

**Governance Assessments and the Paris Declaration  
Opportunities & Challenges for Inclusive Participation and  
National Ownership  
THE MALAWI SCENARIO**

A paper prepared for the 2007 Bergen Seminar:  
*Governance Assessments and the Paris Declaration:  
Towards Inclusive Participation and National Ownership*

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## Introduction

Malawi, previously known as Nyasaland, attained independence from British rule in 1964 and then endured Dr. Banda's one party rule until 1994. The transition to democracy began in 1993 when conditions and norms required for a constitutional democracy were put in place. The 1994 multiparty democratic elections and the adoption of a liberal Constitution in May of the same year signalled the beginning of a new democratic order with strong support from external actors and factors. Malawi has made remarkable and substantial strides during this decade of transitory democracy, despite having to withstand numerous threats and challenges that could have resulted in a possible reversal of the gains made.

Malawi ranks among the poorest countries in the world. 65.3% of the population live below the national poverty line with 41.7% living below 1US\$ per day and 76.1% living below 2US\$ per day. The country is heavily dependant on assistance and support from the IMF, World Bank and other bilateral donors, who contribute approximately 40% of the national budget – mostly in developmental aspects. This grim scenario is further compounded by the HIV/AIDS pandemic that has decimated the most productive sectors of the population and reduced the average life expectancy to 38 years. Access to basic amenities such as potable water and flush toilets is still merely a pipe dream for a large section of the populace.

The road to democratic governance has been bumpy to say the least. Although the country has had three general elections so far, the credibility of the last two elections and their results have been questionable. The myriad challenges facing political parties in terms of leadership succession, neopatrimonialism and lack of intra party democracy frequently spills over into government institutions - thus impeding efficiency and performance. The level of public participation remains limited with governmental failures in holding local government elections in clear breach of the Constitution.

The political impasse facing Malawi in the aftermath of the landmark ruling by the Supreme Court on the Constitutional Section (S65), dealing with floor crossing in Parliament in June 2007, presents a challenge common to most emerging democracies, i.e. whether democracy and development are juxtaposed in an 'either' 'or' equation. Are the two processes necessarily confrontational, or could they be accommodated in a mutually complementary process? The draft EC report points out that in the currently undertaken Growth & Development Strategy, much emphasis is on so called "economic" governance as opposed to "democratic" governance. The review report points to the conceptual difference between "economic" and "democratic" governance, whereas each category will involve distinctly different institutions, stakeholders, management information systems and indicators.<sup>1</sup>

The role of external donors in the development and democratization process has been profound, albeit plagued by challenges of economic governance and ineffective utilisation of development assistance, which range from lack of adequate and proper consultation with beneficiary institutions, lack of

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<sup>1</sup> Technical Assistance on Performance Assessment Framework (PAF) Indicators to the Malawi Government. Review of Education, Health, Good Governance and Gender Indicators, Draft Final Report. P xiii.

coordination amongst and between the donor bodies on one hand, and donors and local institutions on the other. Against this backdrop, the Paris Declaration on Aid Effectiveness, which brings together a number of key principles like harmonization, alignment and ownership in a coherent manner in order to ensure development and welfare, is a landmark achievement for the international community.

### **Governance Assessments**

The period 2002/03 signalled the commencement of numerous assessment exercises as Malawi completed a decade of experimentation in democratic governance. A number of bilateral and multilateral development partners, as well as some research institutions, conducted assessment exercises under different labels such as; 'audit', 'measurement', 'evaluation', or 'score card' (the table in Appendix 1 provides a snapshot of some of these exercises.)

Donor assessments like the MCC, the OGC report of 2006, and the EC funded review of 2007 that were undertaken from 2005 onwards, have departed from past assessment exercises in that they are measurement and indicator oriented and in line with the Paris Declaration objectives. A major step towards donor harmonization in Malawi was the adoption of the Common Approach to Budgetary Support (CABS) based on the fundamental principles of poverty reduction, sound macro economic management and good governance, including sound financial management, accountability and effective anti-corruption programmes. CABS established a Committee on Governance (COG) to coordinate donor activities in the area of governance and regular monthly meetings are held in order to measure progress towards these commitments. A performance assessment framework which represents an agreed set of indicators has been developed.

