

**POVERTY MONITORING SYSTEMS IN MALAWI:
AN ANALYSIS OF INSTITUTIONAL
ARRANGEMENTS**

FINAL REPORT

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Abbreviations

ADB	African Development Bank
ADCs	Area Development Committees
CPSs	Committee of Permanent Secretaries
CSOs	Civil Society Organisations
CWIQ	Core Welfare Indicator Questionnaire
DAs	District Assemblies
DHS	Demographic Health Survey
DLG	Department of Local Government
DPD	Director of Planning and Development
ECAM	Employers Consultative Association of Malawi
FMTAP	Financial Management Transparency and Accountability Programme
HIPC	Highly Indebted Poor Countries
IHS	Integrated Household Survey
ILO	International Labour Organisation
MASEDA	Malawi Socio-Economic Database
MCTU	Malawi Congress of Trade Unions
MDGs	Millennium Development Goals
M&E	Monitoring and Evaluation
MEJN	Malawi Economic Justice Network
MEMP	Monitoring and Evaluation Master Plan
MEPD	Ministry of Economic Planning and Development
MPRS	Malawi Poverty Reduction Strategy
MPRSP	Malawi Poverty Reduction Strategy Paper
MoF	Ministry of Finance
NGOs	Non-Governmental Organisations
NORAD	Norwegian Agency for Development
NSO	National Statistical Office
OPC	Office of the President and Cabinet
PAP	Poverty Alleviation Programme
PMS	Poverty Monitoring System
TWC	Technical Working Committee
UNDP	United Nations Development Programme
UNCEF	United Nations Children Fund
VDCs	Village Development Committees
WB	World Bank

1. INTRODUCTION

1.1 Background

Malawi is one of the poorest countries in the world with a per capita gross national product of \$190 and 65 percent of its population living below the poverty line. Agriculture remains the predominant sector for the livelihoods of more than 90 percent of the population. Growth in gross domestic product has been low and erratic and the structure of production remains dominated by traditional agricultural products. In 1998 the integrated household survey revealed that 65.3 percent of the population were poor with consumption of basic needs below the minimum level of MK10.47 (US\$0.34) per day (GOM, 2000). The pervasiveness of poverty requires concerted efforts and more focused strategies in order to reduce poverty in Malawi. Since 1994 the Government of Malawi proclaimed poverty alleviation as its main development agenda.

The pursuit to reduce poverty has recently culminated into the formulation of poverty reduction strategy papers by many countries. Malawi produced its own Malawi Poverty Reduction Strategy Paper (MPRSP) articulating policies that are likely to reduce poverty in the medium and long term (GOM, 2002). The MPRSP also emphasizes the need to monitor and evaluate the implementation of policies and programmes and the achievement of goals. In order to achieve this it was necessary to design and operationalize the poverty monitoring system with the necessary institutional arrangements that would ensure steady flow of information between various stakeholders. The aim of this study is to provide a description of the design and functioning of the poverty monitoring system in Malawi, particularly focussing on the institutional arrangements that facilitate or hinder the flow of information between various actors.

1.2 Methodology

The approach in this analysis involved review of existing documents, analysis of primary data and selected interviews with key stakeholders. The central focus was on the analysis of data collected by the Monitoring and Evaluation Division of the Ministry of economic Planning and Development from sector ministries and local authorities. In 2003, the M&E Division conducted a survey with sector ministries and district assemblies on the existence and capacity of planning units and M&E facilities. The interviews were only limited to key donors and ministries and civil society organisations.

There are several limitations that have meant that the original terms of reference on the analysis of the institutional framework in the poverty monitoring systems are not achievable. First, and foremost, there is no coordinated operationalized poverty monitoring system in Malawi. The existing plan has not been operationalized and many stakeholders do not know their roles. Secondly, the analysis relies on the data collected by the M&E Division of MEPD, which does not address some of the issues articulated in the terms of reference. For instance, issues relating to the use of data in the decision making process were not covered in the survey.

