFs)

The Constituency Development Fund (CDF) is a result of political manoeuvring in the mid-2000s when President Mutharika, needing MPs’ support, agreed to their initiative. It is a fund voted by parliament annually for all its members, which is formally managed by DCs. In practice, MPs treat the funds as their own monies, and shun oversight by local government. The amount now stands at MK7m per annum for each MP. The projects on which the CDF are spent may not be those identified in area development plans, since most MPs aim to use the funds to gain votes and reward loyalists, not to fulfil a district development vision. That said, some parliamentarians involve their local party leaders in deciding how to spend the money (e.g. interviews, 6 and 8 August 2013), but across the country ordinary citizens report that their MPs do not involve them in CDF planning (e.g. interviews, 7, 10 and 19 September 2013). Similarly, some CDF projects stand as a testament to an MP, while others can be seen as a waste of public funds (Photo 1).

Overall, the CDF programme runs counter to the government’s professed objective of strengthening local government and its capacity to meet local needs, and to more transparent and accountable processes, as it

involves the use of public funds at local levels that are outside the formal planning, budgeting and spending framework. MPs are in practice not held to account for how they use CDF funds, and the fund legitimises MPs' role as deliverers of local development – which is how they are seen by most voters and which creates another reason for tension between them and councillors, local authorities and TAs.

Photo 1: Two CDF projects in Ndirande, Blantyre



ADMARC depot built with CDF funds by MP Makanagala, Blantyre Central (Walita Mkandawire, Aug. 2013)



CDF-built (2007) school block at Matope, Ndirande, Blantyre (Cammack, Aug. 2013)

3.3 Community participation in development and basic services

- Decentralisation was envisaged as a way of encouraging greater citizen participation in service provision but, in practice, the participatory development planning system has broken down.
- Community organisations undertake mostly localised action only, are poorly connected with local authorities and lack mechanisms to demand answerability from district officials.

From the first discussions and UN pilot programmes in the 1990s, decentralisation was explicitly linked to participatory planning, with rural communities intended to participate in development planning and to work with district officials to find solutions to poverty. However, the institutional framework that was harnessed was Kamuzu Banda's top-down District Development Committee (DDC) system, which had been used to control and mobilise communities and to deconcentrate service provision (Chiweza, 2010a). During the late 1990s and early 2000s, this existing planning system was infused with the language of community participation and democratic accountability.

As with the political and administrative structures of local government, once the elected council was removed, communities were left with a hybrid development-planning system. On paper, the Village Development Committees (VDC) and Area Development Committees (ADC) are still linked to democratic structures, enabling people to participate through their representatives in villages and districts. But in practice the system operates very much like the old DDC system, with villages reporting upwards to where decisions are made and little feedback being passed downwards (interview, 10 September 2013) (see Box 12). Furthermore, in practice many development committees exist in name only or are dormant for long periods. Many VDCs and other grassroots, voluntary committees exist on paper but in reality meet only when a new initiative with 'training' (and related allowances) revitalises them.²³

²³ The same can be true of other civic organisations. For example, in Rumphu, there still exists a Non-State Actors Forum, which originated as an ad hoc meeting of NGOs periodically brought together by the National Initiative of Civil Education (NICE), but was overtaken and funded by an EC initiative. Now it is defunct and seems to exist only 'in the head of its former director' (interview, 23 September 2013).

Box 12: Functioning of the district development planning system

When asked how communities participate in district development planning, members of development committees and other local stakeholders (e.g. NGOs, district officials) tend to describe how the system *should* work. This entails some variation on the following: the VDC decides on the needs and priorities of the community and passes these to the ADC. After receiving advice from the AEC, the ADC provides the DPD with information on consolidated priorities for their area. The DPD presents these to the DEC. The DEC then makes recommendations to the DCF, which decides on allocation of funding and activities. TAs (who advise the ADC) and MPs (who are members of the ADC) who attend DCF and/or DEC meeting monitor whether the DPD properly represents the priorities for their area.

Further discussion with informants reveals that the system often works differently *in reality*. Discrepancies between the system on paper and in practice include: many village/area committees are dormant and only meet when there is funding/inputs to be distributed; AECs do not appear to be meeting at all; the influence of chiefs extends beyond advice, not least because their relatives and supporters hold important positions in village committees; district development planning structures operate as a system to relay information/decisions downwards; DCF meetings are ad hoc and are used mostly by the DC as a forum to inform, rather than consult with, local stakeholders; MPs send their party officials to DCF meetings rather than attend in person, and an MP's presence at community meetings is even rarer; decisions about allocation of funding appears often to be ad hoc and personalised, rather than evidence-based and informed by District Development Plans; community committees have no influence over sector budgets, which is where the real decisions about district priorities are determined; and NGOs, with their own thematic and geographical priorities, often approach communities directly with pre-set plans rather than working through district offices.

Source: Interviews (3, 10, 16, 17, 18 and 19 September 2013); Chiweza (2010a, b)

Even when active, other factors can limit the contribution of communities and CBOs to improving public goods and services, both directly and by holding providers to account. Committee members are not always fully aware of their powers, roles and responsibilities or have the competencies, confidence or resources to fulfil them. They lack organisational skills and social capital and they often lack access to information relevant to development initiatives. Committees may be unaware of the roles and responsibilities of the agencies that they are supposed to be monitoring. For example, there are widespread misunderstandings about the mandate and functions of public officials, which leave committees open to manipulation and subversion for political or personal gain. Local elites such as chiefs or political parties often dominate community organisations, either through direct membership or by filling them with their loyal supporters. For example, chiefs formally have only an advisory role on VDCs but they are widely acknowledged to dominate their decision-making. It cannot be assumed then, that these committees and their leaders are representative of, and accountable to, the general population.

Box 13: Types of civic/community organisations involved in public service provision

Malawi has an array of civil-society and community-based organisations (CSOs and CBOs) that, on paper at least, connect citizens to service providers and other local government processes (e.g. planning and development). These have different, but not necessarily mutually exclusive, roles, including:

- **development planning and implementation:** e.g. ADC/VDC, LDF project implementation committees and NGO funded-project committees
- **community mobilisation and action:** e.g. VDCs, faith-based groups, some advocacy and service NGOs
- **community-based management of resources/services:** e.g. school management committees, water user associations, borehole user committees
- **bridging and feedback between services and users/communities:** e.g. health advisory committee, parent-teacher associations (PTAs)
- **information and education:** e.g. Mothers' Groups, PTAs, Sanitation Clubs, NGOs, voters' education
- **monitoring and oversight:** e.g. advocacy NGOs, health advisory committees, project implementation committees.

This is not to say that communities do not mobilise for development activities. There are several different kinds of civic and community organisation involved in service provision in Malawi (see Box 13). There are even examples of several villages organising effectively, including sanctioning residents' non-participation. But self-help that 'bridges'²⁴ several villages is generally initiated and managed by a high-level chief or several working within the ADC structure (interviews, 10 and 12 September 2013). Overall, it is the legitimacy retained by chieftaincy in particular areas as well as the character of individual chiefs that determine whether they can encourage communities to work together and it is rare without their mobilising power.²⁵

3.4 Summary – how local government and service delivery work in practice

Since the disbanding of elected local councils in 2005, local government in Malawi has been characterised by two main features: centralised political authority (to central government via the DCs/CEOs and CECs/DECs) alongside the deconcentration of central administrative functions. There are no local checks on the actions of the district or city executives or their executive committees, which should be provided by local councils and their committees. In the place of local councils are the DCFs, which are largely used by local executives to provide information, legitimise their decisions and, at best, to consult local elite on an ad hoc basis. A DCF provides very limited oversight of financial decisions. The DC/CEO is the local controlling officer but central government has retained many administrative and fiscal functions and the loyalties and accountabilities of most local public officials flow upwards to Capital Hill. There has been limited fiscal decentralisation and local government mostly relies on (ear-marked) sector budgets and has few discretionary funds, though cities are better off. There has been a breakdown in the participatory development planning process (democratic or otherwise), with local development committees ceasing to operate, and citizens disconnected from local government processes and information, generally powerless to demand that official explain and account for their actions (answerability).

The ad hoc reform of local government and service delivery in Malawi has resulted in functional fragmentation, unclear mandates, overlapping jurisdictions and responsibilities, and unduly complex processes. We found some variations between localities and sectors. Integration of sectors and local government has progressed further in Blantyre city, reducing functional fragmentation and improving corporate identity. The extent of decentralisation also differs greatly between sectors, going furthest in education and hardly occurring at all in the water sector. Importantly, however, even in education, central government retains control of pivotal functions, such as human resources, payroll and capital development. And, in spite of such variation, in all three study areas we found poor coordination between government agencies, and between government and other stakeholders; disjointed planning and funding alongside ad hoc decision-making and allocation of funds; managers who lack credible sanctions; weak rule-enforcement and poor performance management; and mismanagement of public funds. While we were not researching corruption specifically, signs of fraud with near impunity do exist (e.g. in relation to IFMIS and auditing).

This fragmented governance directly contributes to the long-standing and well-known problems in the management and delivery of local services in Malawi. In the health and education sectors, government has been unable to ensure a supply of infrastructure (e.g. clinics, ambulances, classrooms, teacher housing, communications), essential materials (e.g. medicine, bandages, textbooks, desks), and trained and disciplined staff adequate to meet the needs of most Malawians (Mueller, et al., 2011; interviews 3, 9 and 23 September). As a result, while health indicators for the poorest are improving in absolute terms, health inequalities continue to increase in Malawi (Pearson, 2010). Furthermore, while the vast majority of children now attend primary school, the quality of education has declined, as reflected in an increase in repetition and drop-out rates and declining exam results (Mambo et al., 2012; Ng'ambi, 2010; Chiweza, 2010b). In the water sector, access to safe

²⁴ 'Bridging' is a term from social theory that describes the valuable relationships and networks that join people (also known as social capital). A common distinction is between 'bonding' social capital, which is the relationships formed between people in similar situations (such as the ties between family or kin); 'bridging' social capital, which is the horizontal relationships between people from communities who are different demographically but nevertheless have similar financial status and power; and, finally, 'linking' social capital is the vertical ties between communities that are from different social, political and economic groups (such as relationships between people from different classes, or between people within and outside political power) (Babaei, 2012).

²⁵ Some chiefs retain significant authority. For instance, after the Paramount chief provided his opinion at a DCF meeting in Rumphu about how LDF funds were to be spent, a TA rose to state that in Tumbuka tradition, when the Paramount chief has spoken, all the people should say 'e!hee! Sawira!' (which is a slogan in support of Paramount chief Chikulamayembe's chieftaincy), meaning no one should comment on the same issue (team observation of DCF meeting, 27 July 2013).

drinking water is undermined by erratic water supply in urban areas and the large amount of water points in rural areas that have fallen into disrepair (Kalondolondo; 2013; MoWDI, 2012; 2013).

4 Why local government and service delivery work as they do

Section 4 focuses on the reasons why local governance and services vary across the country and are often poorly delivered. We begin with the Malawian context, specifically financial and human resource constraints and the nature of social organisation and attitudes that are symptomatic of the larger development climate. We also discuss specific characteristics of the three sectors, and the nature of the goods associated with them, and how these influence how politicians, providers and service users behave. The discussion then looks beneath the surface to explain the de facto rules and practices of local government described in Section 3. Three causal factors are highlighted, all of which have been identified as non-developmental in other contexts: policy incoherence, collective action failures, and principal-agent problems and other information asymmetries. Lastly, we explore the political-economy logics that have produced and sustain these constraints. In particular, we highlight how the nature of political organisation and competition in Malawi creates incentives for politicians, bureaucrats and citizens and provides the context in which any future decentralisation and service provision will take place. With that in mind, in Section 5 we look toward the May 2014 elections, to assess whether the new local councils will have the capacity to make significant changes in the way local government operates or services are delivered.

4.1 Contextual features affecting local governance and services

The contextual features described below are not specific to Malawi – other countries share these attributes. These structural characteristics are long-standing and difficult to change. They inform the types of institutions that are likely to work well and go some way toward explaining why local government and decentralised service delivery do not function as designed. Not all of these features are fixed but in recent years Malawi's leadership, policy choices and institutional arrangements have not driven and sustained reforms that would diminish or eliminate them.

4.1.1 Contextual feature 1: human and financial resources

Malawi is one of the poorest countries in the world. In the 2012 Human Development Index it was ranked 170 out of 186 countries and 74% of the population was living on less US\$1.25 a day.²⁶ It is no surprise, therefore, that human and financial capacity constraints afflict the entire government in Malawi. Malawi's total state budget is low, which means that sector budgets (even if they represent a fair percentage of the state budget) are also low. This explains, in part, the inadequacy of infrastructure in all sectors (e.g. houses for frontline civil servants, school blocks or latrines and water sources at clinics and schools). Historically, the government wage bill per capita has not been excessive by African standards (Lienart and Modi, 1997: 38) and in recent years low wages have characterised the public service.²⁷ Low remuneration (compared to the NGO and private sectors) contributes to recruitment problems in the public service. Delays in salary payments and non-transparent recruitment and advancement add to the problem of recruiting and retaining staff.

Unsurprisingly, therefore, in all of our study sites we found human and financial resources to be inadequate to the task of providing local health, education and water and sanitation services. Health is relatively well funded (total US\$900m over six years) and makes up as much as one-half of a district's funds (Lewis, 2011) – but central government continues to control significant areas of all sector budgets (capital investment and some recurrent costs e.g. wages, drugs). Of the health budget, over 50% is spent on 'above facility' costs (Health

²⁶ <http://hdr.undp.org/en/countries/profiles/MWI>.

²⁷ Industrial unrest in early 2013 raised the monthly salary of the lowest paid civil servant from around US\$55 to US\$89 and of the highest from US\$180 to US\$190 (African News, 24 February 2013).

Donor Group, 2013). In 2012, central government transferred only 0.34% of its recurrent budget for the water and sanitation sector to local authorities (MoWDI, 2013). This money is spent mostly on transport and staff allowances (Lockwood and Kang, 2012) and leaves very little for transport and equipment (e.g. computers) that officials need to do their jobs (interviews, 31 July and 1 August 2013). Likewise, district education officials report their lack of necessary transport or, often, phone credit to collect Education Management Information System (EMIS) data from primary schools (interview, 11 September 2013).

In addition, financial transfers to local authorities are frequently less than they should be. Central government transfers have never reached 5% of national revenue, and monthly sector transfers are often below those forecast in annual budgets (and these are already cut to fit within Treasury ceilings). The inadequacy of the local government budget explains, in part, the poor facilities and insufficient equipment found in local authorities and frontline services (Photo 2). In peri-urban areas, classrooms can be overcrowded: the CEO of Blantyre reported that Mbayani Primary had one of the world's highest classroom densities (611 pupils per classroom), but with some new classrooms, this dropped to 513 (interview, 8 August 2013). While primary school education is officially free, many public schools resort to charging pupils a small annual fee to cover recurrent costs (interview, 5 September 2013). Malawi's health facilities are also in crisis – with severe shortages of transport and drugs, as well as staff (interviews, 3, 9 and 23 September 2013; IRIN, 24 October 2013) and even, it was recently reported, stationary to write up patients' case notes and properly functioning coolers in the mortuary at Kamuzu Central Hospital (e.g. *Nyasa Times*, 29 October 2013).

Photo 2: Lack of filing cabinets at a district office



High staff vacancy rates are also the norm in local government. In the CEO/DC offices and secretariats we found vacancies were concentrated in administration and support services, particularly HR, ICT and internal audit. It is also normal to find people 'acting up' – taking on more senior responsibilities for which they are not formally hired (Box 14). The district water offices are particularly understaffed; they have no dedicated support staff (e.g. accounts, clerical, procurement officers) and the technical and monitoring staff on whom the DWDO depends are also in short supply. For example, in Dedza, only one of eight Water Monitoring Assistants (WMAs) is in post (interview, 3 September 2013).²⁸

Box 14: Staff shortages in Blantyre City

In the city of Blantyre, there are significant staffing gaps in some areas, with a vacancy rate of 22-30%. In part, these reflect recruitment delays and the temporary cessation of service commissions by President Mutharika, which left some sectors legally unable to confirm staff in post. For instance, in the environmental health unit of the city's health department there should be four EHOs and six assistant EHOs, but there are currently none. One informant explained that in the city health department (interview, 13 August 2013) former staff had 'left for greener pastures'. The 'package is not very attractive' and the city cannot afford to offer higher wages. In the engineering department (interview, 13 August 2013) gaps in staffing were said to 'stay for a long time'. In that department there is reportedly no director, no deputy director, and while there should be four assistants, there are only two, and candidates who were offered engineering jobs declined them, probably, it was said, because the packages are unattractive. Similarly, in the city's commerce and industry department (interview 13 August 2013) it was reported that the four posts directly below the director are vacant.

Shortages of frontline professionals – trained nurses, doctors, pharmacists and teachers – undermine access to and the quality of basic services. In health, for example, 'the most common problems cited by both consumers

²⁸ Water Aid also recently found that 'in three of the eight districts surveyed the actual number of WMAs deployed was only 10%, 25% and 33% of the officially sanctioned positions respectively' (Lockwood and Kang, 2012:23-24).

and providers regarding the implementation of primary health care were the inadequacy of supplies and shortage of personnel' (Makaula et al., 2012) (see Table 3).

Table 3: Health staff per 100,000 population

	Botswana	South Africa	Ghana	Tanzania	Malawi
Physicians	28.7	25.1	9.0	4.1	1.6
Nurses	241.0	140.0	64.0	85.2	28.6

Source: Pearson (2010: 19)

The staff vacancy rate was high in all three study areas. For instance, the city health department formally operates Ndirande clinic but the Blantyre District Health Office (DHO) is heavily involved (each set of staff is performing different activities). In the city's smaller clinic there should be five nurses but only three are employed, six Health Surveillance Assistants (HSAs) instead of the current four and eight rather than four medical orderlies (interview, 14 August 2013). The larger section of the clinic is operated by the DHO and is similarly understaffed (Table 4).

Table 4: Ministry of Health staff at Ndirande Clinic, August 2013

Position	Number employed	Expected staff	Vacancy
Nurses	14	25	11
Clinicians	2	4	2
Medical Assistants	2	3	1
Pharmacist	0	2	2
HSA	49	49	0
Patient Attendants	11	13	2
Ground labourer	3	4	1
Data clerks	3	3	0
Laboratory technician	0	2	2
Laboratory assistant	2	2	0

Source: interview, 14 August 2013

In education, too, the ratio of trained teachers to pupils is high by regional standards. The average for Malawi was 1:81 in 2009, but is now 1:107 in Dedza (and even worse in some school zones in the district) (interview, 11 Sept 2013). Again, we found the complement of employed staff to be well under that of established posts, particularly in the more qualified positions. For example, in Rumphu, only 19% of primary school head teacher posts and 46% of senior primary school teacher²⁹ posts were filled, compared to 88% of primary school teacher

²⁹ This is the combined figure for the positions of chief, principal and senior primary school teacher.

posts (Rumph Education District Staff Return, July 2013). The shortage of qualified teachers, equipment and infrastructure produces low-quality education, as reflected in low completion rates (primary school repetition and drop-out rates increased between 2008 and 2011) and declining exam rates (Ng'ambi, 2010).

4.1.2 Contextual factor 2: attributes of communities

Attributes of communities is a technical term indicating the characteristics of groups of people who must interact or work together in some way (Ostrom et al., 2001). The community in question could be a group of people who produce or share a resource or service, such as a borehole or a school, or it could be a civic group, such as church organisation. It could also be a government-induced structure, such as a village development committee. The community in question might also be an administrative or decision-making body, such as a government department or a local council. The collective attributes of the group – such as its size, degree of homogeneity, assets and past experience – shape their capabilities, the preferences and interests of its members, and therefore their choices and behaviour.