### **Strategies for Good Governance Undertaken by the Government of Malawi**

The Government of Malawi has been engaged in developing the national vision and planned for its implementation since the late 1990s. The Vision 2020 document clearly and comprehensively defines national goals, policies and strategies. The Malawi Poverty Reduction Strategy (MPRS) (2002-05) was the first comprehensive short-term national development strategy developed through a highly consultative process involving a broad range of stakeholders and represents a consensus on how Malawi could achieve real progress towards poverty reduction.

A comprehensive review of the MPRS covering the entire three year period of implementation was carried out in 2005. The review observed that, despite some efforts to implement policy priorities outlined in the MPRS, poverty levels in the country have not substantively changed and remained virtually constant at around 52%. The review further observed that the targets that were expected to be achieved at the end of the three year period in various sectors, were missed to a large extent because of lack of realism about availability of financing and implementation capacity. A system to monitor MPRS implementation was not in place, although a needs assessment of monitoring & evaluation capacity in local assemblies was carried out during the review period.

A successor strategy to improve on the MPRS, called MGDS, with a new strategy based on the lessons learnt from the past was embarked upon for the period 2006/2011. The Malawi Growth Development Strategy (MGDS), launched by the State President on the 25<sup>th</sup> July 2007, recognises governance as the enabler for Malawi's economic development and growth. The MGDS identifies key and specific indicators and also presents an institutional framework for monitoring and evaluation with the objective of integrating the management of governance monitoring into the National Monitoring System (NMS). Following hereunder are eight major areas of governance indicators, corresponded by specific indicators. The table also indicates that work is underway in setting targets in these areas between now and 2011. The MGDS proposes the collection of indicators as an ongoing process, on the basis of short term and medium term, denoted as first and second generation indicators – i.e. those to be collected currently and on a regular basis, and those to be collected over a period of two–three years.

Existing MGDS Indicator	Baseline2005	2006 Actual	2007 Target	2008 Target	2009 Target	2010 Target	2011 Target
<b>Indicator 5.1 Macro Economic Stability (Governance is the 5<sup>th</sup> thematic area in MGDS)</b>							
Inflation Rate	16.9%	13.9%	9.0%	7.5%	7.5%		5.0%
Domestic Debt stock as % of GDP	19.8%	12.6%	12.5%	9.6%	8.2%		10%
Fiscal Deficit as a percent of GDP	3.5%						1.0%
Bank Lending Rate							less than 10%
<b>Indicator 5.2. Public Sector Management</b>							
% of government departments and assemblies with major audit findings							
% of donor funds disbursed through the budget	90%					100%	
% of assemblies with major financial management findings							
Open Budget Index		41%					
% implementation of Government's Medium Term Pay Policy							
No of Ministries with M & E systems						100%	
<b>Comment</b> Public sector should be more inclusive - touching on all the three arms of government							
<b>Indicator 5.3 Corruption</b>							
% of corruption cases effectively prosecuted	38%						
Average time taken to complete prosecution of a corruption case							
Corruption Perception Index							
<b>Comment:</b> This area is extremely sensitive as it can unsettle the status quo and has often been viewed as political victimisation, thus the approach has, by necessity, been a cautious one.							
<b>Indicator 5.4. Decentralisation</b>							
No of sectors fully devolved							
No of districts with approved District Development Plans in place							

No of motions or bills passed in parliament on private member days							
Alternative No of Public Policies changed consistent with CSO Advocacy							
<b>Comment</b> No mention of Local Government elections.							
<b>Indicator 5.5. Justice /Rule of Law</b>							
No of courts and/or police posts per 100,000 population							
% access to justice by citizens							
Prosecution rates							
<b>Comment</b> Rule of law is missing.							
<b>Indicator 5.6. Security</b>							
Crime Detection rates	20%		22%	24%	26%	28%	32%
Police/Population ratio							
Warden/Prisoners ratio							
<b>Comment:</b>							
<b>Indicator 5.7. Human Rights</b>							
No of reported human rights violations cases effectively resolved							
Average time taken to process human rights complaints reported							
% of the population that is aware about their basic human rights							
<b>Comment:</b>							
<b>Indicator 5.8 Corporate Governance - This section is not yet developed, but should draw from the APRM.</b>							