2. THE POVERTY MONITORING SYSTEM IN MALAWI

2.1 Contextual Background

Although serious efforts to address poverty in Malawi began in the mid-1990s, poverty monitoring systems have been poorly defined in policy documents. It is apparent from various policy documents that monitoring and evaluation of policies and programmes is not accorded the highest priority. Since 1994, the government has produced three policy documents

focusing on poverty and development: the Policy Framework for Poverty Alleviation Programme (PAP), the Vision 2020 and the Malawi Poverty Reduction Strategy (MPRSP). However, in all these documents the poverty monitoring systems are poorly articulated, resulting in disjointed monitoring systems that tend to focus only on donor funded projects.

The PAP contains very little on poverty monitoring and the institutional framework for monitoring was poorly defined. Only one institution, the Ministry of Economic Planning and Development, was given the responsibility of monitoring and evaluation and assessing the impact of policies and programmes at the national level. It was responsible for gathering all information at the macro, sectoral and grass-roots levels. Hence, there were no institutional linkages and definitions of the roles of other stakeholders in monitoring policies and programmes. For example, under the roles of sectoral ministries, poverty monitoring was not one of their responsibilities. The role of sectoral ministries focused more on sectoral planning and implementation issues (GOM, 1995). The Vision 2020 document has virtually nothing on poverty monitoring.

It is only in the Malawi Poverty Reduction Strategy, that the issue of monitoring and evaluation is considered key to the achievement of poverty reduction. The MPRS broadly defines the framework for monitoring and evaluation systems including the various indicators (inputs, outputs, outcomes and impact) to be used in monitoring, with emphasis on the development of an integrated system at national, district and local levels (GOM, 2002). Nonetheless, the roles of various institutions in poverty monitoring are not clearly articulated.

The most elaborate system in the MPRS involves monitoring of inputs and outputs in terms of expenditure, particularly focusing more on the inputs side. This is ensured through the monthly provision of monthly subventions to sectoral ministries conditional on the provision of actual

expenditure levels of the previous month. The compliance among line ministries is not 100 percent. Although, most line ministries provide financial reports to the Monitoring Section of the Ministry of Finance, some ministries do not comply and sanctions are usually waived due to political pressure.

This use of resources was expected to be monitored through the annual Public Expenditure Review (PER). Unfortunately, since the launch of the MPRS, there has been no annual public expenditure review. In terms of outcome and impact monitoring, it was expected that the District Assemblies would manage a data bank to monitor poverty. In addition, periodic surveys carried out by the National Statistical Office (NSO) were expected to be the main instruments for monitoring the outcome and impact indicators. For example, the Core Welfare Indicator Questionnaire (CWIQ) surveys were envisaged to be carried out annually and the Integrated Household Survey (IHS) and the Demographic Health Surveys (DHS) were envisaged to be carried out once every five years. However, only one CWIQ survey has been completed.

