reports

DFID Department for International Development

EVSUM EV661

April 2006

EVALUATION OF DFID COUNTRY PROGRAMMES: MALAWI, 2000-2005

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Executive Summary

This is the evaluation report of the Department for International Development (DFID) country programme in Malawi from 2000 to 2005. Malawi is a country in which DFID has become the largest bilateral donor, with a programme spend of about £342 million over the 5-year period. The evaluation had two main objectives: (i) to provide an account of the performance of the programme over this period; and, (ii) to derive lessons for DFID in Malawi and elsewhere.

Context

Malawi is an extremely poor country facing major challenges, with no clear route out of poverty; it is a landlocked country, with high population density, an agriculture-based economy, and a high incidence of HIV/AIDS. Malawi seems likely to remain aid-dependent for the conceivable future. DFID Malawi has, like other donors, had to operate in a difficult political environment. This has made it harder to implement DFID Global policy in areas of Budget Support and some sectors such as Education. However, DFID has often responded pragmatically, and in particular supported better performing sectors such as health.

Findings

The evaluation is based on two main criteria for assessing the performance of the Malawi programme: *internal quality* (strategy, relationships, portfolio); and *external effectiveness* (results, influence, contribution to outcomes). The evaluation uses the so-called 'light' approach and is limited by the extent to which the team was able to independently verify the evidence; no projects or programmes were visited in the field, no primary data collection took place, and no additional analytical studies were commissioned.

Internal quality: the DFID Country Assistance Plan (CAP) 2003-06 was developed on the assumption that the government had a genuine intention to implement the Malawi Poverty Reduction Strategy (MPRS). This proved to be flawed, and in practice DFID was forced to operate a different and more reactive strategy. Amongst current country office staff, ownership of the CAP is weak and there is a sense that it has been superseded by circumstances.

Over the period, DFID Malawi has become increasingly centred on the Government of Malawi (GoM), and relations with the Ministry of Finance are especially strong. In some sectors (e.g. agriculture, forestry, and safety nets), DFID has effectively withdrawn and several development partners perceive a lack of clarity over future engagement. Engagement with civil society has focused on some specific areas – parliament and human rights based approaches – but less so in other areas, particularly service delivery.

External effectiveness: Since August 2003, the Government of Malawi has made substantial progress with macro economic stabilization, in part made possible through budget support (BS). For the period 2000-2003 however there is an emerging consensus that there is little to show for the £72 million of general budget support disbursed by DFID. The current DFID programme is beginning to address past weaknesses, with better attention to the predictability of disbursements, as well as the policy dialogue and monitoring GoM performance.

DFID's strategic transition to the Health SWAp represents a successful step in supporting national policy – although greater attention should have been paid to the implementation of decentralised services, as well as in-depth poverty analysis to guide pro-poor interventions. There is also a risk of disruption to health services currently being

provided by DFID-funded non-state actors; as subcontracting agreements with government have yet to be negotiated, and the relevant systems/mechanisms are not in place. These concerns are recognised by DFID Malawi and being addressed. DFID has also backed an innovative emergency human resources plan – designed to address shortages of key professional staff and stem the 'brain drain' of personnel and increase staff motivation. It is too early to measure the effect on staff retention. Of particular concern though, is the inequality caused both within the Ministry of Health and between sectors, especially within the context of broader public sector reform measures.

DFID's support to the education sector has been designed to operate in a difficult environment. Progress in improving the quality of education has been hampered by structural and institutional weaknesses in the Ministry of Education. Only recently has the Government has any serious intention towards the SWAp.

Under the livelihoods portfolio, the strategic shift towards sector programmes (CAP 2003-06) has had limited success, especially in areas of agriculture and safety nets. The major investments in Starter Packs did not stimulate nationwide agricultural growth but were partially successful in both filling the hunger gap and overcoming input constraints faced by smallholder farmers. The scaled-down Targeted Inputs Programme (TIP) has been far less effective at reaching the poor and food insecure.