### Performance Assessment Framework 2007

The PAF provides a jointly agreed set of indicators for measuring progress against those commitments which are in line with the MGDS. Thus, most PAF indicators in areas such as public finance management, social indicators align with MGDS. However, what PAF captures under governance as indicated below, is not yet captured in the MGDS indicators, which are still inadequate in the areas of rule of law and democratic governance.

## Governance Indicators in PAF

Indicator	Baseline	Target for 2007	Target for 2008	Target for 2009
<b>Govt. compliance with the Constitution &amp; Rule of law</b>	Local elections not held in line with the Constitution  Average number of adjournments before a criminal case reaches trial.  Weak compliance with constitutional provisions on declaration of assets	Situation regarding LGE rationalized  Baseline from Judiciary  Legislation in accordance with international standards based upon the recommendations from the Special Law Commission tabled in parliament in December 2006	Bill to clarify the position on local elections presented to parliament by July 2007  Implementation of the agreed legislation	100% compliance with reporting as defined in the Act.
<b>Elections judged free &amp; fair by local civil society &amp; international observers</b>	MEC in need of reform to be more competent and impartial	MEC action plan being implemented in accordance with the Project Support Document  Electoral Commissioners appointed in accordance with the Constitution and fulfilling their legal mandate	MEC action plan being implemented in accordance with the PSD  Electoral Commissioners appointed in accordance with the Constitution and fulfilling their mandate	Preparations for successful 2009 elections are on track
<b>Corruption</b> ACB investigations concluded per week per team  Total number of cases in the court system for over 2 years  Number of corruption risk assessments conducted and percentage share of prioritised recommendations implemented in selected public institutions	1 case per team per week   22 cases		2 cases per week per team making 10 cases per week  15 cases  2 corruption risk assessments conducted per year  60% of prioritised recommendations implemented	2 cases per week per team making 10 cases per week  10 cases  3 corruption risk assessment conducted per year  70% of prioritised recommendations implemented