2.2 The Monitoring and Evaluation Master Plan

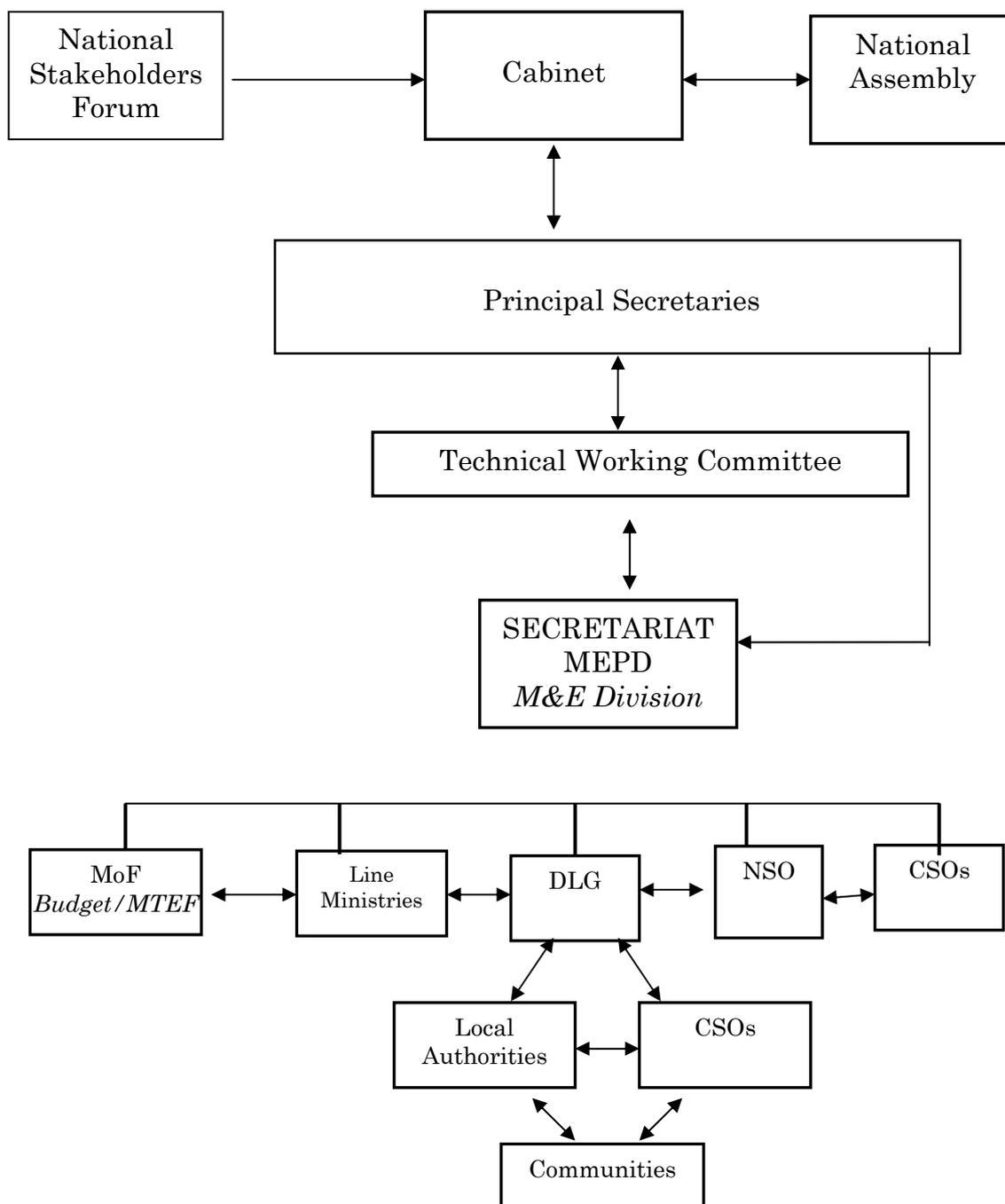
The poverty monitoring system (PMS) has not yet been operationalized in Malawi, it exists on paper. While the MPRS was completed in 2002, the Malawi Poverty Reduction Monitoring and Evaluation Master Plan (thereinafter Monitoring and Evaluation Master Plan - MEMP) that elaborated on the monitoring and evaluation strategies of the MPRS was completed in January 2004 (GOM, 2004a). The MEMP focuses on monitoring five main areas: poverty reduction strategy monitoring; poverty, vulnerability and inequality monitoring, impact monitoring, poverty management information system monitoring, and communication and advocacy. Although, some of the policies and programmes in the MPRS have been implemented, the monitoring and evaluation of the

implementation process has lagged behind; such that the outcomes and impact of the poverty reduction strategies are not known. It is worth noting that to date the MEMP is not yet implemented or operationalized.

The MEMP, however, envisages institutional arrangements that involve a number of actors from the grass root level to the national assembly and the executive branch of government (Figure 1). The MEMP envisages seven layers of institutions through which poverty monitoring data will flow in the PMS, with interactions within and between the layers of institutions. It is envisaged that the poverty monitoring data will flow from communities to local authorities and civil society organisations (CSOs). The MEMP defines the roles of each set of institutions in poverty monitoring, although the various institutions are not yet aware of their roles in the poverty monitoring system.

Central to the PMS is the Monitoring and Evaluation Division (M&E Division) of the Ministry of Economic Planning and Development responsible for coordinating the poverty monitoring system. The M&E Division is also responsible for managing the implementation process of the poverty monitoring system. The activities that have preoccupied the M&E Division include the development of the MEMP, a study on the capacity assessment of monitoring and evaluation units of line ministries and local authorities and annual review of the MPRS. Due to lack of data, the Technical Working Committee (TWC), that is supposed to consider technical reports and advise the Committee of Principal Secretaries (CPSs) chaired by the Secretary to the President and Cabinet, has not been constituted and met. This implies that there is no flow or no systematic flow of information from data collection institutions to policy-making institutions. One of the roles of the TWC is to make recommendations to the MPRS Monitoring Committee (GOM, 2004a); hence the later is highly impaired in its activities.