Commentators often link poverty in Malawi to the weakness of civil society – to the population not holding the authorities accountable for providing better services and governance. This analysis assumes social capital is available but dormant and that simply providing information to people would kick-start civic organising and popular demand for improvement. It does not do justice to Malawi's socio-economic conditions and the limited assets and capabilities of most citizens. The population is overwhelming rural (85% in 2012)³⁰ and most people rely on subsistence farming on small household plots, which are being further squeezed by increasing population density and land degradation. Free primary education has led to an expansion in access but not in quality: school completion and exam rates are low and many rural Malawians are functionally illiterate and innumerate. Communication and transport infrastructure in rural areas is often rudimentary and in many urban settlements, dilapidated.

Nor does this analysis take into account the political history of Malawi and how it has shaped (and been shaped by) the organisational capacity of its citizens and their perceptions and expectations of authority at different levels. Chiefs have been the intermediary between rural citizens and government officials since colonialism and indirect rule. Chiefly authority and custom were lauded but instrumentalised by President Kamuzu Banda and the ruling MCP after independence; they were also enshrined in the transitional constitution. All villages are therefore led by a village headman who reports upwards to a Group Village Headman and a Traditional Authority (and for some ethnic groups to a Paramount Chief or Senior Chief), all of whom are paid an honorarium by the state. The legitimacy of chiefly authority, and deference to it, varies between Malawi's ethnic groups, but chiefs have organisational and gate-keeping power in all regions.

With the dismantling of the once-all-pervasive MCP party structures, and particularly since the councils were disbanded in 2005, chiefs have filled the void left by the state in rural areas. Few people will sidestep their chiefs and deal directly with DCs or DHOs. Few ordinary citizens understand the structure of government or the roles and responsibilities of its different agencies and officials even at local level (e.g. councillors versus MPs). Chiefs also have (and will use) their customary and legal power to ostracise or otherwise punish people who don't show respect for them. Even in urban areas where chiefs have no formal jurisdiction, 'town chiefs' have emerged to fill the gap left by MCP officials and structures (e.g. Malawi Young Pioneers), which for 30 years led social and economic initiatives and were involved in all aspects of people's lives (Cammack et al., 2009).

Despite political liberalisation, wariness of, and deference to, the state and its representatives – such as the DC, MPs and party officials or medical officers – is still common. Social conformity and the 'tall poppy syndrome' (reluctance to stand out) – which reflects both Malawi's oppressive political past and the near-universal belief in witchcraft – stifles initiative. Patriarchy is deeply rooted and sexist actions in recent years (e.g. disrobing girls wearing miniskirts) also discourage women from taking the initiative. It is frequently heard that the nature of multi-party democracy and electioneering have increased dependence on the state and expectations of government hand-outs (Cammack, 2001).

Previous research (APPP) has demonstrated that it is unusual to find in Malawi any grassroots organisation that 'bridges' across sectors or community boundaries. It is more common to find small groups with members who know each other or meet face-to-face. These come together for short periods to pursue a common goal, such as

³⁰ <http://data.un.org/CountryProfile.aspx?crName=MALAWI>.

savings clubs, health committees, etc. Often these are motivated by a strong community leader – such as a village headman – with legitimacy and the capacity to persuade (perhaps through intimidation). NGOs paying allowances serve much the same function, but their activities and members will disappear when the funding dries up and the organisers go home.

There are three exceptions. Firstly religious groups – churches and mosques, for instance – have more sustained memberships, activities and impacts. They span community boundaries as well. Secondly, chiefs organise funerals, community meetings and *bwalo* (informal courts) on a regular and continuing basis, bringing people together and maintaining social harmony. Neighbourhood watch committees, also managed by chiefs but under the authority of the police, have varying memberships, though the committees have been sustained in some areas for many years. Thirdly, following the example of the MCP, political parties' leaders have since the 1994 transition organised small groups of residents to perform economic functions (e.g. distributing relief or running water committees) but these have an expressly political purpose – to support loyalists. The point is, wide-scale, personally funded, self-motivated and enduring groups of people that come together to demand government reform or better services are scarce.

The team found examples in Dedza, Rumphi and Ndirande (Blantyre) that conform to these generalisations about Malawians' hesitancy to demand improvements and their tendency to defer. For example, despite problems at Rumphi hospital, people have tended to accept the poor services (water, sanitation, food, electricity) rather than hold demonstrations to demand change. The team also found cases where bricks had been moulded by a patient community, in the hope that some politician would, during this election time, come along and offer funds to build infrastructure. Also, our interviews with development committees, in theory run by elected community leaders, demonstrated that people still defer to chiefs, who generally play more than their official advisory role. In one instance in Rumphi a discussion at the DCF was cut short by an *nduna* telling people to stop speaking as the Paramount had already given his opinion (District Consultative Forum observation, 27 July 2013).

4.1.3 Contextual factor 3: sector characteristics and the nature of goods

The technical characteristics of different sectors can result in particular types of motivations and behaviours (McLoughlin with Batley, 2012). While some of these characteristics are not fixed, they require policy interventions (generally lacking in Malawi) to address incentives or actions that have unproductive outputs.

Analysis of technical characteristics stems from economics, and makes a core distinction between different types of goods: public, common, club and private (Box 15). These characteristics refer to the nature of the good or service and are important because they shape the institutional arrangements needed to finance, manage and deliver particular goods or services in sustainable or equitable ways (ibid.). This is particularly the case when it is difficult to exclude others from the use of a good or service. For example, public goods often require state intervention and subsidy because there is little incentive for the private actors to provide them because they cannot prevent others from using the resource without contributing to its cost (which is known as the free-rider problem). For their part, without appropriate institutional arrangements to prevent over-use, common-pool resources suffer from the 'tragedy of the commons' (Ostrom, et al., 2001).

Box 15: Public and private goods

The difference between public and private goods depends on whether they are 'rivalrous' – i.e. if a service is used by one person, it cannot be used by another – and/or 'excludable' – i.e. whether someone can be excluded from its benefits (McLoughlin with Batley, 2012). 'Public goods' are those that are not excludable and in which individual use is not rivalrous – such as public health campaigns – whereas 'private goods' are both excludable and rivalrous, such as appointments with a private doctor/consultant. Common-pool and club goods sit in between public and private. It is difficult to exclude people from using 'common-pool' goods, such as many natural resources like rivers, but each person's use will decrease the total available resources (Ostrom et al., 2001). By contrast, 'club goods' are provided to members of a specified group of people (such as an association or a neighbourhood). No one in the group can be excluded from using the good – such as a wireless connection or a private road – and the good is not depleted by individual use, which may be because the restriction on non-members using it prevents its over-use or congestion.

The goods and services delivered within social and productive sectors are a combination of different types of goods. For example, in the water sector, government regulation is a public good and water provided through water points (e.g. wells or kiosks) can be either a common-pool or a private good. As a result, effective management of these sectors depends on a combination of institutional arrangements to ensure that citizens retain access to essential goods and services and, where appropriate, participate in the cost of their production. This is the case with a Water User Association (WUA), for example, which is an institutional arrangement created by government to manage community water and to (try to) ensure the public pays a fair price for the resource.

The nature of the good or service can also shape the types and level of ‘market failure characteristics’, in terms of whether these are likely to be under-provided without regulation of some kind (McCloughlin with Batley, 2012). Market failure characteristics might reflect levels and types of information asymmetry, including whether users can easily base their choices on assessments of the quality of services, something which may be more difficult for healthcare, for instance, where the level of technical knowledge needed to assess quality of diagnosis and treatment is relatively high. It is not unusual, for instance, to find villagers unable to assess the quality of care and be able simply to say whether a clinic is open or closed and staff are present or not. Market failures might also reflect whether there are tendencies towards a monopoly of supply or whether there are particular positive or negative externalities or wider effects as a result of delivery.

Within particular goods and services, there are also particular characteristics around different tasks and different elements of demand for that service (ibid.). Turning first to task-related characteristics, there are a range of factors that can shape behaviour in different ways, including how easily outputs can be monitored and measured, whether particular activities are easier to observe or more visible than others, how predictable or variable activities are, and whether they offer a high level of discretion for frontline service providers and so on (ibid.). For example, the construction of school buildings, the delivery of medicines or the installation of water tap stands are all highly visible and easy to monitor, whereas the quality of teaching and of medical care will be much less visible and harder to measure. Teaching may be highly variable, as it needs to adapt to the needs and aptitudes of a wide variety of pupils whereas drilling boreholes or building bridges may be more predictable.

Demand characteristics will reflect why and how frequently people may want to use a service and the nature of user-provider interactions (ibid.). Demand will be shaped by some of the elements discussed above, including how visible a service is, how predictable is it, and how often users will need to access it. Demand can also be shaped by the location of services – water pipes and boreholes as well as schools all serve geographically distinct areas and thus have a more clearly defined set of users. Finally, demand choices will be affected by the political salience of a service, i.e. the level of political return that offering a service might provide for politicians, which is shaped by the politician’s relationship with voters and users.

These technical features and characteristics of (sub-)sectors can have political implications and governance factors will in turn shape these technical processes and features too. For example, many African countries including Malawi, have problems with managing their essential medicine supply because: (1) medicines are mobile and highly lucrative; (2) the distribution of medicines can be tailored to particular areas of political support; (3) disease burdens and medicine needs can change rapidly, which creates additional difficulties for planning and forecasting; and (4) it is hard for users to mobilise to make demands, partly because they are most affected by a lack of medicines when they are at their most vulnerable and they lack the technical knowledge to challenge medical specialists (Wild and Cammack, 2012). While medicine stock-outs are also strongly influenced by the wider context, we can see that the nature of these technical characteristics influences the incentives within the sector and the appropriate institutional arrangements needed to, say, support forms of collective action or the joint-production of the service.

These features have implications for the relationships between three different sets of stakeholders:

- service providers and users
- politicians and users
- politicians and service providers.

Some of the general ways in which the sector characteristics described above can impact on these core relationships are summarised below (see Table 5).

Table 5: The effect of sector characteristics on relationships between stakeholders

Relationship between...	... is affected by...
Politicians/policy-makers and service users (political accountability)	The nature of the service – especially if people can be excluded and whether services can be aimed at particular groups. The visibility and political salience of different tasks. Levels of information asymmetry and the complexity of service delivery.
Policy-makers and service providers (organisational accountability)	Whether there are monopolies of supply. How visible and measurable different tasks are. The political salience of sectors or particular tasks.
Service providers and service users (direct user accountability)	How much services need to be tailored to different needs. Whether service delivery involves regular interaction between users and providers. How frequent and predictable service delivery is. Information asymmetries and political salience.

Source: Derived from Harris et al. (2013)

These relationships were all identified as key relationships across the service delivery chain in a seminal 2004 World Development Report, *Making Services Work for Poor People*. This report argued that ‘lack of knowledge about the right technical solution [was] probably not the binding constraint’ to service delivery, but rather that ‘what is needed is a set of institutional arrangements that will give policy-makers, providers, and citizens the incentives to adopt the solution and adapt it to local conditions’ (World Bank, 2003). Understanding the interactions between the technical characteristics of sectors and broader governance and political factors therefore provides a guide to the type of institutional arrangements that would allow policy-makers, providers and citizens to find feasible solutions to service delivery gaps. We now turn to these governance and political factors.

4.2 Governance constraints on local governance and service delivery

- Three common governance constraints explain why local governance and service delivery operate as they do. They affect all levels of government and are recognised as being non-developmental in other countries as well.
- These governance constraints are: policy incoherence, collective action failures, and principal-agent problems that are linked to information asymmetries. Other informational problems also contribute to poor services.
- These are rooted in Malawi’s political economy, in particular the nature of political organisation and competition. They are persistent but not impossible to change.

The contextual features we have described – human and material resources, attributes of communities, and the technical characteristics of sectors as well as the nature of the goods they produce and deliver – are durable, with some fixed and other that change only slowly. Well-functioning institutions – the ‘rules-in-use’ (Ostrom et al., 2001), which may or may not be the same as the formal rules – are generally well suited to contextual conditions. At the same time, institutions that manage goods in a way that benefits a community as a whole can, over time, transform contextual conditions by, for example, producing an educated and healthy citizenry.

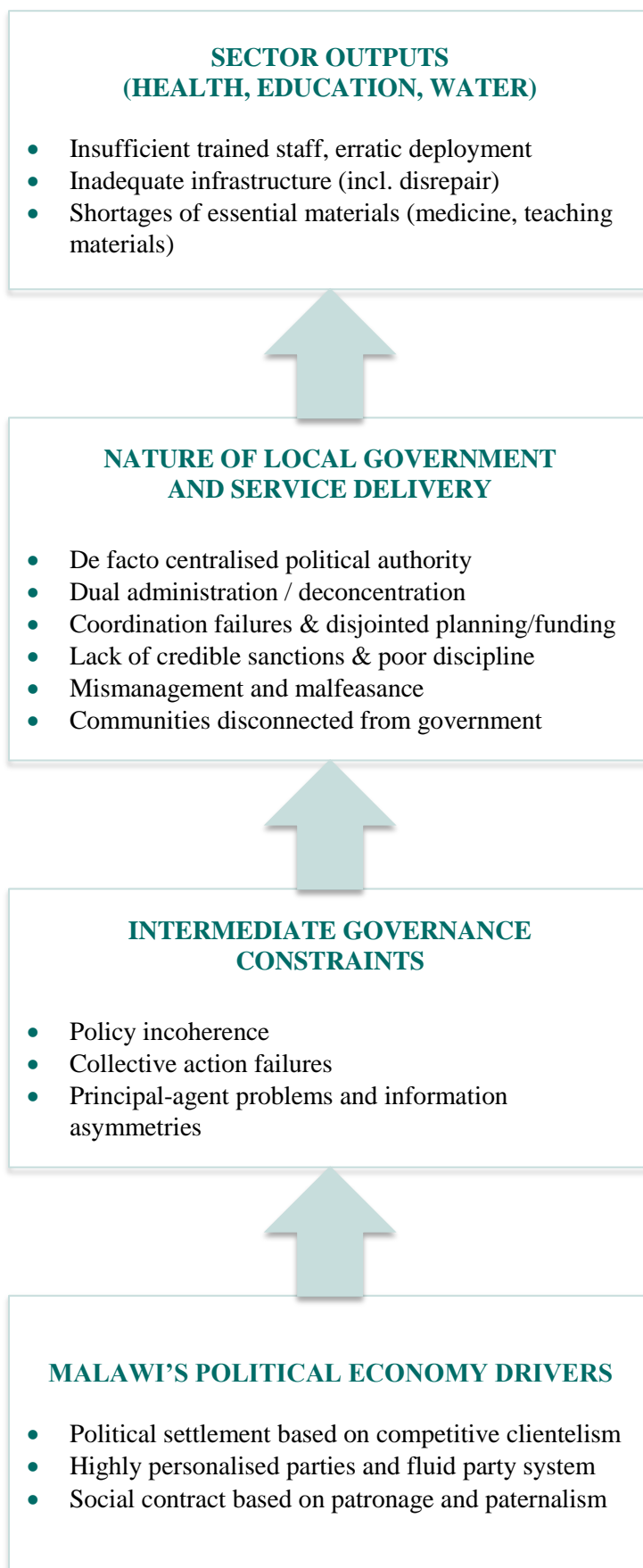
What explains whether or not people are able to work together to create such institutions? In our data collection, we identified three main governance factors that affect the functioning of local government and its management of local services. In the Malawi context, these factors present themselves as constraints on the production and maintenance of institutions able to manage and deliver goods and services effectively – that is, in a sustainable and relatively equitable manner.

These constraints – policy incoherence, collective action failures and principal-agent problems – largely explain the characteristics of local administration and management of services that are described above. These include dual administration, complex reporting structures, disjointed planning and the failure of communities to take part in local decision-making. These institutional failings – which are found across local and central government – lead to the main problems within the health, education and water sectors, such as missing or dilapidated infrastructure, shortages of trained staff and of essential equipment and materials. These constraints are presumed to be common to all districts and cities in Malawi, although our brief investigation covered only two districts and Blantyre city. This is to be expected as they are, in turn, explained by the underlying structure of Malawi’s political economy and how this influences incentives and behaviour at all levels of government and society. Figure 4 presents the causal logic of our argument.

4.2.1 Governance constraint 1: policy incoherence

Perhaps the most immediate cause of ineffective local government and local-sector operations in Malawi is policy incoherence. This is largely a result of the start–stop decentralisation process, which has led to countrywide ad hoc processes and structures that are fragmented and ineffectively coordinated by central government. Consequently, new institutions and systems have been introduced, and functions and resources devolved and recentralised, without clear direction or coordination (e.g. between sectors) and without rationalisation to ensure that new mandates and systems work with the existing ones. Functional reviews of local government have been carried out (e.g. in 2004) but not operationalised (Chiweza, 2010b). Compounding the confusion, decentralisation has been superimposed on existing (pre-1998 and pre-1994) institutions, jurisdictions and ways of working. The weakness of the formal state and sector institutions increases the tendency for new rules to be modified by local understandings and informal practices (rules-in-use historically) in ways that may be at odds with official policy.

Figure 4: Hierarchy of causation to explain quality of governance and sector delivery



Policy incoherence and the failure to rationalise contradictory institutions and, sometimes even, laws have led to local governance characterised by fragmentation and poor coordination (e.g. Box 16). This incoherence manifests itself in a number of the characteristics of local government that were described in Section 3, including:

1. **Legal confusion:** Inconsistencies and ambiguities within the legal framework create opportunities for conflicts of jurisdiction among institutions and confusion of roles among actors. That local government has been operating for almost a decade without a legally mandated representative body and check on local executive action has further added to the legal uncertainty and misunderstandings about the formal role of different district officials and structures (e.g. the DC and the DCF). The failure to harmonise the legal framework for local government is a serious omission on the part of the government.
2. **Functional fragmentation:** Authority and responsibility for service delivery is fragmented because ministries have delegated relatively little discretionary power to local levels and have retained management of many functions or sub-sections of functions (e.g. procurement).³¹ The water sector is the least fragmented of the three sectors in this sense but only because so few functions have been handed down to local officials. Even in this sector, however, the split between responsibility for urban and rural water supply undermines cohesion and coordination³² and there is also confusion (in practice) about who is responsible for urban sanitation. Similarly, problems arise in education because only primary education has been formally devolved (although DEMs are informally involved in some secondary school activities). Table 1 above provides an overview of how management functions are split between central and local government, as well as organisations outside government. This situation is a far cry from the goal of unitary government and administration at local level set out in 1998 in the National Decentralisation Policy. For political reasons the Office of the President and Cabinet (OPC) has not empowered the MoLGRD to provide the necessary coherence and drive to the implementation process or incentivised sector ministries to devolve functions more rapidly. In fact, some of President Mutharika's actions – such as his refusal to hold local elections in 2005 and the passage of the 2010 LGA amendments – explicitly signalled support for recentralisation.
3. **Complex reporting structures:** Slow progress on the integration of local staff into one administrative unit results in complex reporting structures and senior district officials not having authority over appointments, salaries, promotion, transfer, discipline and firing. These complicated reporting structures significantly dilute the authority of local government managers, making performance management difficult and increasing the risk of abdication, neglect or subversion of responsibilities on the part of both subordinates and managers.
4. **Over-complicated processes:** Lack of rationalisation leads to over-complicated processes that relate to a single function (and sometimes even to a single task). The proliferation of processes related to government procurement and payroll, and district and central IT systems that do not 'speak' to each other, are good illustrations (see Boxes 8, 10 and 11 above).
5. **Multiple funding streams for local services:** Local government revenues come from a variety of sources (e.g. ORT, GRT, SWAPs, CDF, LDF, parallel donor or NGO projects, local taxes and user fees). District officials are responsible for coordination of local services and resource-use but not all of these funds pass directly through local government accounts. Some officials are not consulted about those that do pass through the district, and certainly not about those that bypass local government. This, alongside poor equipment to do the job, makes it difficult to coordinate and monitor the use of funds.
6. **Overlapping jurisdictions in sectors:** Failure to rationalise has led to overlapping jurisdictions in service-delivery areas, which, again, makes coherent planning and implementation difficult and can lead to duplications or gaps in services. They also make it easier for officials to abdicate responsibility by denying that they have authority. It also weakens accountability processes, for disavowing managers can duck the demands of service users (Cammack et al., 2010; Cammack, 2012)

³¹ For example, district offices control procurement related to the recurrent budget but central government agencies control procurement and distribution related to capital investment, and to particular items. In addition, in some cases there is more than one local-level agent procuring similar items (e.g. both school management committees and DEMs/IPC's buying school supplies).