The regular provision of humanitarian and food aid in Malawi highlights the urgent need to address the underlying causes of chronic poverty and food insecurity in the country (including constraints to smallholder production, such as access to markets, credit, inputs, etc and off-farm income). DFID Malawi's new Growth paper makes a valuable contribution to the debate. As a strategy document to guide DFID Malawi's work, there are significant gaps: the paper contains little firm guidance on what DFID will support (or not support), limited prioritization, and no analysis of other donor programmes and where DFID Malawi might provide joint-support such as with the EC and World Bank (e.g. with TA, pooled funding, etc). There is limited consideration of the legacy effect of existing projects and programmes, and no analysis of human resource and advisory implications. There is no hierarchy of outputs, purpose, goal and structure of objectives, and no clear link made to the main monitoring tools and measures of success.

Past performance in the governance portfolio has been marred by the fragmentation of donor efforts in the country, and major problems with DFID Malawi programmes such as Transform (£3 million) and some aspects of Tikambirane (£11 million). There is however a perception of recent improvements in the governance portfolio including DFID Malawi's in-house capacity. The governance team still faces a considerable challenge, not only support the governance portfolio but to effectively provide strategic and crosscutting support to other teams within the country office.

Development progress: Overall, progress towards the MDGs in Malawi has been slow over the 2000-2005 period. One of the six MDGs assessed by UNDP are rated as ***unlikely***, three as ***potentially***, and only two as ***probably*** likely to be achieved. The monitoring of the Malawi Poverty Reduction Strategy (MPRS) and development progress in Malawi is generally weak, and any assessment of progress is heavily constrained by the lack of credible monitoring statistics.

The massive volume of aid flows and the partnership between donors and the Government of Malawi is failing to achieve significant impact in poverty reduction and in achieving the MDGs. Within this, DFID Malawi has been instrumental amongst donors to recognise this failure and has made a positive contribution to the search for new strategic directions to address the magnitude and scale of poverty in the country. Prospects of progress with the new Government are presently much improved.

Lessons and recommendations for DFID

In a context where there is a lack of robust political support to implement the national policy, the strong links made between the MPRS and the DFID CAP undermine the CAP's strategic significance.

For DFID Malawi, the dependency of the CAP on the strategic statements of the MPRS meant that the loss of credibility of the latter had similar consequences for the former. As such, there is a need for DFID to develop a robust country strategy that, while linked to the PRSP, is more realistic about the likely scenarios and risks. Recommendation for DFID Malawi: The DFID county strategy should continue to be closely allied to Government strategies for poverty reduction and the strategies of other donors, but it should not be wholly dependent on these. Scenario planning and risk analysis may be appropriate tools in such circumstances.

When entering into budget support there should be greater confidence in the direction of change towards enhanced policy dialogue and stronger public financial management.

In view of past performance and the very short (though good) track record of the current government, risk assessment is extremely important. Part of the strategy to limit risk should be to maintain a balanced non-BS portfolio. Recommendation to DFID Malawi: Maintain a cautious approach in transition to increased reliance on budgetary support in Malawi, and continue to build on current efforts to strengthen the predictability of disbursements, public financial management, policy dialogue and the monitoring of fiduciary risk.

The choice of aid instrument is not sector neutral, and the strategy should drive the choice of instruments - not the other way around.

Some sectors are more amenable to sector-wide approaches than others, with agriculture notoriously difficult as a candidate for SWAp approaches. Recommendation for DFID PS: Provide additional technical support to country offices in sharing lessons and developing sector-wide approaches for the so-called 'difficult sectors'. Recommendation for DFID Malawi: Where transition to a SWAp may not be a viable medium-term option, it is necessary to develop an alternative strategy (with specific objectives and monitoring tools), using the range of appropriate instruments.

There is a need to retain a balance between interventions on the supply and demand side, especially in terms of promoting good governance.