Figure 1 The Planned Institutional Arrangement of the PMS



Source: GOM (2004a)

Although the institutional arrangement for poverty monitoring ensures that policy-makers are involved at the higher technical and political levels as generators of demand for poverty monitoring information, it is rather unrealistic to constitute the CPSs and expect it to meet at that level. The number of Principal Secretaries in Malawi is quite large, and questions

arise on the effectiveness of such a committee. A more workable arrangement would entail entrusting the work of the CPSs to the Minister responsible for MPRS or poverty monitoring who then reports and is accountable to the Cabinet.

There are several reasons that can be attributed to problems of operationalizing the MEMP. First, there are management problems within the institutional framework of the MEMP. While the M&E Division is central to the plan it has not have the political power to initiate the constitution of the Committee of Principal Secretaries and the TWC. The fact that the TWC and the Committee of Principal Secretaries are not established and the lack of political will leads to the lack of demand for the services that the M&E Division is expected to offer. Secondly, there are questions surrounding the ownership of the MPRSP and the seriousness with which the government has implemented most of the policies. The processes of developing the MPRSP and MEMP were highly donor dependent and driven. Thirdly, there is high donor-dependency in the funding of monitoring and evaluation activities. Monitoring and evaluation activities are seldom provided for in the budgets of line ministries and local authorities. Fourthly, there are substantial capacity problems at central and local government levels and institutions involved in the collection of data. The capacity constraints are in form of number of personnel and the quality of human resources and physical resources particularly at local authority levels.

2.3 The Existing Poverty Monitoring Systems

The data from the survey of line ministries and local assemblies, and key informants' interviews revealed that there is no coordinated poverty monitoring system. The monitoring activities that are undertaken by various stakeholders are *ad hoc*, and tend to focus on donor sponsored projects. The monitoring and evaluation activities are not

institutionalised. There is very little interaction and exchange of information between different actors.

2.3.1 Line Ministries

Table 1 presents a summary of monitoring activities in selected line ministries. The institutional framework of M&E activities in most line ministries is very weak. Some of the ministries do not have M&E units that are officially created and operational. While other ministries that have M&E units were officially created and operational, most do not seem to have the legal or administrative basis for monitoring systems, and do imperfectly define the roles of the monitoring units. Of all the ministries, only the Ministry of Finance reported using the MPRSP as the administrative basis for its monitoring activities. The lack of legal or administrative basis for monitoring activities shows that monitoring of activities is not accorded priority in the various ministries.

Another issue that emerges is the lack of monitoring reports, even in the ministries that have M&E units that were officially created and operational. Although some ministries indicated that they produce monitoring and evaluation reports, these are *ad hoc*, and mainly related to donor-funded projects. There was no evidence that the M&E units in the various ministries produce periodic and regular monitoring reports.

Table 1 Poverty Monitoring Activities in Selected Line Ministries

<i>Ministry</i>	<i>ME Unit</i>	<i>Legal or administrative Mandate</i>	<i>Tasks</i>	<i>ME Reports produced</i>	<i>ME Reports sent to</i>	<i>MPRS Indicators</i>
Lands, Physical Planning	1	- Land Policy 2004 - Land Reform Programme Implementation Strategy 2004.	- Monitoring programme Implementation. - Evaluating programme Impact/ effectiveness.	None	None	None
Youth and Culture	1	None	Unknown	None	None	None
Labour	4	Employment Act 2000	- Collect and disseminate labour statistics. - Collaborating with statistical agencies.	None	OPC, MEPD, ILO, MCTU, ECAM	Yes
Commerce and Industry	3	None	Unknown	HIPC Progress Report	MEPD	Unknown
Transport and Public Works	1	None	Unknown	None	Unknown	None
Education	3	None	- Collection of information - Analysis of data	None	None	None
Finance	4	MPRSP 2002	- Analysis inputs and output. - MPRSP annual reviews, public expenditure reviews, 3-year reviews.	- PPE Monitoring - MPRSP Annual Review	Ministries, Donors, CSOs	Inputs, outputs
Health and Population	4	None	Not defined	- Health Information Bulletin	Donors, Other Ministries	Yes
Water Development	4	Functional Review	Unknown	- PPE Progress Reports - Quarterly Reports	MEPD, MoF, WB, ADB	Access to water
Agriculture	4	Unknown	- Monitor agricultural programmes - Impact assessment surveys	- Projects evaluation reports	Other ministries, donors, private sector	Yes (some)
Gender	4	- Functional Review - Strategic Plan	- Monitor programmes and projects	None		Yes (some)
Natural Resources	2	None	- Monitoring implementation progress - Preparing monitoring reports	None	Unknown	Yes (some)
OPC (FMTAP)	4	Project Appraisal Document	- Monitor and evaluate project processes	Quarterly Reports	OPC, WB	Not well defined