³² For example, the district water office is responsible for training rural water-point management committees and central government for training water-user associations (MoWDI, 2013), but both types of committee often lack sufficient training (Kalondolondo, 2013; 2009).

Box 16: Coordination problems resulting from policy incoherence in two sectors

The **water sector** is characterised by a policy that is neither comprehensive nor fully implemented. This has led to ad hoc solutions and to the proliferation of organisations directly funding and delivering local services. The sector's few district officials appear to be the least able to plan, coordinate and monitor activities, or to direct new services to the areas most in need. This is partly because of the human resource problems noted above, but also because government, donors, NGOs and MPs – all of which are involved in building and rehabilitating water infrastructure – do not always coordinate among themselves, and do not properly consult with the local water office or indeed bypass it (and sometimes even the DC) completely (interview, 3 September 2013, also see Lockwood and Kang, 2012). This can lead to an unequal distribution of water points (either too few or too many in a given area) and to poorly maintained or sub-standard water points. Jurisdictional confusion, water and sanitation policies that are not fully implemented, funding constraints, and political interference combine to ensure the delivery of water services continues to be poorly coordinated in some peri-urban areas of Blantyre and that the expansion of liquid sewage services, as per policy, are on hold.

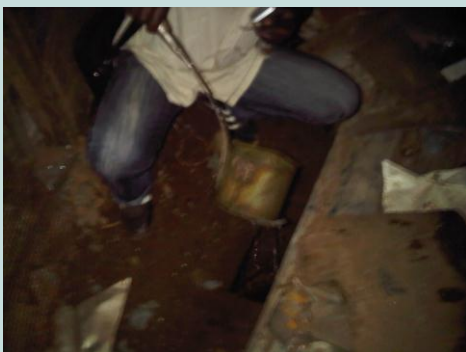
Source: Cammack et al., 2010; Cammack, 2012; and interviews, 7, 8, 12 and 13 August 2013

The rational planning and management of services in the **education sector** are affected by a policy choice that entrenches a split between central government, which administers secondary education, and local authorities, which manage primary schooling. In addition, school-level planning (and spending) – through management committees – has been added to the mix, while the LDF is becoming an increasingly active partner in the sector (undertaking construction work). Sometimes MPs also use CDF funds to construct school buildings and other facilities on campuses, like boreholes. District education officials, who are limited to tasks related to primary education, may reportedly be forced to undertake secondary-school functions on an ad hoc (and un-funded) basis, either at the behest of the MoEST (e.g. administration of secondary-school examinations) or of the community, which does not understand a DEM's mandate and expects local education officials to attend to problems in secondary schools.

Source: interview, 17 September 2013

7. **Conflicting authorities and jurisdictions:** Conflicting jurisdictions and competing authorities have been laid down historically and never rationalised. Malawi has done relatively well in reconciling chieftaincy with democratic rule and, in the absence of a strong and effective local government and development organisations, chiefs have continued to manage and initiate development in their areas. But their authority is limited and they cannot do the long-term and widespread work of a well-managed, properly funded local administration. Similarly, there are remnants of old voluntary organisations scattered about Malawi's rural areas, some 'asleep' and their members waiting for new funds, and some surviving only in the minds of their past leaders. Many of the local elite are content to 'wear multiple hats' (e.g. interview, 24 September 2013) but it would be better to channel their energy into fewer, more vibrant and focused, contemporary organisations that interact purposefully with local government.
8. **Coordination failures:** Policy incoherence makes effective coordination, including robust information management and regular communication, vitally important. But it also leads to the other conditions described here – functional fragmentation, unclear mandates and complex reporting processes – and these make information-sharing and cooperation much more difficult. This is particularly so because of the infrastructure and communication difficulties faced by Malawians, particularly in the rural areas (shortage of equipment, no or unreliable internet or telephone connections, roads that are difficult to use during rainy system, etc.). Coordination problems exist both within the public administration at different levels, and between administrators and others involved in local service delivery (Box 17). As discussed in Section 3, coordination failures adversely affect service delivery and sector outcomes in myriad ways, such as erratic and insufficient deployment of staff, shortages of drugs and equipment, ghost staff on district payrolls and delays in the payment of staff, boreholes built in inappropriate places or not to the required depth, schools built using poor-quality materials, and communities moulding bricks for clinics that stand empty because of unmatched government action.

Box 17: An example of fragmented authority in Ndirande market



Complex ways of working contribute to inefficiency, waste and poor service delivery. The way that organisations are structured and tasks divided means that information is not shared among officials responsible for addressing problems. For instance, the problem of water in the Ndirande market, which has a single tap, no toilets, and illegal wells dug by vendors who are selling water that is undoubtedly polluted but reportedly being drunk (Photo). This water problem is shared by the city's DOH and the Blantyre Water Board, whose bills would have to be settled (by the city) in order to get the other taps in the market working. We were told that the market master is aware of the well – he answers to the commercial department of the city. He manages the market, which is supposed to be cleaned by sweepers (DOH), secured by guards (a private company answering to city administrators), and ticket sellers (Department of Commerce). This market, which is still suffering from fire damage, is supposed to be rebuilt (by the Department of Engineering) but there are reportedly no funds available to do the work, and the city is waiting for the MoLGRD to provide them (interviews, 5, 7, 12 and 13 August 2013).

Source: interviews, 5, 7, 12 and 13 August 2013

Policy incoherence arises from a mixture of acts of commission – design and implementation of new laws or policies – alongside acts of omission. This may include the failure to rationalise rules, to adequately share information, to coordinate with other actors (both within and outside government) and to change course when policy fails to have the intended effect. Incoherence may be relatively benign. For example, it can arise from government dependence on external funders with changing or conflicting priorities.

However, incoherence can be the result of purposeful acts and this is, to a large degree, the case in terms of high-level decisions made in relation to decentralisation. For example, President Mutharika's government did not act within the Local Government Act, yet it was not repealed and its amendment came years after the President began to ignore it. The OPC did not sanction the failure to implement the National Decentralisation Policy,³³ nor did it replace it with a new policy. While all governments make poor policy choices some of the time, sustained policy failure and incoherence arise from collective action failures within government.

4.2.2 Governance constraint 2: collective action failures

Policy incoherence therefore signals that the institutional arrangements established or condoned by government are not suited to producing rules, regulations and policy – which are themselves, public goods³⁴ – that benefit the country as a whole and not narrow factions or individuals. This can be because institutions are missing, contradictory or that the rules-in-use actively undermine collective action, producing socially sub-optimal outcomes (Box 18). Dysfunctional institutional arrangements not only lead to collective action failures within the policy-making arena, but also produce bad regulations, policy and other institutions that make it more difficult in other areas like local government, for public officials, private firms and civic organisations to work together in ways that maximise benefits. We see this clearly where local government systems arise directly from central policy failures and district staff have nominal authority but little de facto control over staffing, funding and allocation decisions.

³³ As Chiweza (2010a: 49-50) summarises: 'Without a solid political base of support, decentralisation cannot be successfully implemented. In this regard, the various reviews of decentralisation have highlighted the noticeable absence of a body at the national level with sufficient authority to effectively drive the process of decentralisation at either the political or technical level ... The Inter-Ministerial Technical Steering Committee (IMTSC) that was supposed to provide the coordination mechanism and a platform for cross-sector discussion of issues is not functional and hardly ever meets ... Likewise, the ineffectiveness of the Cabinet Committee on Decentralisation, which is responsible for providing policy guidance, has created a vacuum. There is no political champion for the implementation of the decentralisation policy and issues arising from the implementation of the decentralisation process are not being resolved, which has led to a loss of momentum.'

³⁴ Ostrom et al. (2001) call laws, regulations and policy 'second-order public goods'.

Box 18: Collective action

Collective action is the capacity of individuals to join together to work in their common interest toward a shared goal that will produce benefits for the group as a whole, not simply for individual members. The aims of the group – generally, producing a public good or exploiting a common-pool resource – are assumed to be shared, because they benefit everyone in some way. Two problems tend to undermine collective action – free-riding (where some non-contributing members of a group benefit from the outputs created by the others) and information discrepancies (where some members have – and benefit from having – more information than other members). It is possible for small groups of people – who are known to each, have high levels of trust or can easily monitor each other's actions – to act collectively to produce or manage shared goods without the need for explicitly agreed rules. Beyond a certain size, however, and particularly when relationships are impersonal, collective action requires agreed (or pre-existing) institutions to ensure that members comply with the rules and to provide credible sanctions when they do not. Members may voluntarily agree to the rules and monitor each others' behaviour but larger groups usually require a third party, which can be a private or public body, to perform this role. Even when it is in the interest of a majority of the members of a group to change rules-in-use so that they are more productive, they may lack the power to do so. This explains why institutional arrangements that are advantageous to elites but socially harmful can be so resistant to reform.

Source: Ostrom et al., 2001; Olson, 1965

In other words, the different domains of rules and rule-making are nested. Both are needed to produce public goods, including good institutions that ensure that public officials work together to produce other good rules, laws and regulations, which govern all spheres of public and private activity. As described by Ostrom et al. (2001: 19):

Individuals interact within multiple levels of rules. At the operational level, they engage in repetitive situations that may directly affect physical outcomes. The rules that structure these operational situations may themselves be designed or agreed upon within policy-making or collective-choice contexts. In turn, constitutional rules affect who will make policy decisions and how these policies and procedures will be adopted.

In developmental states, governance institutions (and good technical understanding) produce coherent policies, sound decisions, and the effective use of limited resources. They monitor and sanction performance, and determine how agencies work with each other and with those outside government to deliver services (Mills, 2010). Where governments successfully tackle collective action problems and establish and implement good strategies, they are able to make strides in improving service delivery even in the face of resource constraints, bad neighbourhoods, geographical limitations, and deeply entrenched and generalised poverty (e.g. Chambers and Golooba-Mutebi, 2012; Booth and Cammack, 2013). Such institutions might be found in a variety of regimes, just so long as higher-level policy-making puts in place rules that promote collective action at lower levels and in sectors that deliver public goods.

In comparison, where top-level policy-making is poor for whatever reason, there is a cascading effect whereby there is little that groups at lower levels or with less influence can do to fix the situation and sustain it. They can, instead, opt-out (giving up on getting public goods from the state) and buy or produce ('club' or private) goods only for themselves. Those unable to access these will seek opportunities (such as during election campaigns) to use various means (e.g. exchanging votes) to obtain scarce goods.

Importantly, the need for collective action is not confined to citizens or civil society groups, but state officials, chiefs, and politicians must be incentivised to collaborate effectively for the greater good, rather than prioritising their own personal goals. This includes local government staff across and within various ministries. But at the same time it is easy to see how collective action problems can result when local-level civil servants are divided by different loyalties, conflicting jurisdictions, and multiple reporting lines as described in Section 3. When individuals take advantage of weak laws, political uncertainty, policy confusion, informality, and the lack of supervision to benefit themselves, they are not acting collectively. Collective action problems are the root causes of corrupt practices (which benefit small factions or individuals and distort efficient distribution of public resources) and of cover-ups of malfeasance and ineffectiveness. Pursuing individual goals, or those of a narrow faction – such as a clientelist network or ethnic group – undermines the capacity of individuals to form

organisations that are designed to benefit all. This includes groups like the DCF and CEC/DEC; water, education and health committees; and LDF project management teams. Examples of collective action failures abound.

The on-going problem of the Nasolo river – where pollution is excessive due in part to household sewage being dumped into the river with impunity (Photo 3) – is typical of a common-pool resource where free-riding is the norm. Here only a few residents try to keep the river clean (by halting dumping, for instance) and the wider community living on its banks is unable to pull together to sort out the problem. But nor are city and district officials, who are legally responsible for the river, able to sustain any sort of collective action around the issue (Cammack et al 2010; Cammack, 2012). Policy incoherence around urban sanitation³⁵ contributes to the problem as well.

The model of service delivery in Malawi also assumes the possibility of local communities acting collectively to manage and deliver services. The water sector, in particular, relies heavily on community-based management. But both the urban kiosks run by WUAs and the rural boreholes and wells managed by village committees exhibit classic collective action problems, such as free-riding with regard to non-payment of fees for water usage or borehole maintenance, and the failure to enforce rules about water-point cleanliness. This is a common problem in water management in developing countries, which the setting up of WUAs alone cannot solve, and leads to the decay of water points and the under-provision of clean water. In part this is a problem of district-level collective action failures. For instance, water offices lack the transport to monitor these sites. Water-point committees are also reported to commonly not receive the information or training they need to act effectively, and the committees stop meeting and collecting funds for maintenance and so boreholes stop functioning. But district coordination is not needed to keep a water point clean or to build a fence around it to keep livestock at

Photo 3: Raw household sewage flowing into the Nasolo River



bay (Kalondolondo, 2013). Such problems with borehole management show the limits to chiefs' authority as an effective restraint on free-riding and rule-breaking, even within relatively small groups.

Research and audits illustrate that inside the local state bureaucracy (as in much of central government) collective action problems undermine unity of purpose and consequently of outputs. Specifically, the de facto 'rules of the game' can discourage staff to act in more productive ways. For example, staff recognise that hiring is not always based on merit, that patronage can advance a career better than hard work, that corruption or idleness may not be punished, and that (perversely) hard work and individual initiative may be discouraged.³⁶ Where allowances have

become a mainstay of support, staff will abscond to meetings and take trips to earn them rather than stay in their offices and work (e.g., Hall, 2005; Søreide et al., 2012; Anders, 2005). These problems exist because of institutions that do not support monitoring and disciplining people who break rules or free-ride, but instead incentivise staff to act in accordance with informal norms. Situations where staff can break rules with impunity are infectious: those not misbehaving can be tempted by the lack of discipline, while collusion in misdeeds and/or (even unspoken) agreements not to report another's abuses will overwhelm any sense of professionalism and pride in doing a good job (Anders, 2005; Blundo and Olivier de Sardan, 2006).

Interestingly, school committees appear able to act relatively effectively, within the scope of what they can do, to support education provision. In fact, school committees support a basic tenet of collective action theory (e.g. Olson, 1965), namely, that it is possible in small face-to-face groups even without third-party enforcement.³⁷ The

³⁵ The national policy sees water boards taking over management of urban sewage systems, but the Blantyre Water Board has not done so.

³⁶ In the civil service this is called 'hedge clipping' (known elsewhere as the 'tall-poppy syndrome') whereby eager and hard workers are 'cut down' or discouraged. In Malawi, being confrontational is partly discouraged by the fear of being bewitched (Cammack et al., 2010).

³⁷ It is easier in small community groups because 'group boundaries are clearly defined; rules governing the use of collective goods are well matched to local needs and conditions; most individuals affected by these rules can participate in modifying the rules; the rights of community members to devise their own rules is respected by external authorities; a system for monitoring member's behavior exists and the community members themselves undertake this monitoring; a graduated system of sanctions is used; community members have access to low-cost conflict resolution mechanisms; and ... appropriation,

wider community (of parents) free-ride on the efforts of this smaller dedicated group of parents, but do not harm the provision of the club good (school management). Just as free-riding is a common problem in water-management and is explained by technical characteristics of the water sector, the relative effectiveness of school management committees is also found in other developing countries and can be explained more by the nature of the good being managed. And, while school committees perform some tasks relatively well, they are disconnected from broader government processes and do not act collectively with each other or district officials. This means that the problem they solve, while not unimportant, are extremely localised. There are also examples of effective collective action in terms of health care and prevention, often on the back of organic and locally embedded faith-based organisations that are not motivated primarily by allowances (OPM, 2013).

Our team found a few examples of groups ‘bridging’ across a wider community and organising effectively, including punishing residents (a second-order collective action behaviour) for non-participation. In Malawi, such behaviour is often associated with chiefs (who also, against the formal rules, tend to lead area/village development committees). For example, in Rumphu, Paramount chief Chikulayembe – renowned for his organisational capacity – demoted three Group Village Heads (GVHs) who had not mobilised their villages to mould bricks for the construction of a new clinic (interview, 24 September 2013). Similarly, in Dedza, TA Kamenyagwaza and the ADC have encouraged villagers to mould bricks in a number of areas to construct school blocks and teachers’ houses (interviews, 10 and 12 September 2013). In Blantyre, Chief Makata was central to organising the WUA initiative that followed President Mutharika’s death. Overall, it is the legitimacy retained by chieftaincy in particular areas, which is, in part, related to the character of individual chiefs, and to the perceived need for the service, that determines whether communities can be induced to act collectively. OPM (2013) found this to be case with community participation in health services too: the quality of chiefs and frontline extension workers, such as Health Surveillance Assistants (HSAs), was among the most important explanations.

Even these more successful examples of community action illustrate that it is small-scale and disconnected from local government processes. For instance, school committees are important in their communities but are atomised and, when they do interact with local government, they look to PEAs for support rather than try to influence policy and services. (As one informant noted, what is needed is for school committees to interact more with each other: interview, 24 September 2013.) Similarly, community organisations operating in the health sector focus on care and prevention rather than health policy and oversight of services (OPM, 2013). Further, the more successful small committees are not used as springboards for action in other sectors (e.g. the cross-over of community action from education to health issues). And, for every case of a chief successfully mobilising their community for development activities, there is an example of a failed attempt, where community action has hit a dead-end because complementary district inputs have not been forthcoming.

Successful district-led health and education services also require coordinated inputs from local government (construction, water and electricity, equipment, staff) and recurrent financing, not just community collective action, to be sustainable (for maintenance, and to attract, pay and retain staff). The disconnection of communities from forums where decisions about allocation are made, and often from street-level service providers (HSAs, PEAs, water officers, clinic managers etc.), and the population’s general ignorance of government programmes and officials’ responsibilities, can on the one hand lead to a lack of public involvement in district projects, or to wasted community efforts, on the other. In other words, collective action by communities is insufficient without state responsiveness, and that requires collective action by civil servants.

4.2.3 Governance constraint 3: Principal-agent problems and other information failures

Where collective action problems are solved and groups come together and organise themselves to address particular issues they still have to ensure that those who are charged with carrying out assigned duties do so faithfully. In that sense we see principal-agent problems arising only where collective action failures are already addressed (Box 19), though in practice the causes of poor performance may be a mix of incoherent policies, collective action failures and principal-agent problems.

Oversight and discipline problems in service delivery can be analysed from a principal-agent perspective. This is where a person or organisation (the principal) employs or appoints other people (agents) to perform a job exactly

provision, monitoring, enforcement, conflict resolution, and governance activities are organized in multiple layers of nested enterprises’. See Ostrom (1990) for a full discussion.

as outlined by the principal. In our analysis, we may assume the principal is central government, expecting its agents – local government officials – to perform as mandated. Alternatively we may cast citizens as principals expecting central and local government staff to perform as their agents. In either case we want to know why this relationship is not producing the quality of outputs desired at local levels. In principal-agent analysis, problems arise because agents have better information than principals and because monitoring and disciplinary systems designed by principals to ensure compliance with the established system and rules are insufficient.

Box 19: The principal-agent framework

A principal-agent problem exists where one party to a relationship (the principal) requires a service of another party (the agent) but the principal lacks the necessary information to monitor the agent's performance in an effective way (there is 'information asymmetry'). It is assumed here that the principal wants and requires the service, so that the difficulty to be overcome is distinctly about the agent's compliance with the principal's wishes and the information asymmetry that affects this.