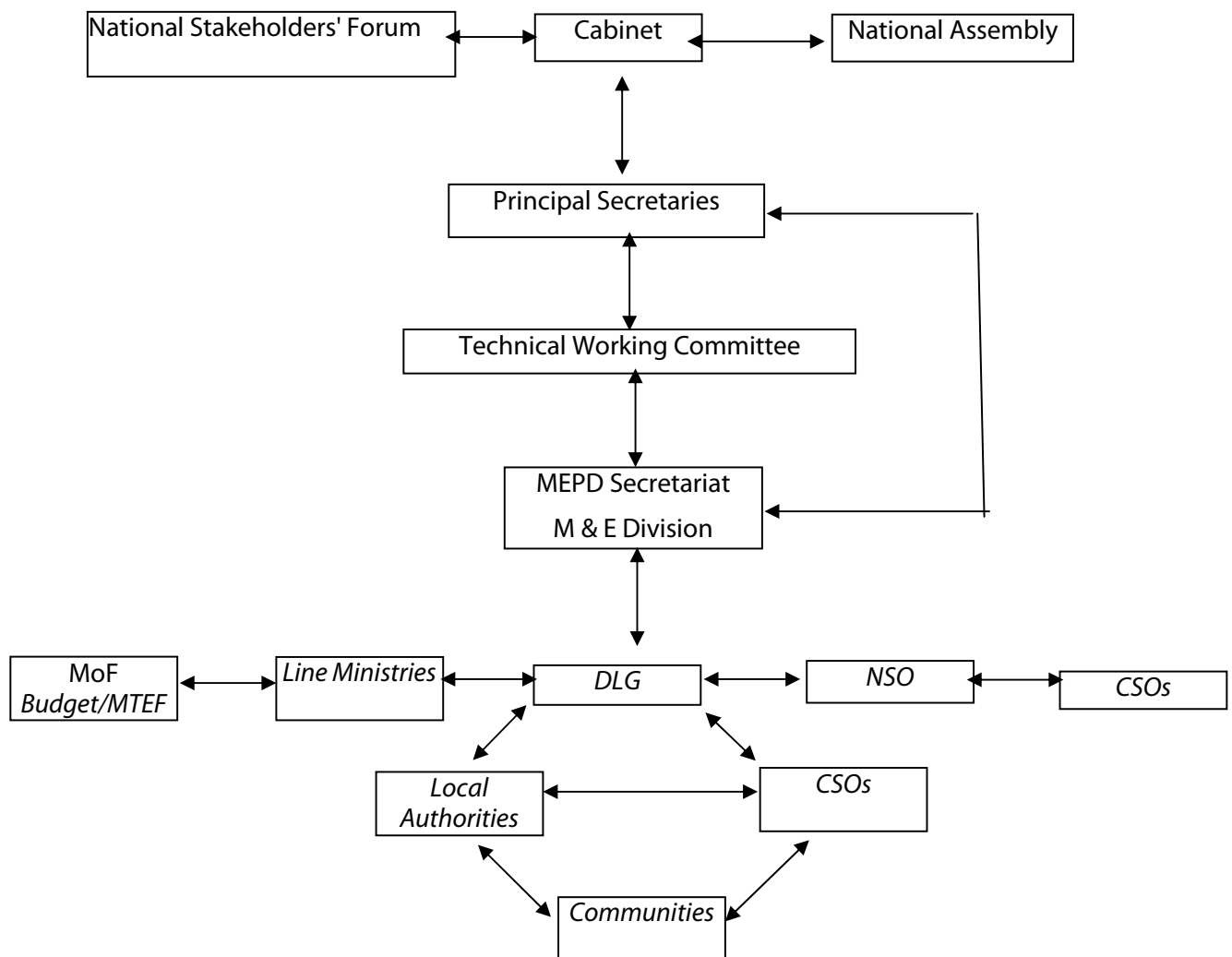
## Regional Assessment – African Peer Review Mechanism

Malawi has acceded to the African Peer Review Mechanism (APRM). In 2004, a study was conducted to assess the national readiness for the review process and several recommendations were made - a number of them under a time bound action plan. Malawi is still at stage one of the implementation process in setting up the national secretariat. The APRM findings are a candid assessment of the situation on the ground, and provide valuable material for filling in the gaps in the national strategic plan.

## Monitoring & Evaluation

There is now a National Monitoring & Evaluation Master Plan providing the main framework for the monitoring of economic and social development policies and programmes in the country. The overall responsibility for the national monitoring system lies with the Ministry of Economic Planning & Development. The diagram on the next page illustrates the institutional set up of the MPED master plan.

## NDS Monitoring Institutional Setup



## Challenges Facing Monitoring & Evaluation

- The task of generating the much needed data for monitoring faces a number of challenges including standardization in data collection, capacity inadequacies with respect to data collection, analysis and dissemination, lack of statistics policies, an outdated legal framework on statistics, resource constraints for data collection and lack of coordination between data collection institutions.
- Lack of coordination of M&E systems across ministries and districts, lack of systematic use of monitoring results and absence of structures in the decentralized institutions is another major challenge.
- Apart from the NSO, there are other organisations that are engaged in data collection or commission other agencies to conduct surveys on their behalf. In the absence of proper guidelines from NSO, it is difficult to compare the results. Survey results are affected by lack of adequate resources, lack of knowledge in research techniques, inadequate analytical skills and variation in the definitions of attributes. In most cases lack of capacity to process data has often led to late release of results.
- The National Statistical Office, line ministries and local authorities have inadequate human, material and financial resources for data collection, processing and analysis. In this context, there is need for capacity building at all levels of data collection, processing and analysis.
- In addition, policy analysis is another area where capacity building is required. Therefore there is a need to build capacity in MEPD and other institutions in order to carry out comprehensive policy analyses.
- Qualitative research is also an area not used extensively. Effort should be made to develop capacity for undertaking qualitative research in order to promote effective monitoring and evaluation.