Note on ME Unit: 1 = not officially created & non-operational; 2 = officially created but non-operational; 3 = not officially created but operational; 4 = officially created and operational.

Source: M&E Division Survey 2004

The linkages among the various ministries with respect to exchange of information are weak or non-existent. Most M&E units do not send their monitoring reports to other ministries. There is a serious problem of coordination of the poverty monitoring systems. The Monitoring and

Evaluation Division of the Ministry of Economic Planning and Development lacks the political power or leadership skills to coordinate the activities of line ministries and civil society organisations. For instance, some of the line ministries are developing their monitoring and evaluation systems independent of the national framework of poverty monitoring and evaluation – such as Department of Local Government, Ministry of Agriculture and Ministry of Health. There has been no flow of data and information from the line Ministries to the Monitoring and Evaluation Division of MEPD.

The capacity of most M&E units in line ministries is most wanting (Arcadis Euroconsult, 2004 and GOM, 2004b). In most line ministries, there are no work plans for the M&E units and no separate budget for monitoring activities. Apart from the funding problems, most M&E units in line ministries do not have adequate human resources to undertake monitoring activities. In some ministries, the monitoring activities are undertaken by the planning officers, who usually take monitoring as a secondary activity. Most of the M&E units are poorly equipped with computers and vehicles. Thus, there exist substantial capacity gaps in the M&E units of various ministries.

The lack of coordination also reflects the capacity in the number of staff and the skills in management by officers in the M & E Division. Most line ministries do not seem to appreciate the central role the Ministry of Economic Planning and Development plays in the coordination of monitoring and evaluation activities.

2.3.2 Local Authorities

The situation at local authority level is similar to that at central government levels, and maybe even worse due to the financial constraints experienced by District Assemblies (DAs). Table 2 presents a summary of

the existing monitoring and evaluation activities at local government level from 20 District Assemblies that responded to the questionnaire. Seven DAs did not have work plans prepared by the office of the Director of Planning and Development (DPD). However, out of the 13 that had work plans, eleven DAs indicated that there were specific provisions for monitoring and evaluation in the work plan.

Table 2 Poverty Monitoring Activities in Selected District Assemblies

<i>District</i>	<i>Work Plan 2003/4</i>	<i>M&E Provision</i>	<i>Number of Monthly Monitoring Reports</i>	<i>Number of Reports from ADC, VDC</i>	<i>MPRSP Data Collected</i>
Chitipa	No	No	2	None	No
Karonga	Yes	Yes	12	12	Yes
Rumphi	No	No	7	56	Yes
Nkhata Bay	No	No	6	56	No
Nkhotakota	No	No	None	None	No
Kasungu	Yes	Yes	12	None	No
Salima	No	No	1	None	Yes
Ntchisi	No	No	2	None	Yes
Dowa	Yes	Yes	12	Unknown	No
Mchinji	Yes	Yes	None	12	Yes
Lilongwe	Yes	No	None	2	Yes
Dedza	Yes	Yes	None	3	No
Ntcheu	No	No	None	None	No
Mangochi	Yes	Yes	12	None	Yes
Balaka	Yes	Yes	None	None	No
Machinga	Yes	Yes	None	None	No
Zomba	Yes	Yes	12	None	Yes
Blantyre	Yes	Yes	None	None	Yes
Phalombe	Yes	Yes	12	None	Yes
Nsanje	Yes	No	None	None	Yes