Source: Booth and Cammack, 2013

4.2.4 Intra-government principal-agent relations

Principal-agent analysis provides insights into why government functions as it does. Agents – for instance, sector officials at local level – may have 'conflicting objectives' to the aims sought by principals and are able to get away with poor performance because the principal, such as central government officials or even citizens, do not have detailed information about the district-level situation. In another scenario, agents may be street-level officials while their principal is the district manager of services, who has little information about the behaviour of the agent or, as in the case of education, the inspection function may be located within central government. Missing information (information asymmetries) can mean that the principal is unable to monitor and discipline their agent.³⁸

A different situation arises, however, when principals may not want or try to discipline their officials. In the most extreme cases – where agents are incentivised to misbehave and have the opportunity to act against the principal's interests without fear of punishment – the principals' delegation of authority approaches 'abdication' of responsibility (Lupia, 2001). We have seen problems such as these in all three districts and in the three sectors.

Information asymmetry, which undermines principal-agent relationships, is exacerbated by dual administration and highly fragmented and complex systems in some sectors. For instance, in Blantyre, the city health director is in charge of liquid waste, but is dependent on information held by other agencies (e.g. the Blantyre Water Board and the district EHO), which is not always shared. Information exchange is weakened when frontline service staff are managed by distant ministries that rarely make supervisory visits. In these cases local staff gain discretionary power that can easily lead to poor performance. Sector specific characteristics can also exacerbate principal-agent problems, such as where provider-agents have high levels of discretion and their activities are hard to monitor or measure, as in the health sector.

It is generally accepted that performance management is problematic throughout Malawi's civil service, so it should come as no surprise that it is also a problem in local government and in sectors at local levels. But it is difficult to discipline people for poor performance, if little is known on Capital Hill about them. The fact that reporting on functions is weak makes it even harder to determine how well staff behave. Among technical staff – such as accountants – it is difficult for supervisors who lack the relevant skills to assess the quality of their employees' work (e.g. interview, 30 July 2013).³⁹ That managers seldom make supervisory visits to their subordinates' places of work (e.g. Cammack, 2012; interview, 14 August 2013) – often because there are no vehicles and/or fuel – means performance monitoring is less likely. Even when distance is not an issue, performance reviews in local government may not be done for years (interview, 13 August 2013).

³⁸ For example, the Dedza District Education Plan 2013-2017 shows not only that less than 10% of the schools in Dedza were inspected during 2012 but also that, in all but of the education zones in Dedza, PEAs supervised less than 30% of schools.

³⁹ For instance, for some time the director of finance in a major ministry had no computer skills.

4.2.5 Citizenry-public service principal-agent relations

The weakness of oversight systems in local government, and the absence of credible penalties or rewards to enforce formal rules, explains in part why uncontrolled and unproductive politicisation is common in some sectors. In theory, democratic decentralisation is meant to promote better governance and services through elected representation and the formation of civic committees and systems that hold local government and service providers to account. Since 2005, there have been no councillors to exercise oversight of local civil servants and decision-makers, and the ad hoc DCFs have no formal authority to hold the DEC or a DC/CEO to account. Moreover, in practice oversight by grassroots committees – such as area, district and village development committees and sector-related committees – is often illusory. Many development committees are poorly informed, captured or co-opted by elite or political interests, or simply defunct. As one senior official stated, they are like ‘project committees’ that exist when they get funds but ‘sleep in between’ (interview, 29 July 2013).

It is widely understood that there are many reasons why Malawian citizens (principals) are often unable to establish systems to monitor and ensure good performance by officials (agents). The population lacking the information needed to monitor and assess the performance or behaviour of public officials (information asymmetries) is one reason, but so too is people’s lack of education and organisational skills, poor communications, deference to authority and fear (see above on community attributes). Finally, those designing governance institutions (of which there are many in addition to decentralisation) for post-transitional Malawi did not take sufficient account of the rules-in-use and how in many instances they are antithetical to democratic accountability, transparency, and proactive citizen participation – all of which are also attributes of strong principal-agent relations. Even in the presence of a well-functioning democracy with an educated population, the characteristics of some sectors make monitoring by citizens difficult. For example, the highly technical and professionalised nature of service in the health sector makes it hard for users to judge its quality. While health committee members can identify whether there are medicines being delivered or in stock (by seeing the boxes carried in or on the shelves) they cannot assess whether the correct medicines have been bought or the right drugs prescribed (Wild and Cammack, 2012; interview, 9 September 2013). In general, it is harder for users to monitor tasks that are less visible, more complex, or where there are high information asymmetries.

That said, there are periodically communities or interest groups organising and acting collectively to protest or make demands of government or service providers. In Rumphi, the Business Association won a campaign to reduce the fees paid by businesses to the district; it did this by hiring a lawyer and arguing its case at the DCF (interview, 18 September 2013; DCF meeting, 27 July 2013). That this was achieved through a business organisation may be significant, as its members are likely to be better educated, to have experience of organising (their businesses) and to be able to draw on more resources to campaign. In Ndirande, the mobilisation of a large public march to the DC’s office to complain about water provision – called off by the chief when reportedly intimidated by ruling-party politicians (interview, 8 August 2013) – managed at least to keep the issue on officials’ agenda. That the group dissolved soon after is not atypical of the community. Locals have also been involved in formal monitoring of projects by NGOs using scorecards (e.g. interview, 20 September 2013; Wild and Harris, 2011). These approaches may often rely on third party support or facilitation but do bring hard-to-get information to the attention of villagers and has the potential to stimulate public demand of service providers through a strengthened principal-agent relationship.

Further, some sectors have a higher potential than others for demand-side mobilisation. For instance, School Management Committees and Parent Teacher Associations are thought to work relatively well in Malawi and some of the technical features of education contribute to this: a school’s catchment area is relatively small, and it has a clear set of beneficiaries; members of committees are likely to know and are able to count on one another; and it is relatively easy to monitor teachers’ attendance (if not their quality) and a committee’s impact because these are visible. A clinic’s health committee may be less effective because the facility serves a larger and more disparate community, and it is more difficult to assess the quality of clinicians’ performance (much of it behind closed doors) or their impact (which becomes obvious after some time and in distant homes). Health committees may also be more susceptible to capture by political parties than school committees, as is the case with the one in Dedza (interview, 9 September, 2013).

The ability to mobilise public demand is also shaped by the characteristics of users. Students ‘participate’ in the provision of education, but parents who lack a formal education are less likely to organise collectively for their children’s learning (interview, 7 September 2013). Moreover, it is harder for students and parents to organise

collectively around more hidden or distant aspects of education provision that improve quality and access, such as curriculum development or teacher training.

Similarly, the water sector requires inputs from multiple stakeholders and it is not a straightforward ‘product’ to be delivered. Thus it is relatively easy for an individual (whether an individual user, an MP or an NGO) to hire a contractor to dig a well or a borehole and hand it over to the community to manage and maintain. But all forms of water delivery require additional inputs. Contractors must be monitored to ensure boreholes are dug to the required depth and water points need to be kept clean to ensure that the water supply is safe. These require well-trained, empowered and motivated water committees and regular inspection by a district official. Communities need to contribute funds for maintenance, committees should manage these funds, and mechanics and spare parts are required to fix equipment. That these additional actions are not well organised explains in large part why a high percentage of Malawi’s water points are not working.

While information asymmetries certainly exist within the public sector in Malawi, principal-agent relationships work only when the principal is not ‘cheating’ (Leruth and Paul, 2007). If principals also benefit from misbehaviour and do not conscientiously establish systems in which agents are incentivised to perform well, the objective of good performance is weakened and the principal-agent relationship – that is premised on the assumption that principals want good work from their agents – vanishes. For instance, where corruption is rife and expected, monitoring devices and punishment regimes such as suggested by the principal-agent framework, will be largely ineffectual. This is evident in the Makata water programme (Box 20) where historically there has been no ‘principled principal’ (see Perrson et al., 2010) acting to hold the local water committees or politicians (agents) to account.⁴⁰ Furthermore, because everyone there expects the local water managers to be corrupt no one will take on the ‘second order’ collective action job of monitoring and disciplining those who mismanage the water system.

Box 20: Politicisation of water in Makata/ Malabada, Ndirande, Blantyre, 2012-13

Since soon after the 1994 transition water kiosks in Makata, Ndirande have been managed by local UDF and then DPP activists, who benefited from water receipts (Cammack et al., 2010; Cammack, 2012). In June 2012, after President Mutharika’s death, the Blantyre Water Board/City decided again to start a Water User Association (WUA) and organised meetings, oversaw elections of a committee to manage the WUA, established an office, trained its members and hired water sellers and plumbers. When the MP for Malabada constituency (temporarily) decided to leave the DPP and join the new ruling PP party, his local party loyalists – who had been managing and benefiting from water sales as local DPP leaders – joined with other PP members, who argued that it was the ‘PP’s time to benefit’. Water sellers were reportedly beaten and the water proceeds stolen. As violence worsened the Minister of Water sidelined the legally constituted WUA (which some claimed was run by the UDF) and set up a ruling party Task Force that continues to manage the kiosks. It is paying back the arrears to the Blantyre Water Board that were run up by the UDF and DPP, but its chair will not name a date when an official WUA will be re-established

Source: Interviews, 8, 9, 12, 13 August 2013; Task Force minutes

In addition, the principal-agent relationships established by the formal rules-of-the-game – in terms of bureaucratic hierarchies, horizontal checks and balances and political and social accountabilities of public officials to citizens – are far removed from the reality of the power asymmetries that exist in practice. The DC or local sector heads can find it hard to discipline their subordinates because they lack credible sanctions (interview, 9 September 2013). Also, high vacancy rates mean that few people are dismissed, even for wrongdoing – ‘you can’t fire, if you can’t hire’ – which generates poor performance and non-compliance with regulations with impunity. One auditor reported the extent of poor accounting in local government, and indicated he could do nothing about abuses other than report them. The fact that external auditors reportedly collude with local officials also makes it more difficult to guarantee change (interviews, 29 July 2013; 20 February 2014). To the extent that theft is known about and goes unpunished, potential thieves are emboldened

⁴⁰ The city and Blantyre Water Board were politically compromised and bowed to the demands of successive ruling parties, and the NGOs and local leaders involved in water delivery were too weak to hold ruling-party officials to account. The MPs were also compromised by the need to ensure their party people running the kiosks remained politically steadfast (and were not ‘opportunists’ or involved in ‘hidden action’) (Shapiro, 2005). That successive MPs selected ruling-party politicians to run the water system is logical: the principals (MPs) sought to reduce ‘agency loss’ by selecting agents (water managers) who shared their interests and preferences – which were not primarily to deliver clean, cheap water equitably, but to generate party loyalty and income.

and reformers are demoralised. Parastatals, such as Water Boards, have a hard time sanctioning free-riding and non-payment of water fees when the biggest culprits are government and the ruling party (Cammack et al., 2010). Local administrators are more powerful than the average citizen, but they also answer upward to the executive and, in an atmosphere of informality and uncertainty, it is rational for them to be wary of blocking any politician (DFID, 2011; interview). The most sensible thing for civil servants to do is to keep a low profile, abide by the informal rules-in-use, and where possible, to cultivate a powerful patron (Anders, 2005; Blundo and Sardan, 2006). This means that efforts to fix such problems by simply addressing information asymmetries – such as through scorecards or voluntary community groups – will be insufficient. To improve monitoring, accountability and performance means tackling the more fundamental power asymmetries, which are rooted the logics of competitive clientelism.

Finally, information problems also exist outside of principal-agent hierarchies. Malawians – both public officials and private firms or citizens – are often missing full or accurate information, which leads them to make erroneous assumptions and poor decisions. We found many examples of this during field work, such as district planners who lack information about the preferences of a community or about a funder's actions in the district. A chief may instruct their community to mould bricks for a clinic, unaware that the DHO has no funds available to finish the clinic. Missing information is therefore a common problem in Malawi. It is also a serious problem because public policy and other forms of problem-solving require the bringing together of both technical and local knowledge, and these are most often held by different people (Ostrom et al., 2001).

Box 21: Using collective action and principal-agent analyses to understand sector outcomes



In Rumphi there is a prison that once was an office block, which has a septic tank meant to serve a few people, not a large population. A year ago the district EHO reportedly found sewage running from an overflowing tank into the Rukuru River. He advised the prison authorities to fix the problem but as the photo shows, the problem remains. Those forced to use downstream river water are poor people who have no money to buy clean water from nearby boreholes and kiosks. Why has this problem not been addressed? Information asymmetry is key since the agent (the District Environmental Health Officer, or DEHO) knows about the problem but their principals – the residents, the DHO and DC – do not. Even if the residents knew about and understood the dangers, they are relatively weak and unable to monitor the DEHO's performance and hold them to account. They might, however, complain to their chief, which is more in keeping with local norms. Another avenue of change is for the DEHO's seniors in local government to supervise and monitor the DEHO's work better: in this instance, to ensure they follow up with the warden. But direct supervision is generally weak and unless they know about this problem, they will not intervene specifically, and so progress depends solely on the DEHO, who needs to work with the prison warden, and to prioritise and coordinate responses. Moreover, there are financial constraints and more pressing problems in the prison system (Nyasa Times, 30 April 2013). After speaking to the DEHO, the team heard in early 2014 that a prison septic tank had been constructed and was being used.

On the other hand, school committees appear to work relatively well. The reasons are partly related to the small size of each school's community, which means, first, that key community members, the PTA and the management committee are likely to know and befriend one another and can predict (trust) each other's behaviour. Second, a single school with limited space and resources is much like a club good or a common pool resource. In this situation the committees represent the beneficiaries, who are clearly defined (students). The rules governing how grants are used and the authority of the committees reflect local needs and to some extent locals can modify them, a process tolerated by external education authorities. Finally, there are community systems for resolving conflicts between members and to monitor the committee's behaviour. For instance, the PTA and management committee at Makata Primary are able to raise funds from parents, write the School Improvement Grant request, decide how to use the funds (uniforms, chairs, etc.), and to negotiate with the school's owner (Blantyre Synod) and telecoms provider AIRTEL to get rent (from its tower on the school grounds) to be paid over to the school.

Source: interview, 8 August 2013

While information problems undermine the collective action needed to deliver better services, they are not the primary cause of local government and sector weaknesses. Information problems simply reflect the communication, coordination and other system failures that arise from the two governance problems cited previously: policy incoherence and collective action failures. These in turn are driven by Malawi's political economy, to which we now turn.

4.3 Underlying political drivers of fragmented governance and poor service delivery

- Malawi's political settlement, characterised as competitive clientelism, affects politics and governance right down to the grassroots level. It shapes politicians' incentives and behaviour, drives state-resource capture and affects the civil service's structure and operations.
- The competitive-clientelist political settlement also moulds the relationship between citizen and state. Malawi's social contract, characterised by patronage and paternalism, shapes citizens' expectations about elite behaviour and institutions of government accountability and public participation.
- Donor aid can inadvertently strengthen the existing political settlement and social contract.

4.3.1 Underlying driver 1: political settlement characterised by competitive clientelism

History suggests that economic progress is facilitated when an elite has been unified and its interests and energies channelled in support of, and rewarded through their involvement in, a national vision (Leftwich, 2000; van Donge et al., 2012). At the same time any excluded groups should not be in a position to block development. All states not undergoing civil war have some sort of elite political settlement (Laws, 2010: 2).⁴¹ But these elite bargains need not induce growth: Malawi is a case in point. While it has experienced little unrest and no war, its elite settlement has not been particularly successful economically, especially since the transition. Kamuzu Banda managed to create a relatively unified and stable elite coalition that drove and benefited from national development until the 1980s. However, the disintegration of this settlement, and of the 'centralised-bureaucracy' form of governance that it enabled (Allen, 1995), led to the 1994 democratic transition and to Dr Banda's and the ruling MCP's loss of power (Booth et al., 2006; Cammack and Kelsall, 2010).

Since then Malawi's political settlement has been characterised by what Khan (2010) describes as 'competitive clientelism'. This means the ruling elite coalition is not entrenched but must instead compete for electoral power against similar coalitions of clientelist networks organised as factional alliances. At the same time the elite are not so powerful as to be able to force clients to follow all their rules, and this means that 'enforcement and implementation [of the elite's wishes, particularly rules that adversely affect their clients]... require much greater collective action and the distribution of rents to many or all lower-level factions to ensure their cooperation' (ibid.: 23). Competitive clientelism can be a relatively stable form of governance as long as ruling coalitions do not try to fix elections and an alternation of power through the ballot box is possible. However, this political stability is at the cost of growth: not knowing how long they will be in power, competitive clientelism tends to make the elite focus on short-term gains (such as rents). Further, if the industrial-capitalist class is absent or a weak partner, as in the case in Malawi where commercial capitalists tend to dominate, the political class is unlikely to prioritise policies that support capitalist investment and growth, which require more long-term planning. In any case, the inability of high-level patrons to control the behaviour of clients leads to uncontrolled competition for rents in the public sector that, over time, undermines the professionalism, ability and resources of the bureaucracy. This logic permeates Malawi's politics, governance and policy making at both national and local levels.

Development-oriented policy-making and implementation (let alone structural transformation) depends on a ruling elite that is able to adopt a long-term time horizon and that is incentivised to cooperate to further social goods. This requires that a significant number of factions are brought into the ruling coalition and those excluded factions are too weak to challenge the elites' political security (see Figure 5). As Khan (2010: 27) points out:

⁴¹ An elite political settlement refers to the 'balance or distribution of power between contending social groups and social classes, on which any state is based'. Political settlements are the result of contention and bargaining between social groups, and are sometimes also referred to as 'elite bargains' (Di John and Putzel, 2009)

It is very easy for the distribution of power within a clientelist political settlement to evolve into such a degree of fragmentation that only competitive clientelism can be supported. Exiting from competitive clientelism is quite difficult because the distribution of power between factions can only be changed with significant political activity such as the construction of more disciplined and inclusive political parties or the weakening of some centres of political power so that authoritarianism or a dominant party can emerge.

Under President Mutharika it appeared that a transition to a new political settlement might be under way, with the construction of a development-oriented dominant party during his first term (Cammack and Kelsall with Booth, 2010). Less hopeful was the authoritarian coalition created during his second term (Cammack, 2011). The failed coup attempt and movement of politicians between parties after Mutharika’s unexpected death revealed just how deeply the elite settlement remains stuck in the competitive-clientelist mode.

Figure 5: Organisation of ruling coalition and implications for development potential



Source: Khan (2010)

Many would argue that the regular and peaceful transfer of power in Malawi is a sign of a healthy democracy. While this is true on one level, the strength of a democracy also depends on the health of its party system,⁴² and the reasons for the frequent transfer of executive power from one party to another signals the vapidness and insecurity within Malawi’s party system (Rakner et al., 2004). Since the transitional election, rather than two or three main parties (each representing a set of interests) alternating power, each new government has been formed by a president at the helm of a freshly crafted faction of an old party built around himself or herself. The new parties’ leaderships are MPs who have (unconstitutionally) defected from their old parties. This dawn of ruling ‘briefcase parties’ (Dulani, 2012) has meant that the main parties at the transition (UDF and AFORD) have become weaker, not stronger, during two decades of democracy.⁴³ The fact that the MCP has yet to reclaim power and that, just four months from the May 2014 elections, there are still four candidates who could win the presidency, tells its own story about the weakness of political factions in Malawi.

The weakness and fragmentation of Malawi’s political factions, reflected in its fluid party system and ‘chameleon’ politics (Englund, 2002), make any move from competitive clientelism hard to envisage, even in

⁴² As Lindberg (2007: 218) argues, ‘in order to fulfil their democratic functions to provide accountability, policy preference, predictability and aggregation of interests in society, the configuration of political parties must be more durable and institutionalized rather than fluid electoral vehicles of power-seeking entrepreneurs’.

⁴³ Witness the decimation of the UDF, which won 47% of the seats in the National Assembly in the 1994 transitional elections, 25% in 2004 and only 9% in 2009. AFORD’s demise has been even more dramatic: it gained 19% (or 36 seats) of the National Assembly seats in 1994 and 10% in 1999 but held on to only a single parliamentary seat in 2009 (African Election Database, <http://africanelections.tripod.com/mw.html>).

the medium term. It is also not difficult to see how the combination of archetypal competitive clientelism and an extremely fluid party system (cf. Lindberg, 2007) impedes collective action and causes information failures in Malawi in ways that undermine policy-making and delivery of services. Four illustrative examples from the research are outlined below.