## Challenges in the Overall Governance Process and Assessments

There are a range of challenges facing the governance process:

- **The complex nature of governance** - Governance as a theme (under MGDS and MDGS), unlike agriculture, education or health, is a loaded concept involving diverse components and not all of them are really quantifiable, though qualitative assessments are possible. Governance indicators in the MGDS are still in the formative stage.
- **Lack of common approach** to governance indicators - there is noticeable inconsistency between PAF and MGDS indicators.
- **Capacity** – Countries like Malawi are confronted with huge resource constraints in terms of human and material resources to devote to exercises of this nature.
- **Continuity** – Each step towards good governance from Vision 2020 to the PRSP and then to the MGDS should have been a process of evolution. Instead, each one appears to be a new beginning, which has omitted some vital aspects of the earlier step.

- **Too many external players with different focuses and approaches** – The Paris Declaration indeed is a major step forward in harmonizing donor support. However, there are still many parallel initiatives like the MCC and APRM which require synthesis and coordination.
- **Neopatrimonialism** - Like other countries of the region, Malawi is a hybrid, “neopatrimonial” state, where, though there is a framework of formal law and administration, the state machinery is informally captured by patronage networks. The distribution of spoils of office takes precedence over the formal functions of the state, severely limiting the ability of public officials to make policies in the interest of the general public.<sup>2</sup>
- **Lack of full coordination between ministries** – The Ministry Of Finance and Ministry of Economic, Planning & Development shoulder most of the responsibilities of the MDGS. There is a marked lack of coordination between these two ministries and further lack of collaboration and coordination with other line ministries. The AFRODAD report noted that the Government of Malawi has taken steps to strengthen the capacity of the Debt and Aid Management Division of the Ministry of Finance, however, this division does not appear to be working closely with the Ministry of Economic Planning, which is the other main official actor on aid issues. Other ministries that handle aid and interact with donors also seem to have little interaction with the Ministry of Finance on aid issues.<sup>3</sup>

**Progress in the area of governance** - The concerns and recommendations emanating from the state of governance, state of democracy and studies complemented by governmental initiatives have also produced some successes:

- Corruption – more cases prosecuted;
- Fiscal management – improved efficiency;
- Visible priority on education, health and agricultural sectors in the budget;
- Parliament - all Committees of Parliament met at least once since 1994;
- Decentralisation - the devolution of tasks and responsibilities and budgets to Assemblies has been intensified, albeit without elected representation;
- Electoral Commission - the headquarters has moved into a spacious and secured building. The secretariat is well equipped and well staffed.

## Recommendations

- A comprehensive set of indicators premised on a generally agreed definition of governance that strikes a proper balance between economic and democratic governance must be developed after thorough examination of the EU, MCC, PAF and MGDS indicators, which extracts core and satellite indicators there from.

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<sup>2</sup> IPRAD/ODI, Drivers of Change, Working paper 261, p.viii.

<sup>3</sup> AFRODAD – A critical assessment of Aid Management & Donor Harmonization – The Case of Malawi, 2007, P. xv.

- Corporate governance, an indicator under MGDS is virtually untouched except to establish the number of public officers trained. This is not linked to other indicators on economic management and corruption. Guidelines therefore, could be taken from the APRM objectives, which include, among other things, the need for corporations to act as good corporate citizens with regard to human rights, social responsibility and environmental sustainability.
- Gender mainstreaming does not feature under governance in the MGDS, which needs to be corrected.
- There appears to be a lack of systematic use of monitoring-related data for decision making. As a result, vital data on development initiatives does not appear to feature in strategic planning decisions or budgetary allocations from year to year. In the context of decentralised planning, systems, whereby resource allocation decisions reflect planned objectives as well as systematic assessment of program performance<sup>4</sup>, must be developed and implemented.
- Incorporation of governance indicators into the National Monitoring System will require the following:
  1. Inclusion of additional stakeholders into the system, such as the Malawi Electoral Commission, Parliament, the Ministry of Justice, the police service, media institutions, the Chamber of Commerce, civil society and others.
  2. The size and composition of certain decision-making bodies in the NMS need to be revised.
  3. The lines of reporting within the NMS need to be reviewed.