Source: M&E Division Survey 2004

In most District Assemblies monitoring activities are defined as supervisory visits that the members of staff make to project sites, particularly to donor-funded programmes that provide for funding for such field visits. This is also evident from the fact that many DAs do not collect data for monitoring key indicators of the MPRS. According to GOM (2004b), many DAs are not aware of pro-poor expenditures. In cases where data on MPRS indicators are collected, the processes of data collecting is ad hoc and the roles played by various stakeholders in gathering such information are vaguely defined. In some cases, it was indicated that key indicators to monitor MPRS are collected through a questionnaire provided by the Decentralisation Secretariat.

There is very weak networking between District Assemblies and line ministries and civil society organisation. The links with sectoral ministries at the district level is generally weak, with most line ministries unable to provide the relevant information about the programmes and activities to the districts M& E units. GOM (2004c) notes that most sectoral ministries at the district level do not share data with the District Assemblies. There are issues that result in the weak linkages between sectoral ministries and the DAs. First, many of the line ministries have not decentralised their activities at district level and are still operating through the central government system. Such departments do not feel obliged to comply with the data requests from the District Assembly. Secondly, the data in the sectoral ministries may not be available and monitoring activities are seldom undertaken (GOM, 2004b), and where such monitoring activities take place they tend to focus on donor funded programmes. Under the local authority data bank system, very few DAs do have operational data banks.

2.3.3 National Statistical Office and Research Institutions

The National Statistical Office is the government department that is charged with the responsibility of collecting national data under the Statistical Act. The NSO is a key institution in the poverty monitoring system with respect to monitoring of outcome and impact indicators through periodic surveys. Notable surveys that have been carried out by NSO since the launch of the MPRS include the Core Welfare Indicators Questionnaire survey and the second Integrated Household Survey. In order to improve the capacity of NSO in the collection of data, there are plans to have a statistical master plan. Very little progress has been made and to-date only a needs assessment funded by the Department for International Development (DFID) UK has been completed. This process, as is the case with other plans in Malawi, is highly dependent on donors and tends to be donor-driven and its progress will depend on the

willingness of the donors to fund the establishment of the statistical master plan.

NSO is also responsible for the Malawi Socio-Economic Database (MASEDA), a computer based data base at District Assembly level. Under the system, output indicators are expected to be captured at district level. The DAs are expected to send the up-dated information to NSO which in turn will integrate the district and line ministries information into one data base that will be provided to the M&E Division of MEPD (NSO, 2004). Although, all DAs were trained in the operation and use of MASEDA, not all the DAs have the application and computers and the system is not fully institutionalised (GOM, 2004c). Despite the fact that some of the DAs have the application, there has been no flow of information to the NSO MASEDA unit and no follow-up activities have been undertaken to identify problems that exist in the system. The poverty monitoring system under MASEDA is confronted with several problems. First, MEPD which is the institution that needs to be at the helm of poverty monitoring systems was not initially willing to attend Technical Working Committee meetings, showing lack of leadership in poverty monitoring. Secondly, most of the line ministries have not decentralized their activities at district level and data can only be obtained with authorisation from Ministry Headquarters. This contributes to the sectoral ministries' reluctance to provide information to the DAs.

The role of research institutions in the poverty monitoring systems is not clear, both under the MEMP and MASEDA. Research institutions do conduct small studies that may provide information on poverty outcomes that may inform policy makers. However, in the poverty monitoring systems that exist, research institutions and universities do not seem to play a role in poverty monitoring.

2.3.4 Civil Society Organisations

The role of Civil Society Organisations (CSOs) in the poverty monitoring systems is rather vague. There is lack of coordination of activities of CSOs and Non-Governmental Organisations (NGOs) and DAs at district level. Table 2 shows that the linkages between civil society organisations operating in the districts and the DAs are weak. The DAs do not receive information on project activities from CSOs operating in their districts. Monitoring and evaluation is one of the activities that is emphasized in programmes that CSOs implement, and the information collected is vital in feeding into a poverty monitoring system. One of the CSOs that has conducted a poverty monitoring survey is the Malawi Economic Justice Network (MEJN), and focused on service delivery satisfaction survey in pro-poor activities such as agriculture, health, education, infrastructure and security.