First, within the local government arena, the most visible effect of competitive clientelism is the incentives it creates for MPs to be seen to directly ‘deliver development’ to their supporters. Political clientelism, driven by personal or partisan political interests of MPs, influences several aspects of local service delivery (see DFID, 2011).⁴⁴ As Khan (2010) reminds us, while the organisations of some patron-client dyads along ethnic lines may suggest they are driven by moral economy, this is political and material clientelism powered by a rational and opportunistic survival strategy on the part of both MPs and voters (and the intermediaries in between them such as chiefs or party officials). The calculated political return of different activities is shaped by how visible a good is and how easily the improvement can be targeted: more targeted activities offer greater scope for politicians to support particular communities. They will favour sector outputs for which they can more obviously claim credit, or that citizens will associate with the particular politician. Where the production of public goods is more complex, it is harder for citizens to discern a leader’s role in producing them, and this is likely to provide lower political returns (McLoughlin with Batley, 2012).

Politicians therefore have few incentives to either work together or to support the work of local government from behind-the-scenes. They also have few incentives to focus on complicated development problems that take a long time to solve and require the cooperation of several different parts of government that they cannot influence e.g. hiring more teachers, organising a reliable drug supply at the clinic). They do, however, have every incentive to focus on localised problems, particularly around elections, that require visible solutions that please voters. This explains why CDF funds are so often used for borehole provision and rehabilitation and other quickly constructed projects such as school toilets and classrooms. However, this is often at the expense of rational planning processes. In addition, the influence of powerful politicians can create patterns of distribution that accentuate rather than alleviate intra-district inequalities (Welles, 2005; DFID, 2011).

MPs are widely reported to distort budget allocation at district level. For instance, when local councils were sitting, councillors (and MPs – then as *ex-officio* members) had the formal authority to monitor district plans, budgets and their implementation. Sector officials say that bitter experience has taught them to ‘distribute funds equally’ between MPs’ constituencies, and also between TAs (DFID, 2011: 21). With the introduction of DCFs, MPs gained power locally (in the absence of councillors) and they can influence decisions made by DCs and sector heads inside and outside DCF meetings (*ibid.*: 18). So, even in the absence of councils, sector heads are under pressure to distribute funds not already earmarked for particular uses – such as LDF monies – regardless of the discrepancies in need registered across a district. In fact, skewing of funds in a manner that ignores need actually worsens inequalities within districts (*ibid.*: 21.). As one informant noted, ‘how LDF money is used mirrors politics in a district’ (interview, 1 August 2013). Again, the best staff can do is to try to distribute discretionary resources equally across constituencies and chieftaincies, or to advise MPs and other powerful actors to speak to their bosses (interview, 13 August 2013). Finally, staff in sectors are also susceptible to pressure from MPs who choose to exert pressure through the ministries’ offices on Capital Hill (e.g., DFID, 2011; Cammack et al., 2010).

MPs will also bypass district decision-making and planning processes altogether. The situation surrounding CDF monies has developed differently, for while the CDF is technically discretionary funding, it is everywhere controlled by MPs. In fact, although the DC is the officer responsible for how CDF monies are used, and in spite of the Ministry of Local Government trying to assure DCs control CDF spending, MPs bypass formal procedures and use funds to reward loyal supporters with goods such as boreholes, bridges or school blocks. Again, this means that, although CDF are intended to plug gaps in the District Development Plan, in practice they are not always directed to the locations or sectors that are most in need of funding and tend not to be used to fund larger projects. For example, at the Rumphi DCF in July 2013 the DC had to make a plea that MPs

⁴⁴ While structural political factors may provide powerful incentives for MPs to act in this way, how they act in practice is also influenced by idiosyncratic factors. For example, one informant noted that the behaviour of MPs was as much about personality as their status, noting that a cabinet member in their constituency did not try to influence allocations. We also found MPs within the same district behaving differently (with one reported to be present and working for the community and another not).

combine their CDF funds (Rumphi DCF meeting, 27 July 2013), which runs counter to the political logic driving CDF spending.

Party politics and clientelism also lead to the capture of community organisations, which can reward supporters. For example, one informant explained it is customary for the Health Advisory Committee at Dedza Hospital to be controlled by the ruling party. But, he added, there had not been any elections since the change of ruling parties in April 2012 and it was still in the hands of the DPP by default (interview, 9 September 2013). Market committees are sometimes politicised and are managed by vendors linked to the ruling party. Similarly, entrepreneurs want to be involved in DCFs because these can lead to the award of contracts. There have also been problems with the politicisation of Water User Associations (WUAs), with ruling parties rewarding loyalists with control of water committees and the associated rents. In many cases this has led to financial mismanagement and non-payment of bills (Cammack et al., 2010; Cammack, 2012) (Box 9). Capture of public goods by political parties undermines wider participation and collective action by civil society, thereby perpetuating the prioritisation of rent-extraction above public service delivery. Further, politicisation hinders performance management since it is hard to regulate and monitor work that is thrown off course by agendas other than providing good services.

Competitive clientelism also makes it extremely difficult for policy-makers in central government to come together to put in place more socially productive institutions ('rules-in-use') that work for communities as a whole, that produce goods and services in a more equitable way and do not divert public funds to private ends. This is on three levels. First, competitive clientelism leads to policy incoherence in the sense that the formal, 'rules-on-paper' are badly designed or do not complement each other. The fragmentation, overlapping jurisdictions and conflicting roles that we see at local levels arise directly out of weak collective action between ministries and the OPC around the design and implementation of decentralisation policy, as well as from the actions of government and opposition MPs when they turn weaknesses in local government to their advantage.

However, second, while formal institutions governing service delivery are weak and have deleterious outcomes, elites in Malawi also have strong incentives to favour informal rules that allow them to extract rents and benefits and use these to build networks and alliances by distributing part of them to supporters. The clearest example of this is the recent 'Cashgate' scandal, which is likely to implicate some local-level staff. But this logic also contributes to the reluctance of ruling-party leaders to devolve authority, decision-making power and particularly, funds to local government, even while making rhetorical commitments to decentralisation (Cammack and Kelsall, with Booth, 2010).

Personalism and informal networks and influence combine as the glue that holds a competitive-clientelist political systems together. Politicians and administrators therefore cultivate these relationships and ways of working, and instrumentalise control of formal state institutions (e.g. this enables them to create rules that are to their advantage, or direct funds or favours to supporters). These processes show up in a myriad of ways, such as a call from the OPC to tell the Water Board to reconnect to an important government institution, when colleagues and managers turn a blind eye if financial checks are not followed properly, if LDF committees are told by a district official to go to a particularly company in Lilongwe to purchase goods or services or if kick-backs are provided to auditors to encourage them not to disclose malfeasance. Finally, at the extreme this logic means that there is an explicit advantage to be gained from policy incoherence and from the unpredictability and confusion it gives rise to. This acts as a disincentive for officials to work together to improve policies and operations.

Third, collective action failings in the national policy-making arena have direct consequences for crafting effective cooperation between local decision-makers and administrators. We have described many of these problems in detail in Sections 3 and 4.2. In sum, dual administration, functional fragmentation and central government's retention of control over human resources and capital development, mean that there are few incentives driving district secretariats and the various sectors to work together, despite the fact that many services require intra-sector coordination. The District Planning Process appears to be mostly theatre, delinked from sector planning and budgeting processes. We can only assume that oftentimes allocative decisions that are in-month or even in-year are made on an ad hoc basis as money becomes available or to adjust for less-than-expected transfers. That planners do not have to account to the population, local councillors or to superiors on Capital Hill, means the process can grow even more unpredictable. This irregularity means bureaucrats have

little interest in putting effort into rational planning processes that go nowhere or that undermine personal benefits.

More generally, competitive clientelism has had a detrimental effect on the professionalism, probity and performance of the civil service at all levels, including local government. The unravelling of the political settlement based on centralised corruption and fear of the MCP leadership at the transition led to what Anders (2005) calls the ‘democratisation of corruption’ within politics and the bureaucracy. This has been analysed by scholars (e.g. Anders, 2005; Booth et al., 2006; Cammack and Kelsall with Booth, 2010; Rakner et al., 2004) and is noted repeatedly in audits and reviews. It has historical underpinnings: first, multi-party competition undermined the rigid public-sector performance that was based on a fear of Dr Banda and a respect for his Four Cornerstones; and second, the free-for-all that followed the relaxing of regulations and rules (e.g. Booth et al., 2006; Cammack et al., 2010; Cammack, 2012), which many Malawians characterise as ‘too much freedom’. It is embodied by corruption with impunity at high levels that has trickled down to the lowest; incidents of nepotism and non-meritocratic hiring and advancement; the ‘allowance culture’ (Hall, 2005; Søreide et al., 2012) that incentivises public servants to stop their regular work and leave the office; and an excessive deference to elders (especially older men), which stifles innovation and critical analysis. These and other attributes are not specific to Malawi, but found in other countries where similar historical processes have shaped social norms and behaviours. As in other post-independence African countries, the spread of petty corruption – which was minimal until the transition – has led to a vicious cycle of depletion of bureaucratic capacity and competence in Malawi. The decline in bureaucratic performance – the ability of civil servants to make and implement policy independently of political interference – indirectly affects the provision of the services, such as education, that are vital for supplying the next cadre of bureaucrats with a public service ethos (Anders, 2005; Blundo and Sardan, 2006; Booth et al., 2006; van de Walle, 2001).

Fourth, and finally, competitive clientelism also influences cooperation between local and central government, and between government and communities. It is worse when different parties control decision-making bodies (e.g., WUA leaders vs. Water Board officials, or School committees vs. MPs, as was found in Ndirande). But factionalism within parties (e.g. between two MPs) can also undermine coordinated behaviour. Power asymmetries worsen the situation when local administrators – such as a DC or sector head – find their decisions trumped by a more powerful actor, such as a well-connected TA or an MP. In such cases, making rational decisions about how to spend resources or following formal rules will be harder to do.

4.3.2 Underlying driver 2: social contract characterised by patronage and paternalism

The idea of a social contract comes from political philosophy. It is an abstract device that was used by Thomas Hobbes, and many others since, to explain why it was in the interest of individuals to give up some of their liberty and submit to political authority. The hypothetical contract sets out the rights and responsibilities of individuals and the right of government to enforce rules, which provide the security people need to pursue their own vision of the good life – an early example of people overcoming a collective action problem. People do not really sign a contract to form their society and government in practice: people are born and socialised according to the rules that govern society and the relationship between citizens and between citizens and government. The constitution and the body of statutory law can be viewed as the embodiment of the social contract in so far as they dictate behaviour. In practice the social contract arises out of the political settlement, which shapes the rules-in-use, and those are often quite different than parchment laws or the constitution. Malawi’s social contract arises out of the competitive-clientelist political settlement, which establishes many of the nation’s informal norms.

Malawians have come to expect, if not to accept, as the norm the set of behaviours driven by competitive clientelism. This is true of the elite⁴⁵ and the poor. For instance, most rural Malawians receive meagre and unpredictable benefits from the elite political settlement. A fortunate few will have kin in powerful positions or at least positions with access to benefits, but the vast majority will see little patronage outside of election campaigns. If they are lucky their MP may bring them a water-pump or bridge, though the quality of such high-profile infrastructure is not assured. It would be much more advantageous to rural Malawians, including civil servants posted to the districts, if local-level politicians and administrators were able to work together to devise well-functioning rules-in-use, to impose credible sanctions on those who break them, and to deliver public goods

⁴⁵ For instance, the elite accept that formal rules are broken (Section 65, MBC not ‘opened up’, corruption trials that never finish, defection for parties, etc.) without much fuss.

and services in a relatively equitable manner. But apart from their periodic vote, rural Malawians have next to no influence over political parties or politicians, who benefit the most from the status quo (Ostrom et al., 2001).

One strategy to drive reform would be for Malawians to form class-based parties to challenge factional-clientelist political organisations and the reigning political settlements (Khan, 2010).⁴⁶ But, Malawians are overwhelmingly rural, and many illiterate subsistence households organise as neo-traditional groupings led by chiefs and as noted above, only a few form civil organisations that ‘bridge’ different communities. The most rational strategy for people in such circumstances is to put their lot in with the patron who is most likely to have access to resources, and to hope that some benefits trickle down to them. The most logical behaviour for the local elite, who stand between the masses and national leaders, is to capture positions with potential rents attached (such as council seats) and to build a local support base that increases their value to their own patrons. There are few incentives then, for citizens to try to form interest-based parties that cut across patronage networks.

The social contract under Banda was different because the political settlement was not the same as it is now. It was characterised by the merging of the state, the MCP, and the Life President’s power and by centralised clientelism and corruption (rents). There was little differentiation between public and private spheres. People knew that government and party officials were intimate players in their lives, and that the MCP ran the show. Rules were established by the President and the party enforced them. Chiefs became an extension of Banda, and their relative autonomy constrained. This settlement and its effect on state-citizen relations left a legacy that persists: parties still are seen as initiators of development, and politicians as legitimate local decision-makers. Chiefs – now empowered by the multi-party system (as they encourage villagers to vote for specific politicians) and the weakened state – are more powerful actors, but do essentially the same jobs they have always done. These two powerful sets of actors – party-politicians and chiefs – encourage popular passivity even as democratic rhetoric encourages citizens to demand better governance and services.

Users who have the resources and ability to opt out of the state system may do that rather than voice their criticism of services and make demands for reform. For instance, wealthier Malawians (and, importantly, politicians) use private health care while services in public clinics and hospitals deteriorate. The same happens in education. In the case of water it is harder to access alternative sources, so it is not unusual to hear residents from even the most prosperous suburbs of Blantyre complaining about water shortages. The same is true of electricity, roads, and cell-phone and internet services. Where people can ‘exit’ the system this reduces the pressure to improve quality. Service providers have an incentive to open private facilities for those who opt out of public provision. At the same time, people appear not to mobilise even around those services where they have no choice of exit, such as water supply, and, if they complain at all, they do so as individuals to water companies and metre readers (interviews, 8 September 2013).

Opting out also reinforces non-payment of taxes, and breaks the link between taxation and public demand for better government performance, which is thought to be central to development (Unsworth et al., 2010; cf. Bratton, 2010). The weakness of the state – an absence of staff at grassroots levels, poor service delivery, rule breaking with impunity, etc. – also discourages the paying of taxes. These contribute to the problem already cited, where few Malawians pay significant amounts of tax, which reinforces the vicious circle of low revenues leading to poor services leading to tax avoidance, which further depletes revenues.

In summary, the political settlement and concomitant social contract are central to explaining why policy incoherence, collective action failures and principal-agent problems influence how services are delivered and the nature of local governance. These are deeply rooted features of Malawi’s political economy, not easily changed by locals, let alone outsiders.

⁴⁶ Khan (2010) suggests another reason why the vast majority who are at the bottom of clientelist networks do not rise up to challenge the political settlement – they may simply be unable to envisage an alternative system.

4.4 The effect of the aid regime on governance constraints and political drivers in Malawi

The aid regime can also inadvertently play a role in fostering fragmentation, poor coordination, collective action failures, and the other problems found at local levels. First, as government has noted for several years, donors and NGOs bring multiple funding sources with attached reporting requirements, to which understaffed national and local offices must adhere. Moreover, where staff are not closely supervised (as in many local offices) and are not fired for wrong-doing (throughout the civil service) no amount of system-strengthening and capacity building will halt transgressions.

Secondly, where donors have established parallel institutions, they have done little to strengthen local capacity. For example, while the need for emergency medicines is clear, creating parallel systems to deliver supplies does nothing to foster coordinated and coherent methods of working in the long term. The same is true of the water sector.

Further, programme objectives may be inconsistent. To a large degree donors have driven the decentralisation that has taken place (Chiweza, 2010a: 40). They have done this through their championing of democratic decentralisation and their pressure on government to hold local elections and to strengthen local government. However, sector programmes often do not support these local governance objectives. The health and education SWAs have increased the overall resources transferred to sector offices and front-line services and enabled significant deconcentration of some line ministry functions. But, by design, SWAs entail central planning and accountability mechanisms. With the suspension of councils, formal control of sector funds has remained with the sector ministries but, in any case, the deconcentrated sector administrative units have little say over discretionary spending. Even donor funding for local development has disproportionately benefited central government.⁴⁷ Added to this, there has been a plethora of NGO and donor initiatives implemented in the last 20 years, without old structures being wound up or competing institutions rationalised and which often by-pass districts and are not consistent with district their planning, priorities or needs (Lockwood and Kang, 2012). This all contributes to jurisdictional complexity, fragmentation of authority, multiple competitive institutions, and collective action problems.

Finally, there is a form of ‘moral hazard’, in which high levels of aid can protect governments in developing countries from their actions. Simply put, regardless of promises, an elite that benefits from the status quo and believes that aid will keep coming regardless of its actions will have few incentives to make the changes that will mean that aid is not necessary in the future – or, at least, will make only the minimal changes needed to ensure that the aid keeps flowing. Van de Walle (2001) described how structural adjustment policies had been instrumentalised by African elites and only partially implemented. More recently, Andrews (2013) has argued that the reason why many donor-led institutional reforms do not lead to improvements in performance is because developing country governments use formal institutional changes – the passing of laws, new regulations, setting up of new agencies, such as an anti-corruption bureaux – as a ‘signal’ to convince external funders that they are reforming, but the actual practice of public officials continues in much the same vein. Pritchett and de Weijer (2010) call this process of privileging the form or appearance of institutions over their actual function, ‘isomorphic mimicry’. They point out that, what is particularly worrying about this phenomenon is that it can impede local problem-solving and institutional innovation, that is, the creation of institutions that may look different to those in developed countries but are more suited to local conditions and therefore function better. Rakner et al., (2004: 24) also noted ‘how international aid both exacerbates and is party to the poor financial management and accountability’ that they found in the national budget processes, because ‘donors do not reward good performance – and are similarly ineffective in terms of sanctioning poor performance as witnessed in Malawi’.

Only a few projects are designed to promote reforms that address the points raised above. Specifically, few address collective action failures or policy incoherence that is manifest as fragmented authority. Too many programmes may inadvertently reinforce negative tendencies by adding more complexity and jurisdictional confusion.

⁴⁷ The final evaluation of the UNDP and UNCDF’s Local Development Programme found that 71% of funds benefitted national government compared to the 26% that went to local authorities. In addition, most of the funds (74%) had been spent on institutional development and capacity building rather than fiscal decentralisation (17%) and service delivery (9%) (ECI Africa, 2008: 203).

4.5 Summary – why local government and service delivery work as they do in practice

In summary, we argue that the underlying structure of Malawi's political economy – the nature of political organisation and competition, the elite political settlement and broader social contract – puts in place powerful incentives that shape elite behaviour. To remain in power, elites must cultivate their personal relationships and reward their patronage networks. They have every incentive to use their position to devise or maintain rules-in-use that allow them to do this. They have few incentives to work together to build institutions that will deliver public goods and better services over the long-term – not least because high turnover of parliamentary seats means that many MPs know that they could well only have one term, and the ability of party leaders to hold their factions together is tenuous given the fluidity of the party system in Malawi. Good policy is itself a public good, and policy incoherence signals that the institutional arrangements established or condoned by government are not suited to producing rules, regulations and policy that benefit the country as a whole and not narrow factions or individuals. This can be because institutions are missing, contradictory or that the rules-in-use actively undermine collective action, producing socially sub-optimal outcomes.

The regulatory and policy framework for local government and decentralised services in Malawi is symptomatic of long-term policy incoherence: a contradictory legal framework for local government, the existence of a decentralisation policy that is not being implemented but remains on the books, and ad hoc local government arrangements. Bad laws, regulation and policy are pernicious because they make it more difficult for people to come together in ways that maximise benefits for the collective (however this is defined) at all levels of society, not just public officials within local government but also private firms and civic organisations. There is therefore a cascading effect and, where top-level policy making is poor, there is little that groups at lower levels or with less influence can do to fix the situation and sustain it. Without clear OPC direction and backing, central ministries, MPs and DCs have been able to mould decentralisation to their own ends. Arguably, the rhetorical commitment to democratic decentralisation and the partial devolution that this has produced are more damaging to local governance and service delivery than a clear and consistent policy that favours political centralisation with effective deconcentration of service-delivery tasks.