In Malawi there is a long history of civil society intervention in matters of national importance. NGOs and civil society therefore perform an important role in good governance, transparency and accountability. Hitherto doors have given more support to the demand side than the supply side. Recommendation to DFID Malawi: Continue to support non-state actors as a means of enhancing pluralism in service delivery and maintaining demand side pressure for good governance, while also enhancing support for the supply side.

In policy areas without significant budgeted resources (nor established sector-wide approaches), DFID Malawi's strategy and implementation should be better articulated.

DFID Malawi faces an important challenge to avoid becoming too thinly spread across sectors, while also retaining involvement in areas where government and donor leadership is deemed to be weak. The lack of a significant budgeted programme in some sectors (e.g. Gender, Private sector development, Pro-poor growth) requires advisers to develop alternative mechanisms away from the more usual programme-based forums (i.e. project steering committees, review processes, etc). This is not always well articulated, and there is a risk that in some areas the results of DFID Malawi's policy-influencing agenda could be limited. Recommendation to DFID Malawi: In certain sectors there is a need to be clearer about the objectives and measures of 'success' for policy dialogue and influencing.

A potential organisational benefit derived from the production of any strategic plan is the strategizing process, not just the final document.

While a coherent and well-argued analysis is important to determine the rationale for strategic interventions, attention also needs to be paid to the process of strategy development. In the second generation PRSP, ownership is now being recognised as an important element for the strategy's success. Recommendation for DFID Malawi: Make greater use of the CAP formulation process, and subsequent monitoring arrangements, as tools to increase internal ownership and consistency over a longer timeframe – especially given changes in personnel.

GoM capacity constraints and lack of institutional reform is a serious impediment to the development effectiveness of all donor programmes directed through the central government.

The harmonisation agenda provides a partial response to the risk of overburdening scarce capacity, as it avoids the danger of competition between donors for scarce human resources. There is nonetheless a need to go further, especially as GoM capacity and the lack of institutional reform is serious constraint to all donor programmes. Recommendation to DFID Malawi: As a strategic priority, DFID Malawi (with other donors) should use their influence and resources to help develop a harmonised plan for public sector capacity development.

The transition to sector-wide approaches can present risks to service delivery, when programmes, hitherto vertically funded, are included in the SWAp.

For example in the Health SWAp, both the TB programme and BLM, as well as external consultants and other donors, have voiced concern about the possibility that gains on the ground might be at risk when they have to negotiate service delivery agreements with the Ministry of Health as part of the SWAp transition. This is particularly so when the necessary systems and mechanisms for the implementation of the programme of work are not yet fully in place. Since the evaluation, DFID Malawi has taken measures to mitigate possible disruptions to services in Health. Recommendation to DFID Malawi: For future SWAps (in other sectors), DFID Malawi should more clearly identify transition risks.

Furthermore, several of the recommendations above highlight the need for better risk analysis and 'market intelligence'. This however is not just a case of identifying risks and scenario planning, but also for DFID Malawi to adequately manage these risks during implementation. Recommendation to DFID PS: To provide increased technical support to country offices to apply techniques of risk analysis and management (possibly building on appropriate tools developed in the private sector).

The need to strengthen and diversify impact-monitoring arrangements.

The difficulty of reaching firm conclusions about development progress in Malawi is mainly a consequence of weak monitoring and evaluation processes. The empowerment of citizens and non-state actors (such as the NGO, MJEN) are important aspects for developing the demand side of good governance, monitoring and accountability. It is also important that the monitoring system for the next PRS attempts to rigorously trace both the flow of resources and the corresponding performance on the ground (e.g. in the classroom, health clinic, etc). Recommendation to DFID Malawi: (i) DFID Malawi should continue to develop national capacity to measure effectiveness and impact, both government-led and through continued support to non-state actors as monitoring agents. And, (ii) M&E arrangements should be integral to future DFID Malawi strategies. Joint donor evaluations for the next DFID Malawi country strategy should be considered.

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ISBN: 1 86 192 755 X

Printed & Supplied by John McCormick & Co. Ltd. Tel: 0141-429 4222 Ref: 61532