2.3.5 Communities

The role of the communities in the existing monitoring systems is not defined. There is no indication on whether M&E activities are being undertaken by the communities. The local government structures established at the community level also seem to be taking a very marginal and inactive role in the existing poverty monitoring system. There is very limited flow of information between the Village Development Committees (VDCs) and the Area Development Committees (ADCs). In most districts, there is no evidence that these committees meet (GOM, 2004b) and as the data in Table 2 shows there is very little flow of information in terms of number of monitoring reports (reports on physical and financial progress and work plans) from the VDC and ADC to the DAs. Most of the VDCs and ADCs do not have the capacity to compile such reports and most lack financial resources even to purchase stationery. In addition, most VDCs and ADCs are not aware of their roles in monitoring activities.

3. ISSUES IN THE POVERTY MONITORING SYSTEM

3.1 Definition of Roles of Various Actors

The identification of institutions and definition of their roles are critical in developing an effective monitoring system. While the institutional framework of poverty monitoring does identify the various actors, their roles are poorly defined and various institutions do not know their responsibilities and the flow of information. This is also exacerbated by the fact that many actors do not know the type of information that needs to be collected. For instance, in most districts in Malawi, sectoral ministries are not aware of the pro-poor expenditures and the MPRS indicators that they are supposed to monitor.

Most of the institutions that are included in the poverty monitoring institutions are government departments, save the inclusion of civil society organisations. It is apparent that the existing poverty monitoring systems do not envisage any role for universities and private research institutions and how their research work filters through the poverty monitoring systems.

3.2 Coordination of Poverty Monitoring Systems

The poverty monitoring systems in Malawi are disjointed and are not coordinated. Although, the policy documents such as the PAP and MPRS, singles out MEPD as the coordinating institution it lacks seriousness and leadership role. In addition, MEPD is not pro-active in obtaining information for poverty monitoring. There is no flow of information from sectoral ministries to the M&E Division of MEPD. Moreover, MEPD lacks the political influence over other line Ministries; many sectoral ministries do not appreciate its coordinating role. MEPD has undergone through several changes that have changed its image from its traditional role

during the 30 years of independence. MEPD previously used to be a department under the Office of the President and it had the political power over the activities of other ministries. However, since the late 1990s, it changed from a department to a Ministry, then to a National Economic Council, then combined with the Ministry of Finance and now back again as the Ministry of Economic Planning and development. Its role was mostly misunderstood during the time it changed to the National Economic Council. The Committees above the MEPD Secretariat in the MEMP have not been mobilized and have not met to push the monitoring process.

There seem to be lack of leadership in practice in poverty monitoring although the policy documents actually accords this role to MEPD. Views from key informants revealed that most senior officers do not attend critical committee meetings. For example, MEPD was initially reluctant to attend MASEDA Technical Committee meeting although the system is vital for poverty monitoring. Others expressed concerns that most senior officers were absent when stakeholders were discussing the 2002/2003 MPRS annual review, with no clear delegation of authority. The lack of political will and fragmented leadership in key government ministries implies that issues are not taken seriously.

3.3 Sustainability of Poverty Monitoring Systems

Most of the poverty monitoring activities that are taking place are largely funded by donors, with monitoring at district level being focused on donor-funded projects. The study of line ministries and DAs monitoring system reveal that no separate budget lines exists for monitoring activities in most government departments. Although, monitoring is stipulated as a key component in the poverty reduction strategy, in terms of resources it has not been accorded priority. Another problem related to funding is that donors pick particular activities or districts for funding poverty monitoring

activities, and there is no pooling of resources to support the poverty monitoring system regardless of source of funding.

Most institutions involved in poverty monitoring lack capacity in various forms including non-existence of monitoring units, quantity and quality of human resources, lack of leadership skills, lack of management and organisational skills. These capacity constraints are evident from the institution that is supposed to coordinate monitoring activities to district and community levels. Most ministries and district assemblies do not have active and operational monitoring and evaluation units.