Collective action failures and the policy incoherence it leads to therefore shapes the de facto rules and practices of not only central politics but also local government and service delivery. Government's management and implementation of decentralisation – which requires a whole-of-government-approach – has led to overlapping jurisdictions and unclear mandates within local government, to functional fragmentation and complex reporting structures, and to poor coordination and disjointed planning and funding. The exact characteristics of local government differ in each locale and across time because the legal and institutional framework shaping them is weak, which allows their executives to mould them to fit their requirements. In all areas, however, the fragmentation of local government makes collective action between different parts of local administrations, and between government and other local stakeholders, difficult to organise.

When collective action problems have been solved, principal-agent relationships become important to delivering governance and services. For instance, civil servants (agents) are expected by citizens (principals) to undertake their duties and delivery services efficiently. But agents are notoriously unreliable, and a lack of solid information about their behaviour inhibits principals from ensuring they perform well. Information problems also exist outside of principal-agent hierarchies. Malawians – both public officials and private firms or citizens – are often missing full or accurate information, which leads them to make erroneous assumptions and poor decisions, which can affect local development and make effective cooperation more difficult.

Malawians do come together to solve problems but this tends to be only in small groups (faith-based organisations, communities led by chiefs, business associations, school committees). This collective action rarely bridges communities or involve cooperation with government, and this means that solutions are necessarily localised. In any case, most problems that beset Malawi's health, education and water sectors simply cannot be solved without coordinated action between local government and central government. Dysfunctional institutions at all levels of government directly affect local service delivery, because it means that goods and services (medicine, water, doctors, mechanics to fix pumps) are not produced or do not get to where they need to be. Malawians can instead, opt-out (giving up on getting public goods from the state) and buy or produce ('club' or private) goods only for themselves. Those unable to access these will seek opportunities (such as during election campaigns) to use various means (e.g. exchanging votes) to obtain scarce goods. But all Malawians who

cannot afford to opt out of the public system and are not well-connected pay the price in avoidable deaths and unrealised social potential.

While the aid system is not the principal driver of domestic incentives and policy, donors have been active in Malawi for nearly fifty years, thus it is illogical to ignore their role and influence. Since the transition they have promoted development and good governance, including decentralisation, and have contributed significant funds to sectors, including water, health and education as well as local government. Frequently their programmes have focused on the transfer of funds and technical assistance, and have largely ignored the underlying governance constraints that impinge on performance. To the extent they have done this and continued to provide funds and support, they have helped entrench the factors undermining reform, in this case, in local government and sector services at local levels.

5 The likely impact of elected councils on local government and service delivery

In light of the political and organisational challenges outlined above, it is unlikely that the local councillors, who will be elected in May 2014, can significantly improve services or local governance. The reasons for this relate to the deeply rooted and historical nature of the many problems associated with local government and services, and to the strength and tenacity of the political settlement and social contract that underpin the system, which are unlikely to change soon. If anything, the councillors, as part of the larger political system, will further entrench national political logics and clientelist politics at the local level.

5.1 Local councils

The councils that sat in 2000-05 were notoriously ill prepared, under-skilled and poorly resourced (GoM, 2001). The party-political nature of councils (councillors are largely elected on party tickets) sometimes generated internal tensions and conflicts between councils and central government. There was also tension between councillors and DCs (especially when the former were thought to have overstepped their authority) and between some MPs and councillors, who are viewed by MPs as menacing ‘MPs in waiting’. TAs were also said to feel that some of their power had been usurped by councillors (Cammack et al., 2007; DFID, 2011).

In other words, confusion about the exact roles a TA, DC, MP and councillor, how they differed and how they complemented one another, contributed not only to the inefficiency of local government but to conflict amongst the various actors. As a result, many local leaders were glad to see council elections abandoned. Similar local officials noted soon afterwards that they did not miss councils at all, were better able just to get on with their work, and the only thing that could not be done in their absence was to pass new bylaws (Cammack et al., 2007).

After May 2014 councils will be similarly constituted: most of the current candidates are party affiliated. Thus, political tension could arise afresh, especially if councillors belong to different parties than the area’s MPs and/or the President (who approve DCs’ appointments). Conflicts over development funding and the siting of projects is more likely now too, because MPs are even more ensconced in local affairs as voting members of councils (since the 2010 local government amendments). TAs, who have retained significant power over development funding and decisions since 2005, will once again be sidelined, unable even to vote in local councils. This is likely to add to tension.

There is no reason to believe that the new councillors will be any better prepared, educated or experienced than the last batch. Efforts to raise the qualifications of councillors failed to pass parliament. Because of the need to be politically affiliated to win a council seat, many people – such as retired civil servants, who might have the skills needed to manage district sector committees, to read budgets and spread sheets, to make decisions about personnel, etc. – decide not to run. They leave the job to young community leaders with party ties and high aspirations. One informant lamented the fact that a councillor with no knowledge of finance or accounting cannot effectively lead the Council Finance Committee. Nonetheless, these councillors will head up the sector committees overseeing services locally (see Figure 1).

The fragmentation and complexity of local government structures and processes will make it even more difficult for councillors to provide proper oversight. Councillors will face sector planning processes that run parallel to the District Development Plan and development projects that are not harmonised with district priorities and

processes, or which bypass the district altogether (e.g., large procurements, NGO projects, donors). This is all the more worrying as off-budget projects will probably increase in the near term if budget suspension and the ‘Cashgate’ scandal lead donors to seek to deliver more aid outside of government systems. Dual administration means that councillors will have little real authority over sector staff who continue to be employed by the service commissions.

Finally, councillors are likely to experience the same infrastructural constraints that local government and sector officials face. That is, inadequate workspace and furnishings, insufficient computers, software and other office equipment, unreliable transport and fuel supplies, shortages of staff, and changeable funding flows. Only in a few places are there special offices built to handle council meetings and to provide councillors with offices.

5.2 Local councils and the social contract

Evidence collected in the field suggests that local residents are unaware of many of the problems that beset councils, and are ill-prepared to sort out any problems in councils that arise. In the first place, few ordinary citizens understand the process of democratic decentralisation. Only a handful of local party organisers could explain to the team how nominations for councillors are going to happen, when they would take place, how the 2010 legal reforms affect the structure and function of the councils, what the councillors’ honoraria are likely to be, and so on. Even council candidates make wild guesses about how much their honoraria will be (interviews, 16 and 27 September 2013). Local party leaders and a few chiefs can name likely council candidates, but most people cannot.

Most people know about the upcoming tri-partite election – National Initiative for Civic Education in Malawi (NICE) and other NGOs have been doing voter education – but cannot explain the role of councillors in any meaningful way. Most believe they have a local development function. For example, that they should oversee LDF projects or ensure communities participate (mould bricks etc.) as expected. They also think MPs are responsible for bringing local development. A few local elite are aware that the councillors will have an accountability function vis-à-vis sector staff and the DC. But beyond that, there is little knowledge of the structure of council and committees or their detailed work.

When asked specifically about issues related to the changes made in councils by the 2010 amendments, no respondents had any knowledge of the reduction in the number of councillors and the effect that enlarged wards will have on effective representation. Many, on the other hand, think the impact of councils will be considerable. Very few know that MPs will be voting members of councils and, when told, several said that TAs should be allowed to vote instead. Many believed the relationship between MPs and councillors will be tense, especially if they are members of different political parties or regarding decisions on how to spend constituency development funds. In other words, it should not be assumed that the general population has a detailed understanding of councils’ structure or functions and can judge whether they perform as the law prescribes, or demand that they do so.

The nature of Malawi’s social contract is reflected here. Malawi is not a democracy where the bulk of citizens are proactive participants in decision-making or in holding government to account. Instead, they are on the bottom rung of competitive clientelist networks that reach from political parties’ leaders – through local politicians and to some extent and to varying degrees, through chiefs and district executives – to the villages and urban settlements. If demands are to be made by citizens, they are generally made upwards to local leaders – chiefs and party representatives – and rarely to state officials, who are difficult to find in villages or settlements anyway. It also fits that because they expect little from government, they are unlikely to pay taxes. Only during election campaigns do people see their MPs, and then they expect hand-outs (cash or ‘club goods’) and promises of development. They hold them to account at the ballot box only and relatively few Malawian MPs (around half of those who run) are re-elected.

The public will understand the part new councillors will play in so far as they are party representatives and local-community leaders. That they lack the power of MPs or a DC in a district is likely to become clearer to constituents as time passes. That the councillors are less visible in their areas than the previous ones – as there are fewer (only two per constituency) – will in due course be a disappointment, as the public expects them to

deliver development (e.g. to oversee LDF projects). It is to be hoped, however, that information flows between district and chiefs will at least improve with the return of councillors and regular council meetings.

5.3 Local councils and the political settlement

Research (e.g. APPP) shows that clientelist politics may reach from Capital Hill or State House right down to the grassroots level and that each post-transition president has had a different capacity to centralise control of clients and their rents (Cammack and Kelsall with Booth, 2010). The default situation in Malawi appears to be rather loose networks with patrons beholden to a president, but not overly managed by him or her. MPs and other major political actors have their own networks and systems of rent-generation, and some benefits (mostly votes and loyalty) accrue to the president of the party in return for creating rent-seeking opportunities for his or her clients. Councillors then become another set of actors to integrate into the national rents/loyalty nexus. They may directly compete with MPs, in whose constituency they reside, for rent-seeking opportunities, the public's support and loyalty, credit for delivering development, and for influence with party leaders. Short-termism, rent-seeking rather than development, politicised decision-making: all of these and more could be the result of a highly politicised set of councillors.

It is probable that councillors as politicians will come into play (as was evident in 2000-2005), but how that will be manifest will depend on the individual councillor, the other leaders in the area (MP, DC, TAs) and the needs of national party leaders, especially the President. For instance, if a coalition of parties is required at national level to pass legislation, party support all the way down to local levels would become important. That would impact councillors and MPs, and thus the way local councils operate; it could easily divert attention away from development and services and into politicking.

Of course, the formal setting – decentralisation and local government policy, legal reforms, and funding levels – will have an impact too, especially if it is decided by the new President that local government ought to be empowered and he or she actually sets about doing it in practice. But any such reforms need to be part of a coherent policy on decentralisation and the role of local government in service delivery. Only then can coordination problems, fragmentation and dual administration be tackled effectively. But this will require a sea change in Malawi's political economy, and nothing about the current candidates or parties suggests this is coming.

In summary, two general suppositions may be made about the period after the 2014 elections. First, the type of problems outlined above that exist in local government and with the local-level delivery of goods will not be addressed solely by the introduction of councils, however strong their constitution. Without major institutional change, policy incoherence, collective action failures, and principal-agent problems will continue to support fragmentation, poor coordination and all the rest. It is unrealistic to imagine that a handful of inexperienced councillors beholden to neopatrimonial parties and leaders, can fix local government and service delivery systems.

In any case, many of the main problems affecting Malawi's social services – such as erratic and inadequate deployment of staff, shortages of drugs or teaching materials, schools and clinics that do not have electricity or potable water, which staff do not want to be posted to – require fundamental institutional reform. They can only be addressed through cooperation between local and central government, and between different ministries and departments. In addition, if dual administration continues, then local councils will continue to be unable to exercise proper oversight over local staff (most of who will be hired by sector commissions) or over district plans and budgets (as significant proportions of this will continue to be controlled by the centre).

Second, at the time of writing and in the midst of the 'Cashgate' crisis, it is not certain who will win the 2014 election. Votes may be split among the four major parties (People's Party, Democratic Progressive Party, Malawi Congress Party, United Democratic Front) and MPs and councillors in any single area could be drawn from various parties. They may also be from a different party than the new President. If this is the case, local councils could become the site of highly politicised confrontations and of politics being prioritised over development. Such a scenario would not strengthen local government or the delivery of services. It should be expected then, that the nature of Malawi's political settlement and how politics operates at national level, will impact councils and their capacity to improve services and local government.

6 Conclusions

Governance challenges are high on the agenda in Malawi, with the upcoming tripartite elections (May 2014), the ongoing ‘Cashgate’ revelations and inquiries and suspension of sector budget support. Lately, much of the analysis and commentary has been on high politics. This study is a reminder of the complex interaction between national and local politics; how elite political bargains play out within local governance, and how they directly affect the extent and quality of frontline services for ordinary Malawians.

6.1 The enduring elite bargain as a source of pessimism

In many ways our findings, and the conclusions they lead logically to, are profoundly pessimistic. Our argument is that Malawi’s political settlement is one of archetypal competitive clientelism and that this makes elite collective action and the sort of coherent policy-making needed for the provision of public goods difficult. It has also contributed to the decimation of bureaucratic capacity over the past twenty or so years. We also argue that policy failures at the top in relation to local government decentralised services result in local governance conditions – de facto political recentralisation, functional fragmentation, unclear mandates, complex reporting structure, and disjointed planning – that actively militate against coordination and cooperation between local administrators and decision-makers, and between local government and other local stakeholders, such as funders, civic organisations and communities.

Finally, we argue, the nature of Malawi’s clientelist factions and alliances, reflected in its highly personalised and weak political parties, acceptance of shifting allegiances and an extremely fluid party system, means that there is little reason to believe that the competitive-clientelist settlement will change any time soon. Whatever the country, the principal objective of all politicians and political parties is to gain and hold power, because it is only then that they can pursue other objectives, whether these are personal or for the benefit of society as a whole. It is therefore unrealistic to expect government and the elite in Malawi (as in any country) to act in a way that will undermine their ability to be (re-)elected. The question is, therefore, what type of incremental change is possible to nudge Malawi away from a competitive-clientelist political settlement that is so detrimental to development? Changing the political settlement in Malawi will be a difficult and long-term process driven by Malawians, not external actors.

6.2 Appropriate institutions and incremental change as a source of optimism

Since the democratic transition, successive governments in Malawi, under pressure from donors and, to a lesser extent, organised civil society, have maintained a rhetorical commitment to democratic decentralisation. For 15 years, domestic political incentives drove intermittent and inconsistent policy implementation. If our analysis is correct, there is little reason to believe that the next government will be particularly keen to rationalise the legal and policy framework around local government or push ahead with further administrative and fiscal devolution. Significant change will require concerted effort over successive governments, not a single one- or two-term presidency. The conditions required for effective devolution – strong, consistent leadership across several regimes; clear mandates and coherently designed systems; institutional arrangements that promote (formal) rule-enforcement; adequate resourcing; local autonomy (including fiscal) and organised civil society – are simply not present in Malawi. It is also unrealistic to expect that the return of elected local councils can in any significant way change the underlying political dynamics; in fact, they are likely to further entrench them at local level.

Rather than asking what types of institutions are ideal for producing public and other goods, the question should therefore be what institutional arrangements (which allow for effective monitoring, sanctions and rule-enforcement) are likely to support public goods provision in different areas and at different levels in Malawi given prevailing conditions? This is where we might be more optimistic.

Under-development and poverty informs the backdrop to human endeavour and social relations in Malawi, the resources that people have at their disposal. It certainly means that the government begins from a difficult starting point. But it is not the limits to human and material resources that explain the problems in local government and poor sector outcomes. It is the inability of successive governments to design and implement – and crucially to sustain – policy and institutional reform that makes the most of Malawi’s material and human endowment and incrementally improves on it in a way that benefits the country as a whole. Well-functioning institutions – the ‘rules-in-use’, which may or may not be the same as the formal rules – are those that are well suited to contextual conditions. Appropriate institutions that manage goods in a way that benefits a community as a whole can, over time, transform contextual conditions by, for example, producing an educated and healthy citizenry.

7 Recommendations

What might government do differently? If government does not act any differently, what can other stakeholders do within the current context and constraints to improve things incrementally, possibly only at the margins? And what might donors and other external actors do to help re-shape the ‘rules-in-use’, support collective action, greater policy coherence and better information flows, and to not hinder these processes?

There are changes that donors can make – both to the ways they work to support local governance and service delivery, and to the substantive content of their policy dialogue and governance and sector programming.

7.1 Three principles to guide donor action

We suggest three broad principles for the ways that donors and other external actors should work.

First, as Einstein pointed out, the definition of insanity is doing the same thing over and over again and expecting different results. More recently, Lant Pritchett (2013) has made the same observation in relation to the failure of education policy: if it is the case, as it is, that children are attending schools in much greater numbers but most are not actually learning, then ‘doing more of the same’ will not change this (Pritchett, 2013). In other words, donors have been supporting democratic decentralisation in Malawi with, often, questionable results for the past two decades: **more of the same is not the answer** here either. If our analysis of Malawi’s political settlement and the governance constraints it gives rise to is correct, then current conditions in Malawi do not support a strong, developmental coalition or a fully devolved local government. Without a significant change in the political settlement, this is unlikely to change in the near future. In the medium term, therefore, donors’ programming should not be informed by an ideologically pure but poorly rooted vision of decentralisation. Instead, they ought to identify what is happening on the ground and, with local stakeholders, find solutions that fit prevailing conditions.

Second, donors absolutely need to ensure that their aid and programmes do **not further entrench the drivers of poor governance and service delivery**. The do-no-harm mantra may seem over-used. But, as noted, aid can have unintended effects on both national and local politics – and it has done in Malawi. It is difficult to avoid moral hazard in heavily aid dependent countries. In Malawi aid has protected government from the consequences of poor planning and implementation, and has provided incentives for government to exhibit ‘signalling’ behaviour rather than undertake institutional reform and innovation in practice (Andrews, 2013). Government appears to rely too often on injections of donor funding and emergency measures, for instance, to fund staff top-ups and relief payments or to supply drugs, rather than dealing with the underlying institutional problems (Carlson et al., 2008; Mueller et al., 2011).

But there are also less fundamental changes that donors could make to lessen the affect their aid has on policy incoherence, poor coordination and missing information within local government. Sector programmes could be much more aware of their impact on local governance, and how local government support affects sectors. For instance, funding of the water sector could better support the capacity of the district offices and their ability to manage local inputs. Donors could ensure that projects (donors’ own or the NGOs they fund) do not by-pass local government and are consistent with local priorities and informed by the priorities and needs of communities, not the funder. This is an issue that is likely to be more important over the next few months as donors look for ways to avoid government systems and channel funds directly to frontline service providers. But donors can only work to minimise unintended consequences if they understand the real nature of local problems and their causes.

Third, donors can experiment with realistic **ways of working that are more appropriate to building better institutions**. If you take a mode of development assistance suited to direct delivery of goods and services, such as building roads or distributing malaria nets, and use it to design programmes that try to build institutions, such as reform of local government, you will not get good results (Natsios, 2010). Institution building is now recognised to be a large part of international development efforts, and not just within the governance sector: support to social sectors is as much a political as technical exercise and also requires a different style of development assistance. There is a growing consensus that donors need to experiment more with modes of assistance based on brokerage or facilitation that can help local stakeholders to identify problems and negotiate solutions. Commentators (e.g. Mansuri and Rao, 2012; Booth, 2013; Fabella et al., 2011; Ramalingam, 2013) point out that this requires aid to be flexible so that people can identify goals and have the room to experiment and fail – what Andrews (2013) has termed ‘iterative adaptation’. This type of assistance is more likely to be ‘arm’s length’, delivered by local intermediaries not directly by donor agencies (Booth, 2013). There will not be a sea change in the way that donors work, how aid is delivered and how development programmes are designed. Donors’ own political economy militates against this.⁴⁸ But they should try to change some of their funding and programmes in these ways.

7.2 What could government and donors do to support better local government and service delivery?

There are steps that both government and donor agencies can take to change the **direction and substance of their policy and programming on local government and service delivery in Malawi**. Again, however, donors’ own political economy – as well the entrenched ideas, incentives and interests within partner organisations of different types, including the Malawian government – mean that a marked change in programme objectives and content is unlikely. For this reason, we suggest two approaches to improving local service delivery in Malawi that have different levels of ambition.