## Conclusion

The World Bank observation that “in less than a decade, a substantial number of countries exhibit statistically significant improvements in at least one dimension of governance, while other countries exhibit deterioration in some dimensions”<sup>5</sup> is true in the national context. In the past fifteen years, Malawi has made notable progress in some dimensions of governance, such as media freedom, regular elections, and judicial independence, although there have been threats and challenges from time to time. There is now an increasing focus on efficient financial management and ensuring fiscal discipline, but democracy and the rule of law is taking a step backward. How to strike a balance between the democratic and economic dimensions of governance is a major challenge.

Governance initiatives that are underway are laudable but there is a need to ensure that the momentum is maintained. Past initiatives suggest that these processes tend to slow down and lose their effectiveness in the course of time. Civil society and the private sector need to develop mechanisms of extending support and exercising regular checks on the government.

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<sup>4</sup> MEPD Master Plan

<sup>5</sup> Governance Matters V1: Governance Indicators for 1996 - 2006.

Governance assessment processes in Africa in general and in Malawi in particular tend to be elite driven. How to make it people driven is another huge challenge which requires concerted measures. These measures need to be part of an ongoing, all inclusive initiative, encompassing a wide range of criteria and indicators.

## Appendix 1

### Assessments by bilateral/ multilateral partners

Year	Entity	Status
2002/2007 (once in 5 years)	Economic Commission for Africa (ECA)	<p><b>Context:</b> Driven by the Commission.</p> <p><b>Nature:</b> Broader assessment exercise. It was a general assessment and not a measurement exercise.</p> <p><b>Process:</b> The local consultants identified about 100 key stakeholders who filled out a quick scan as well as a detailed questionnaire. The report was presented in a stakeholders conference</p> <p><b>Outcome:</b> Enhance regional interaction &amp; cooperation in achieving good governance by member states.</p>
2003 (one off)	UNDP	<p><b>Context:</b> The challenges/threats posed by the bid to extend the term of office of the incumbent President.</p> <p><b>Nature:</b> An in-depth assessment of the state of governance in Malawi.</p> <p><b>Process:</b> Desk research as well as interviews with some 100 key stakeholders.</p> <p><b>Outcome:</b> The outcome was a comprehensive list of twenty six recommendations touching on vital aspects of governance. Some recommendations were taken up for further action, especially with regard to institutional strengthening of governing institutions.</p>
2004 (annual basis)	Millennium Challenge Corporation MCC	<p><b>Context:</b> An annual assessment exercise, euphemistically entitled 'Score Cards' that favour indicators that:</p> <p><b>Process:</b> are developed by an independent third party; are analytically rigorous and publicly available; have broad country-coverage and are comparable across countries; have a clear theoretical or empirical links to economic growth and poverty reduction.</p> <p><b>Outcome:</b> Indicators are policy-linked, i.e. measure factors that governments can influence within a two to three year horizon.</p>
2004 (one off)	African Peer Review Mechanism APRM	<p><b>Context:</b> To prepare Malawi for African peer review by identifying major gaps between APRM codes and standards vis a vis actual practice.</p> <p><b>Nature:</b> It was an intensive exercise, comprising desk research complemented by approximately 100 key stakeholder interviews.</p> <p><b>Outcome:</b> Six major recommendations as well as an action plan.</p>

2006 On going	Oslo Governance Centre & UNDP Malawi	<p><b>Context:</b> Support to the Government in refining the MGDS Governance indicators through regular input.</p> <p><b>Process:</b> Intensive consultation with the government and many stakeholders in a workshop.</p> <p><b>Outcome:</b> MGDS Indicators refined.</p>
2007 (one off)	European Union	<p><b>Context:</b> Review of performance indicators for education, health, good governance and gender within the PAF framework.</p> <p><b>Outcome:</b> Input into the indicators for donor institutions.</p>

### Assessments by Research Institutions

Year	Entity
2002	International IDEA
2003 & 2006	Verlag Bertelsmann Stiftung
2006	The Electoral Institute of Southern Africa (EISA)

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