First, **develop initiatives that work with or around prevailing political incentives to transform the fundamental drivers of poor governance and service delivery in the long term**. This approach tries to shift institutions in ways that have the potential, through their political, social or economic effects, to improve service delivery in the medium term or to change the fundamental political drivers over the longer term. These types of activities take account of contextual factors, such as material resources, attributes of communities and the nature of sectors and goods. More importantly, they understand the political-economy drivers of the interests and behaviour of different groups within society. And they use all of this information to try to work out what types of institutional changes – what ‘rules-in-use’ – are most likely to incentivise socially productive cooperation among groups working to realise different objectives. The role for donors here is mostly for them to be realistically attuned to what types of solutions may further developmental and pro-poor objectives but will also be supported by elites at different levels. This means, at a minimum, not actively undermining interests in ways that make policy coherence and implementation unlikely. Donors cannot drive institutional change, but they can try to give good policy advice and not reinforce a non-developmental political settlement.

Second, **work within the structures that the current policy paradigm creates to make modest changes that mitigate the negative effects of policy on service delivery**. Interventions of this type are based on the premise that current policy paradigms in Malawi and in international development agencies (such as those promoting democratic decentralisation) are not well suited to political conditions in Malawi but are not likely to be abandoned in the near future. They recognise that Malawi’s political economy has perversely affected decentralisation policy over the past 15 years, led to dysfunction within local government and impeded service delivery. They also accept that there are limits to what can be achieved without changing the underlying political settlement and social contract in Malawi, which is a long-term challenge. The main objectives are therefore to alleviate the worst effects of institutions that do not work for development, to help make small improvements to the functioning of local government and to assist particular groups build better institutions. These groups will most likely be small in size and undertaking localised action.

⁴⁸ Garnering high-level support for development policy or organisational changes that ‘swim against the tide’ is difficult (Booth, 2011). But it is by no means impossible with the right combination of networks and, often subversive, strategy to change the balance of power within policy debates and institutions, as well as a large amount of serendipity – as Ros Eyben (2008) argues in her account of how a committed group of trans-national policy activists changed global (and UK) policy on gender equality and women’s empowerment in the 1980s and 1990s.

These two approaches and levels of ambition are not mutually exclusive. For example, activities that aim to mitigate the perverse effects of policy incoherence and collective action failures might help transform the underlying drivers of poor governance in the long term. Efforts to work with stakeholders to undertake mostly localised action can (and should) be made alongside more radical changes in policy direction.

Below we outline more **specific suggestions for activities that government and donors could undertake** to improve local governance and service delivery.

- **Consider support for asymmetric decentralisation:** Devolution is much more likely to succeed in Malawi's few cities than in the rural districts. The cities are smaller units with better internal communications and transport infrastructure, and a larger class of educated and potentially engaged residents. Integration of staff into a single local government administrative unit has gone further and there appears to be more of a corporate identity in cities. Cities attract more educated and skilled Malawians and business, including within the local public service. Linked to this, cities have greater sources of local revenue that mean that they are less dependent on local government transfers – but for city councils to realise these local revenue streams they need to be empowered to enforce the law. Better-funded cities would relieve the burden on the surrounding district councils (which also have to provide services within the cities). Asymmetric decentralisation would allow resources and expertise to be better targeted. Smaller towns and districts could capitalise later on the learning processes within city councils.
- **Accept dual administration in districts in the medium-term and improve how it functions:** The de facto situation in the districts is the deconcentration of sector administration to districts. The re-instatement of elected local councils will not change this significantly. Staff will continue to be hired by central service commissions and central ministries will retain core functions. Purposeful action by central and local government is needed if staff are to be integrated and fiscal decentralisation is to proceed further. Our research suggests that district councils and sector offices do not at present have the resources to take on devolved functions. Staff vacancies are high in many areas and sectors. Some buildings are overcrowded and lacking proper equipment. Staff are not properly trained or up-to-date on IT systems. These are just the basic resource issues. As this report has stressed, more complicated governance capacities expected of local government (coordination, planning, information-sharing, allocation) are undermined by collective action failures within national government. More research is needed on future scenarios in relation to local government in Malawi. But greater consideration should be given to which pathway is likely to improve service delivery in the medium-term rather than pushing ahead with a decentralisation policy that is likely to sustain policy incoherence, and the many symptoms of this we have described, within local government and services.
- **Strengthen central ministries and de facto decentralised systems:** Donors have pressed for democratic decentralisation based on a belief that it will deliver services better, although evidence suggests that this applies only in very closely controlled situations. Bypassing dysfunctional central government in the hope of finding well-managed local government delivering services and being held to account by the local stakeholders is not rooted in Malawian reality. A less normative and more realistic strategy would be to strengthen central government's institutions so they do their work more effectively, including delivering services at local levels. A strong state is the basis on which decentralised governance and services might be constructed. Policy reform to support deconcentration or delegation of line ministry responsibilities rather than devolution in Malawi would mean that efforts could be focused on making the de facto system work better. More attention would be given to strengthening central ministries and their coordination and making decentralised systems and field offices more coherent. Line ministries may be more inclined to cooperate with local government, and to improve their systems, and work with each other, if they did not feel that there were competing for control of power and resources. This does not mean there would not be resistance from those who have a vested interest in current decentralisation policy and functioning of the system. The OPC's position would be key and it may need to take control of any policy reform and implementation, for example, MoLGRD inability to sanction non-participation in intra-ministry coordination mechanisms has been a problem. A strong coordinating body with an interest in improving local government needs to be re-established. It needs to oversee not only decentralisation policy implementation but SWAp development and reforms in fiscal and human resource areas, IFMIS and the like.

-
- **Long-term support to strengthen the political-party system:** Working to change the nature of political organisation in Malawi – from highly personalised clientelist factions to more institutionalised parties based on horizontal associations – must be part of the long-term solution in terms of a transition to a more developmental political settlement. Donors can support this but they will not be effective if the mode of parliamentary and party assistance does not change. Malawi’s parliament is dysfunctional (in terms of undertaking legislative and oversight roles) despite having received a large share of the parliamentary development assistance to Africa over the past twenty years. The impact of support to individual parties is also likely to be limited, particularly party-to-party support based on short-term interventions and erroneous assumptions about the (ideological and issue-based) nature of their sister parties in developing countries (Menocal and O’Neil, 2012). Instead, what is needed is modest but long-term support to the party-system as a whole to help parties and factions to trust each other and work together better. A more appropriate model to explore is the work of small organisations, such as the Netherlands Institute for Multiparty Democracy (NIMD), who fit the arm’s length, adaptive brokerage mode of assistance. NIMD works, inter alia, to build and institutionalise multi-party platforms in developing countries, where politicians can get together to discuss issues out of the public gaze and away from the grandstanding that often occurs in parliament and the media.
 - **Support the bridging of more successful civic groups:** Where there are examples of civic groups working relatively well, donors might consider helping to build higher-level associations. For example, one informant noted that school committees work relatively well but their focus is local and they do not interact with one another. Donors could try to nurture horizontal interests groups that can aggregate interests. But this must be done extremely carefully so as not to distort incentives, lead to the creation of ‘suitcase organisations’ chasing donor agendas, to funding of meetings that do not lead to action, to widening the ‘allowance culture’, etc.
 - **(Re-)professionalising the bureaucracy:** During the Kamuzu Banda era state bureaucrats were highly regarded and working for the civil service was a prestigious career path. This is not the case now, and change is needed to create incentives that promote re-professionalisation of the bureaucracy. Key is the development of a cadre of people whose reputations for being ‘trustworthy, or for using retribution against those who do not keep their agreements or keep up their fair share’ (Ostrom, 1997). Enforcing behaviour and cooperation by imposing discipline from the outside, or by fear, is less effective and sustainable than a network of people building on their own shared values, creating incentives that promote commonalities and joint rewards, and monitoring and applying sanctions themselves (Ostrom, 1997; Serra, 2009, Leruth and Paul, 2007). This has been effective in Rwanda by instrumentalising traditional norms (e.g. *imihigo*) that promote discipline, and using traditional institutions to regulate behavior in the civil service.
 - **Conduct sector or problem-focused political economy studies:** This research has identified common governance and political factors that affect local delivery of health, education and water services. It has also suggested that there are differences between sectors as a result of how decentralisation has proceeded in each, and how specific technical characteristics of sectors and goods that interact with the broader governance factors. A clear indication of this is that the specific coherence and coordination issues affecting the water sector are qualitatively different to those affecting the education sector, for example. Informality within local government has also meant that idiosyncratic factors, in particular personalities of DCs and other local leaders and the particular configuration of power between local actors, have influenced the institutions to emerge in different localities. To provide a solid base for future policy and programming in relation to decentralisation, local government and service delivery, more detailed studies are needed to understand how these factors play out in different sectors, and places, and how they affect various stakeholders, institutions and practices. This is the case whether or not there is a change in local government or decentralisation policy after the election.
 - **Support to the political arm of the new District and City Councils:** The councillors are coming and they will need support. Councillors are party-politicians and it is unavoidable that they will be drawn into the logic of competitive clientelism and incorporated into patronage networks. In other words, any support to councillors cannot be expected to fundamentally change how services are delivered. Nevertheless, things

can be done to improve the way they work and to alleviate the worst effects of both the political logic and their lack of skills and experience. To do this, however, means working with not just councillors but *all* members of the political or decision-making arm of the council (councillors, MPs, and other *ex-officio* members, like chiefs and special interest representatives) and to work with them on an *ongoing* basis. All those working in and with the councils, like sector officials, need to understand the respective roles and responsibilities of different groups, and will need support to undertake their own within the new council framework. More importantly, however, council members need to be able to work collaboratively with each other, and this will only happen if they have space for productive discussion outside of public council meetings. This is an area where arm's length aid, delivered by an organisation with real understanding of local conditions and problems and with the correct skills to broker political relationships, should be considered. This might mirror the type of work that organisations, such as the Netherlands Institute for Multiparty Democracy, do with national assemblies and parliaments (Menocal and O'Neil, 2012).

- **Support to planning capacity of the councils:** It is imperative that local planning and budgeting capacity is improved, regardless of whether or not the next government proceeds with integration of local employees into a single administrative unit and/or transfers more funding and functions to the councils and their secretariats. There are variations between sectors and districts in this respect – and there may be lessons to be learnt from these, for example annual planning is said to be much improved within education. However, in all sectors and localities coordination between sectors, between sectors and the secretariat, and between the council and other stakeholders (communities, NGOs, funders) is inadequate for district-wide planning, informed allocation of resources and for the many activities that require coordinated responses (such as ensuring that clinics have potable water). This is also an area where donors might consider long-term embedded technical assistance to councils through arm's length aid (such as the ICEIDA-funded work being done by Engineers Without Borders in the water sector) (see ICEIDA and EWB, 2013a,b; 2012). Again, realism is needed: there are limitations to what can be achieved working with local councils when coordination between local and central government is poor, and politicians and funders have incentives to bypass district processes. Reactivating the participatory development planning system (Chiweza, 2010a, 2010b) should improve communication between the councils and public.

MoLGRD is aware that improved capacity within local councils is needed for them to perform better than they previously did. It has written two concept notes with which to generate support for local authorities and raise funds from donors, and to set out a road map for full devolution by 2020.⁴⁹ These set out the intention to integrate the rural development and devolution programmes that currently run in parallel, and to address, what the MoLGRD calls, 'gaps' in knowledge, skills, infrastructure, transparency and accountability, as well as audit and financial management problems. Training and equipment are certainly needed, and can be delivered, but are not enough to change behaviour in practice. Reform of systems and ways of working are also needed. But these are much harder to achieve and the government plans do not acknowledge or engage with the underlying political economy factors or other non-technical constraints that explain why there continue to be these gaps and weaknesses within local government, or address how the new activities will be able to achieve improvements that have not been possible previously.

- **Improve information flows:** Information asymmetries are not the primary cause of local government problems and it cannot be assumed that if district officials or communities have better information, their priorities and behaviours will change. However, as with planning, better information is needed for better decision-making. Three areas where the generation of information can provide a good foundation for more informed decision-making about services stand out from the fieldwork. First, donors should (continue to) support district data collection within sectors, such as EMIS or water-point mapping. Such data cannot prevent politicians from trying to distort allocations, but they do at least allow district officials to make a strong case within council meetings as to why money should be spent in other ways (Welle, 2005). Second, Kalondolondo is one of the few organisations trying to find out about service provision and related processes (e.g. use of LDF) in districts and what communities think about them. Projects like this could be extended,

⁴⁹ Malawi Municipal Support Programme (MMSP) (Final, August, 2013) and 'The Road Map Towards the Development of a Medium Term Programme for Strengthening Local Governance and Promoting Integrated Rural Development' (July 2013).

made more systematic to improve the usefulness of the data⁵⁰ and disseminated more widely. Linked to this, where there are real indications that providers and communities may be able to work productively together, support for more collaborative scorecard exercises can be useful (Wild and Harris, 2012). However, information problems are not just about missing information but also about the need for better feedback loops across the system. Community scorecard programmes often generate information that is not aggregated or fed into government (ibid.). This may call for better linkages between parts of the system e.g. information management teams in ministries, local government and specialised NGOS, or even a dedicated unit in MoLGRD or OPC to aggregate data and have an overview of gaps and failings in services across the country and across sectors (cf. Budget Monitoring Unit in the Ugandan Ministry of Finance). Whatever the mechanism, scorecards and other forms of accountability and demand will not drive significant improvement without a responsive government.

- **Support to infrastructure improvements:** Provision of infrastructure and equipment is a short-term, Band-Aid solution. Nevertheless, conditions in local government offices (and front-line services) in Malawi are often dire, undermine morale and make it extremely difficult for staff to do their jobs. Buildings and basic equipment – furniture, computers, phones and transport – cannot solve the more fundamental institutional issues but they are needed to improve communication and coordination capacity of local government. The situation for the water teams seems particularly dreadful because most funds remain with the MoWDI. Donors might also consider greater support for the physical co-location of sector and secretariat staff within local councils. Creating electronic-offices only at local level is not sufficient though, if coordination between local and central government is required. Thus, strengthening the IT capacity of central government offices interacting with local governments is also needed.
- **Support review of legal framework for local government:** There is a need to undertake a comprehensive review of the laws that pertain to local government, power-sharing and service delivery at local levels. Such a review should consist of, first, an audit that maps out the universe of laws affecting local government (including decisions of the courts); and second, a harmonisation exercise to remove inconsistencies and make improvements. Such a review would show the extent to which legal inconsistencies have, in practice, worsened coordination and fragmentation.
- **Build on what is working:** The scope of the work did not allow for research of front-line providers and community groups. But there were indications that some are working better than others to deliver services, such as school management committees, faith-based groups, CHAM clinics, and privatised water kiosks.⁵¹ More focused studies – either within or across sectors (e.g. in relation to community groups) – need to be carried out to understand the reasons for relative successes and whether they can be extended.

All of the above activities can only proceed on the basis of policy dialogue between government and donors. Some actions donors can and should take unilaterally, such as incentivising the NGOs they fund to ensure that local inputs are in line with local government and community priorities. Sector and issue-specific studies are needed to improve our understanding of how the political economy drivers outlined here affect local delivery in particular cities and districts and how local stakeholders might work together to build more appropriate institutions. The overriding message of this research, however, is that more could be done to help stakeholders work together to build institutions more able to deliver local services.

⁵⁰ For example, Kalondolondo undertook scorecard exercises with communities to find out about water management and services in 2009 and again in 2012 but the exercises were not strictly comparable.

⁵¹ MoWDI and the Water Boards appear to have different opinions about how effective the WUAs are. In the 2011 Joint Sector Performance Review, the MoWDI claims that WUAs achieve cost recovery and reasonable of water management and are the preferred management system for government. By contrast, an informant from one of the water boards described problems with non-payment, disconnections and politicisation of the WUAs, and claimed that an individual-ownership model is more viable (interview, 7 September 2013). Both NRWB and CRWB are moving towards a commercial mode of management (privatisation of kiosks began in 2007 in Dedza but is less advanced in Rumphu, where about half are still run by WUAs).

8 References

- African News (2013) 'Malawi civil servants end strike as gov't offers 61 pct pay hike', 24 February (http://news.xinhuanet.com/english/africa/2013-02/24/c_132187950.htm).
- Afrimap, Open Society Initiative for Southern Africa and Centre for Human Rights and Rehabilitation (2010) 'Malawi: Effective Delivery of Public Education Services'. (<http://www.afrimap.org/english/images/report/Afrimap%20Malawi%20web-ready.pdf>).
- Anders, G. (2005) 'Civil Servants in Malawi: Cultural Dualism, Moonlighting and Corruption in the Shadow of Good Governance.' PhD thesis. Rotterdam: Erasmus University.
- Andrews, M. (2013) *The Limits of Institutional Reform in Development: Changing Rules for Realistic Solutions*. Cambridge: Cambridge University Press.
- AUSAID (2010) 'Supporting Malawi's National Water Development Program Water Supply, Sanitation and Hygiene Promotion in Seven Market Centres: Design Summary and Implementation Document'. Canberra: AUSAID.
- Babaei, H. and Gill, S. (2012) 'Bonding, Bridging and Linking Social Capital and Empowerment Among Squatter Settlements in Tehran, Iran', *World Applied Sciences Journal* 17 (1): 119-126).
- Baker Tilly (2014) 'National Audit Office Malawi: Report on Fraud and Mismanagement of Malawi Government Finances'. Report for Auditor General of the Government of Malawi. London: Baker Tilly Business Services Limited (downloaded from: [http://malawi24.com/wp-content/uploads/2014/02/New-Full-Forensic-Audit-Report-www.malawi24.com .pdf](http://malawi24.com/wp-content/uploads/2014/02/New-Full-Forensic-Audit-Report-www.malawi24.com.pdf), 23 February 2014).
- Blundo, G. and Olivier de Sardan, J.-P. (2006) *Everyday Corruption and the State: Citizens and Public Officials in Africa*. London: Zed Books.
- Boex, J., R. Mwadiwa and R. Kampanje (2001) 'Malawi Intergovernmental Fiscal Transfers Study', GOM and UNCDF/UNDP. April.
- Booth, D. (2011) 'Working with the Grain and Swimming Against the Tide: Barriers to the Uptake of Research Findings on Governance and Public Services in Low-Income Africa'. APP Working Paper 18. London: ODI.
- Booth, D. (2013) 'Facilitating Development: An Arm's Length Approach to Aid'. ODI Think Piece. London: Overseas Development Institute.
- Booth, D. and Cammack, D. (2013) *Governance for Development in Africa: Solving Collective Action Problems*, London: Zed Books.
- Booth, D., Cammack, D., Harrigan, J., Kanyongolo, E., Mataure, M. and Ngwira, N. (2006) 'Drivers of Change and Development in Malawi'. ODI Working Papers 261. London: Overseas Development Institute and Department for International Development.
- Booth, D., Cammack, D., Harrigan, J., Kanyongolo, E., Mataure, M. and Ngwira, N. (2006) 'Drivers of Change and Development in Malawi'. Working Paper 261. London: ODI.
- Bratton, M. (2010) 'Citizen Perceptions of Local Government Responsiveness in Sub-Saharan Africa'. Afrobarometer Working Paper No. 119. May. Afrobarometer/Globalbarometer

-
- Cabral, L. (2011) 'Decentralisation in Africa: scope, motivation and impact on service delivery and poverty' Future Agricultures Working Paper 020
- Cammack, D (2011) 'Malawi's political settlement in crisis, 2011' APPP Working Paper 4.
- Cammack, D. (2001) *Malawi at the Threshold: Resources, Conflict and Ingenuity in a Newly Democratic State*. Cambridge, MA: American Academy of Arts and Sciences, Committee on International Security Studies.
- Cammack, D. (2012) 'Peri-urban governance and the delivery of public goods in Malawi, 2009-11'. APPP Research Report 3, London: PAfrica Power and Politics Programme
- Cammack, D. and Kanyongolo, E. (2010) 'Local governance and public goods in Malawi', APPP working paper 11, July. London: Africa Power and Politics Programme.
- Cammack, D. and Kelsall, T. with Booth, T. (2010) 'Developmental patrimonialism? The case of Malawi', APPP Working Paper 12, July. London: Africa Power and Politics Programme
- Cammack, D. Golooba-Mutebi, F., Kanyongolo, F., O'Neil, T. (2007) 'Neopatrimonial Politics, Decentralisation and Local Government: Uganda and Malawi in 2006', Working Paper 2, in Good Governance, Aid Modalities and Poverty Reduction: Linkages to the Millennium Development Goals and Implications for Irish Aid'. Research project (RP-05-GG) of the Advisory Board for Irish Aid. Dublin: Irish Aid.
- Cammack, D., Kanyongolo, E. and O'Neil, T. (2009) "'Town Chiefs" in Malawi'. APPP
- Carlson, C. Boivin, M., Chirwa, A. et al. (2008) 'Malawi Health SWAp Mid-Term Review'. MoH, Malawi/Oslo: NORAD.
- Centre for Youth and Children Affairs (n.d.) 'Community comprehensive scorecards on the assessment of the Local Development Fund in Kasungu district'. Lilongwe: CYCA .
- Chambers, V. and Golooba-Mutebi, F. (2012) 'Is the bride too beautiful? Safe motherhood in rural Rwanda'. APPP Research Report 4. London: Overseas Development Institute.
- Chinsinga, B. (2008) 'Politics of Poverty Reduction in Malawi: Local Governance Perspective'. Paper presented at EISA Annual Symposium 7-9 November 2007, Johannesburg.
- Chinsinga, B. (2009) 'The Interface between Local Level Politics, Constitutionalism and State Formation in Malawi through the Lens of the Constituency Development Fund (CDF)'. Malawi: Chancellor College, University of Malawi.
- Chinsinga, B. (2010) 'Reflections on the Amendments to the Elections and Local Government Acts'. Thinkpiece for GTZ. Malawi: Malawi German Programme for Democracy and Decentralization.
- Chinsinga, B. (2014) 'The Cashgate Scandal: Corruption, Politics and Democracy in Malawi', presentation at Chr. Michelsen Institute, Bergen, 17 February.
- Chiweza, A. (2010a) 'Public Sector Reforms and Decentralisation of Public Services: Lessons from Malawi (1994-2006)', in R. Tambulasi (ed.) *Reforming the Malawian Public Sector: Retrospectives and Perspectives*. Dakar: CODESRIA.
- Chiweza, A. (2010b) 'A Review of the Malawi Decentralisation Process: Lessons from Selected Districts'. A Joint Study for MoLGD and Concern Universal. Malawi: Ministry of Local Government and Rural Development/ Concern Universal.
- Cook, T. and Chisoni, T. (2011) 'No Voice, No Power: Malawians Share their Concerns about Citizen Participation in Government'. Washington, DC: National Democratic Institute.
- DFID Malawi (2010) 'Education Sector Reform Programme: Programme Memorandum'. Department for International Development.
- DFID Malawi (2011) 'The Political Economy of Local Governance in Malawi'. DFID Malawi,. Department for International Development.

-
- DFID Malawi (2013) 'Malawi Education Sector Reform (MESRP) 2010-2013. Performance Assessment Report'. Department for International Development.
- Di John, J. and Putzel, J. (2009) 'Political Settlements'. Issues Paper. Birmingham: GSDRC.
- Dulani, B. (2012) 'Reflections on President Bingu wa Mutharika's Passing', blog, 6 April (available at: <http://ntwee.blogspot.co.uk>).
- ECI Africa (2008) 'Malawi: Final Evaluation of UNDP and UNCDF's Local Development Programme: Executive Summary'. Report for United Nations Capacity Development Fund. Malawi: ECI Africa
- Englund, H. ed. (2002) *Democracy of Chameleons: Politics and Culture in the New Malawi*. Uppsala: Nordic Africa Institute.
- Eyeben, R. (2008) 'Conceptualising Policy Practices in Researching Women's Empowerment'. Pathways of Women's Empowerment Working Paper 1. Brighton: IDS.
- Fabella, R.V. et al (eds) (2011) *Built on Dreams, Grounded in Reality: Economic Policy Reform in the Philippines*, Makati City, Philippines: The Asia Foundation.
- Global Partnership for Education (2012) 'Malawi: Aid Effectiveness in the Education Sector, Working Paper' (<http://www.globalpartnership.org/media/Country%20profiles/Malawi.pdf>).
- Government of Malawi (1998) 'National Decentralisation Policy'. Lilongwe: GoM.
- Government of Malawi (2001) 'Review of the Decentralization Process in Malawi' by a Joint Review Team of Government and Donors. Lilongwe: Government of Malawi.
- Government of Malawi (n.d.) 'NDP Phase II' (draft). Lilongwe: Government of Malawi..
- Government of Malawi (n.d.) 'Sector Devolution Plans'. Lilongwe: Government of Malawi.
- Habyarimana, J., Humphreys, M., Posner, D. and Weinstein, J. (2007) 'Why does ethnic diversity undermine public goods provision?' *American Political Science Review* 101(4): 709–725.
- Hall, N. (2005) 'Report on Harmonisation Study of Daily Subsistence Allowances in the Malawi Civil Service, for Government of Malawi'. November. US: Development Management Associates.
- Harris, D., Mcloughlin, C. and Wild, L. (2013) 'The Technical is Political: Why Understanding the Political Implications of Technical Characteristics can Help Improve Service Delivery'. London: Overseas Development Institute.
- Health Donor Group (2013) 'Preview of Key Findings from Round 2 of Resource Mapping'. 8 May. Lilongwe: GoM.
- ICEIDA and Engineers Without Borders (2013a) 'The Role of Embedded Staff at the District Water Officer'. Case Study. Reykjavik: ICEIDA.
- ICEIDA and Engineers Without Borders (2013b) 'District Involvement in Planning'. Case Study. Reykjavik: ICEIDA.
- ICEIDA and Engineers Without Borders (2012) 'Direct Funding to District'. Case Study. Reykjavik: ICEIDA.
- International Aid Transparency Initiative (2012) 'Annex 2c: Malawi Country Case Study Question and Answer Matrix'. London: International Aid Transparency Initiative
- IRIN (2013) 'Government corruption "cripples" Malawi's health sector'. 24 October. Lilongwe: IRIN
- Kalondolondo (2009) 'The State of Water in the Water Sector in 2009'. Lilongwe: Kalondolondo.
- Kalondolondo (2012) 'Local Development Fund (LDF) Teacher Housing Scheme Service Delivery in Malawi: A Service User's Perspective Delivered by way of Community Scorecard Process'. Lilongwe: Kalondolondo.

- Kalondolondo (2013) 'The State of Service in the Water Sector in 2012: A Summary of Community Perceptions on the Performance of the Water Sector in Chikhwana, Chiradzulu, Mchinji and Kasungu Districts'. Lilongwe: Kalondolondo.
- Kayuni, H. and Cloete, F. (2006) 'The Role of Party Politics in Local Participation and Representation: Challenges and Prospects in Malawi's Local Assemblies'. Stellenbosch: Stellenbosch University (mimeo).
- Kelsall, T. (2008) 'Public Goods, Collective Action And Case Study Design: A Think Piece Using Tanzanian Materials For The Local Leadership Strand Of APPP'. London: Africa Power and Politics Programme.
- Kelsall, T. (2013) *Business, Politics, and the State in Africa: Challenging the Orthodoxies on Growth and Transformation*. London: Zed Books.
- Khan, M. H. (2010) 'Bangladesh: Partitions, Nationalisms and Legacies for State-Building'. London: SOAS, July (mimeo).
- Khan, M. H. (2013) 'The Political settlement, growth and technical progress in Bangladesh', DIIS Working Paper. Copenhagen: Danish Institute for International Studies.
- Kollock, P. (1998) 'Social dilemmas: the anatomy of cooperation', *Annual Review of Sociology* 24: 183–214.
- KPMG (2012) 'Ministry of Health – Sector Wide Approach (SWAp) Management report for the year ended 20 June 2011'. Audit. 20 February. Lilongwe: KPMG.
- Laws, E. (2010) 'The Revolutionary Settlement in 17th C England: Utilising the Political Settlements Framework. AUSAID/The Leadership Programme.
- Leftwich, A (2000) *States of Development: On the Primacy of Politics in Development*. Cambridge: Polity Press.
- Leonard, D. K. (1991) *African Successes: Four Public Managers of Kenyan Rural Development*. Berkeley, CA: University of California Press.
- Leruth, L. and Paul, E. (2007) 'A Principal-agent theory approach to public expenditure management systems in developing countries', *OECD Journal on Budgeting* 7(3): 1-29
- Lewis, D. (2011) 'Malawi Health and HIV Procurement and Supply Management Assessment'. London: DFID Human Development Resource Centre.
- Lienart, I. and J. Modi (1997) 'A Decade of Civil-service Reform in Sub-Saharan Africa' (<http://www.imf.org/external/pubs/ft/wp/wp97179.pdf>).
- Lindberg, S. I. (2007) 'Institutionalization of Party Systems? Stability and Fluidity among Legislative Parties in Africa's Democracies', *Government and Opposition* 42 (2): 215-241.
- Lockwood, H. and Kang, M. (2012) 'Closing the Gap: WASH Sector Devolution and Decentralisation in Malawi'. IRC Working Paper 2. The Hague: IRC International Water and Sanitation Centre.
- Lupia, A. (2001) 'Delegation of Power: Agency Theory', in Smelser, N. J. and Baltes, P. B. (eds) *International Encyclopedia of the Social and Behavioral Sciences* 5: 3375–3377. Oxford: Elsevier Science Ltd.
- Makaula, P., Bloch, P., Banda H. T., Bongololo Mbera, G., Mangani, C. de Sousa, Al., Nkhono, E., Jemu, S. and Muula, A. S. (2012) 'Primary Health Care in rural Malawi: a qualitative assessment exploring the relevance of the community-directed interventions approach'. *BMC Health Service Research* 12: 328–339.
- Malawi Institute of Physical Planners (MIPP) (n.d.) Malawi: 'World Champion in Urban Population Growth!'
- Mambo, M. N., Cole, P. and Ndala, K. (2012) 'Education Sector Plan Review Report'. Commissioned by GIZ on behalf of MoEST.
- Mansuri, G. and Rao, V. (2012) *Localizing Development: Does Participation Work?* Washington, DC: World Bank.

-
- Maondera, G. (2014) 'Malawi Prepares for \$100m 'Cashgate' Corruption Trial', *The Guardian*, 14 January (available at: <http://www.theguardian.com/world/2014/jan/14/malawi-prepares-'Cashgate'-corruption-trial>).
- Masina, L. (2014) 'Malawians Push for Speedy 'Cashgate' Trials', *Aljazeera*, 9 February (available at: <http://www.aljazeera.com/indepth/features/2014/02/malawians-push-speedy-'Cashgate'-trials-20142818328786397.html>).
- McLoughlin, C. with Batley, R. (2012) 'The Effects of Sector Characteristics on Accountability Relationships in Service Delivery'. London: Overseas Development Institute.
- Menocal, A. R. and O'Neil, T. (2012) *Mind the Gap: Lessons Learnt and Remaining Challenges in Parliamentary Development Assistance*. Stockholm: Sida.
- Mills, G. (2010) *Why Africa is Poor and What Africans Can Do About It*. Johannesburg: Penguin Global.
- MoEST/EMIS (2011) 'Education Statistics 2011'. Lilongwe: GoM.
- MoLGRD (2009) 'Local Development Fund (LDF) Community Window Handbook'. September. Lilongwe: Ministry of Local Government and Rural Development
- MoLGRD (2013a) 'Issues Paper on Decentralisation', March. Lilongwe: Ministry of Local Government and Rural Development
- MoLGRD (2013b) 'The Malawi Municipal Support Programme'. Lilongwe: Ministry of Local Government and Rural Development
- MoWDI (2013) 'Malawi Irrigation, Water and Sanitation Sector Performance Review 2012'. Lilongwe, Ministry of Water Development and Irrigation
- MoWDI (Lyon et al.) (2012) 'Malawi Sector Performance Review 2011: Irrigation, Water and Sanitation'. Lilongwe, Ministry of Water Development and Irrigation
- Mueller, D. H., Lungu, D., Acharya, A. and Palmer, N. (2011) 'Constraints to implementing the Essential Health Package in Malawi', *PLoS ONE* 6 (6): e20741.
- Natsios, A. (2010) 'The Clash of the Counter-bureaucracy and Development'. Washington, DC: Center for Global Development.
- Ndegwa, S. N. (2002) 'Decentralization in Africa: A Stocktaking Survey, Africa Region'. Working Paper Series No. 40. Washington, DC: World Bank.
- Ng'ambi, F. (2010) 'Malawi: Effective Delivery of Public Education Services. A review by AfriMAP and the Open Society Initiative for Southern Africa'. Johannesburg: Open Society Foundation.
- Nyasa Times* (2012a) 'Things fall apart at Blantyre City Council'. 11 July.
- Nyasa Times* (2012b) 'Malawi Govt to return beds to Mponela hospital'. 20 September
- Nyasa Times* (2013) 'Malawi prison conditions still worse'. 30 April.
- Olson, M. (1965) *The Logic of Collective Action: Public Goods and the Theory of Groups*. Cambridge, MA: Harvard University Press.
- Ostrom, E. (1990) *Governing The Commons: The Evolution of Institutions for Collective Action*. Cambridge: Cambridge University Press.
- Ostrom, E. (1997) 'A Behavioral Approach to the Rational Choice Theory of Collective Action: Presidential Address', American Political Science Association (<http://links.jstor.org/sici?sici=0003-0554%28199803%2992%3A1%3C1%3AABATTR%3E2.0.CO%3B2-F>).

-
- Ostrom, E., Gibson, C., Shivakumar, S. and Andersson, K. (2001) *Aid, Incentives and Sustainability: An Institutional Analysis of Development Cooperation*. Stockholm: Sida.
- Oxford Policy Management (2013) 'Local Perceptions, Participation and Accountability in Malawi's Health Sector'. NORAD Evaluation Report. Oslo: NORAD.
- Patel, N. (2011) 'Democracy: Decentralisation and Grassroots Empowerment Initiatives in Malawi'. ANLEP Working Paper. Oslo: University of Oslo/Centre for Development and the Environment.
- Pearson, M. (2010) 'Impact Evaluation of the Sector Wide Approach, Malawi'. Final Report. London: HDRC/DFID.
- Peiffer, C. (2012) "'Reform" Coalitions: Patterns and hypotheses from a survey of the literature'. DLP Concept Paper 03. PLACE: Developmental Leadership Program.
- Persson, A., Rothstein, B. and Teorell, J. (2010) 'The failure of Anti-Corruption Policies: A Theoretical Mischaracterization of the Problem'. QoG Working Paper 19. Gothenburg: The Quality of Governance Institute, University of Gothenburg.
- Pritchett, L. (2013) *The Rebirth of Education : Schooling ain't Learning*. Washington, DC: Center for Global Development.
- Pritchett, L. and de Weijer, F. (2010) 'Fragile States: Stuck in a Capability Trap?' Background Paper for the World Development Report 2011. Washington, DC: World Bank.
- Prud'homme, R. (2010) 'Decentralisation in Malawi: An Overview'. Report commissioned by the World Bank.
- Rakner, L. (2004) 'The budget as theatre – the formal and informal institutional making of the budget process in Malawi'. Bergen: Chr. Michelsen Institute.
- Ramalingam, B. (2013) *Aid on the Edge of Chaos: Rethinking International Cooperation in a Complex World*. Oxford: Oxford University Press.
- Robinson, M. (2007) 'Introduction: Decentralising Service Delivery? Evidence and Policy Implications', *IDS Bulletin*, 38 (1). (<http://www.ids.ac.uk/files/dmfile/1Intro38.11.pdf>).
- Rothstein, B. (2005) *Social Traps and the Problem of Trust*. Cambridge: Cambridge University Press.
- Serra, R. (2009) 'Social capital and economic development: where are we?' Center for African Studies, University of Florida/APPP.
- Shapiro, S. P. (2005) 'Agency Theory', *Annual Review of Sociology* 31(1): 263–284.
- Shivakumar, S. (2005) *The Constitution of Development: Crafting Capabilities for Self-Governance*. Basingstoke: Palgrave Macmillan.
- Søreide, T., Tostensen, A. and Agedal Skarge, I. (2012) 'Hunting for Per Diem: The Uses and Abuses of Travel Compensation in Three Developing Countries'. Oslo: NORAD..
- Tambulasi, R. (2009) 'Decentralization as a breeding ground for conflicts: an analysis of institutional conflicts in Malawi's decentralized system', *Journal of Administration and Governance* 4(2): 28–39.
- Tambulasi, R. and Kayuni, H. (2007) 'Decentralization Opening a New Window for Corruption: An Accountability Assessment of Malawi's Four Years of Democratic Governance', *Journal of Asian and African Studies* 42 (2): 163–183.
- Tiltonese (2013) 'Report for Political Economy Analysis of Local Governance in Malawi'. Lilongwe: DFID Malawi.
- Torre, K. and MCI (2010) 'An Education Needs Assessment of Blantyre City, Malawi'. MCI Social Sector Working Paper Series No. 11/2010. New York: Millennium Cities Initiative.
- United Nations in Malawi (n.d.) 'MDGS in Malawi' (http://www.unmalawi.org/mdgs_general.html).

-
- Unsworth, S. (CFS lead author). (2010) 'An upside down view of governance'. Brighton: Centre for the Future State at the Institute of Development Studies.
- Van de Walle, N. (2001) *African Economies and the Politics of Permanent Crisis, 1979-1999*. Cambridge: Cambridge University Press.
- Van Donge, J. K., Henly, D. and Lewis, P. (2012) 'Tracking Development in South-East Asia and Sub-Saharan Africa: The Primacy of Policy', *Development Policy Review* 30 (s1): s5-s24.
- Welles, K. (2005) 'Water Aid Learning for Advocacy and Good practice: Water Aid Water Point Mapping in Malawi and Tanzania'. London: Overseas Development Institute.
- Wild, L. and Cammack, D. (2012) 'The supply and distribution of essential medicines in Malawi'. Lilongwe and London: DFID Malawi and Overseas Development Institute.
- Wild, L. and Harris, D. (2011) 'The Political Economy of Community Scorecards in Malawi'. London: ODI.
- Williamson, T. and Dom, C. (2010) 'Sector Budget Support in Practice – Synthesis Report' London: Mokoro and Overseas Development Institute.
- World Bank (2013a) 'Malawi Overview' (<http://www.worldbank.org/en/country/malawi/overview>).
- World Bank (2013b) 'Data' (<http://data.worldbank.org/indicator/SE.PRM.ENRL.TC.ZS>)
- World Bank (2003) *World Development Report 2004: Making Services Work for Poor People*. Washington, DC: World Bank.



ODI is the UK's leading independent think tank on international development and humanitarian issues.

Our mission is to inspire and inform policy and practice which lead to the reduction of poverty, the alleviation of suffering and the achievement of sustainable livelihoods.

We do this by locking together high-quality applied research, practical policy advice and policy-focused dissemination and debate.

We work with partners in the public and private sectors, in both developing and developed countries.

Readers are encouraged to reproduce material from ODI Reports for their own publications, as long as they are not being sold commercially. As copyright holder, ODI requests due acknowledgement and a copy of the publication. For online use, we ask readers to link to the original resource on the ODI website. The views presented in this paper are those of the author(s) and do not necessarily represent the views of ODI.

© Overseas Development Institute 2013. This work is licensed under a Creative Commons Attribution-NonCommercial Licence (CC BY-NC 3.0).
ISSN: 2052-7209

Overseas Development Institute
203 Blackfriars Road
London SE1 8NJ

Tel +44 (0)20 7922 0300
Fax +44 (0)20 7922 0399

Cover image: Moir Walita Mkwandire



This material has been funded by UK aid from the UK Government, however the views expressed do not necessarily reflect the UK Government's official policies.