The poverty reduction strategy and its monitoring system are generally viewed as externally driven processes. This is particularly the case due to the link between access to HIPC funds and completion of PRSP, and the approval of the MPRSP by the international financial institutions other than local bodies such as parliament. This made the MPRS as one of the donor conditions. There is therefore lack of consensus of whether the MPRSP is the key government policy document for development programmes.

3.4 Types of Monitoring Indicators

The data from the DAs and sectoral ministries also reveals that there is impartial understanding of the poverty monitoring indicators. Most of the institutions are not aware of the indicators that fall under their jurisdiction. Some of the institutions are not aware of the pro-poor expenditure and activities that should be monitored. GOM (2004c) has revised the list of indicators to 51, some of which require disaggregation by gender and others requiring special surveys.

3.5 Use of Poverty Monitoring Data

There is no evidence that the monitoring data collected by various stakeholders flows from the data collectors to policy makers. This lack of flow of poverty monitoring information just demonstrates the lack of demand by policy makers for such data. The Malawi system has no tradition of using empirical results in decision making. Most policy decisions in Malawi are made in a vacuum of information, and it may take time for policy makers to embrace result-based decision making.

One case where monitoring data was not used to inform decisions is in the Ministry of Finance. Although expenditure monitoring data is regularly collected and pro-poor expenditures are published monthly in the media, such information does not feed into the decision making processes. For instance, in the last fiscal year the monitoring data provided by the Monitoring Section indicated overspending on the budget, the Budget Section made downward revisions on budget estimates. This casts doubts on whether the Budgeting Section makes use of the expenditure monitoring data in their decisions. Furthermore, while in principle sectoral ministries that do not provide expenditure monitoring data are not supposed to receive the next allocations, in practice such sanctions do not apply and no incentives are provided to complying ministries. The lack of demand for information for policy making has also been observed elsewhere. Booth and Lucas (2001) note that there is very little domestic demand for information among countries implementing PRSPs in Africa.

3.6 The Role of Donors

The donor community plays an important role in terms of funding programmes in Malawi. Most of the monitoring activities that are taking place in sectoral ministries and DAs are in donor-funded programmes. There is high willingness of the donors to support monitoring activities as part of the implementation process of the poverty reduction strategies. For example, UNDP and UNICEF are actively funding the MASEDA project

with a view to developing a system that will monitor the Millennium Development Goals (MDG) and NORAD is funding the Integrated Household Surveys for monitoring poverty outcomes.

However, due partly to lack of operationalization of the MEMP, various donors are coming with different agendas and financial packages leading into fragmentation of the poverty monitoring system. For example, some donors are only interested in supporting the monitoring activities in selected district instead of pooling resources together (with a single accounting system) in order to promote a unified poverty monitoring system. There is no basket approach to financing poverty monitoring activities. The piece-meal funding of the poverty monitoring system is likely to fail because it does ignore the bottlenecks that exist in various institutions at different levels of the information pyramid. Donors are still not confident that a basket approach is a viable approach in Malawi, since in the past the government has demonstrated failure to account for funding of that nature.

4. CONCLUDING REMARKS

The Malawi Poverty Reduction Strategy was launched in 2002. One of the aspects that was emphasized is the necessity of an integrated poverty monitoring system, which would enable policy makers and other stakeholders to track the progress in the input, output, outcome and impact indicators. However, two years after the launch of the MPRS, poverty monitoring systems remain *ad hoc* and fragmented and there is no evidence that the information is flowing from the grassroots to the decision makers. The Monitoring and Evaluation Mater Plan, which aims at integrating the poverty monitoring systems, was developed by early 2004 but its implementation is very much behind schedule. The MEMP has not been approved by Cabinet and has therefore not been operationalized such that the various institutions that are active

participants in the monitoring process do not know their respective roles and the type of data (input, output, outcome and impact indicators), how the data is supposed to flow within the system and the scope of various interactions.

Nonetheless, the MEMP is reasonable subject to addressing the various capacities at central and local government levels and provided demand for information is generated by the decision makers. It is however, unreasonable to propose a committee of Principal Secretaries within the MEMP institutional structure that could work effectively given the large number of Principal Secretaries in Malawi. The challenge for the poverty monitoring system lies on how to generate effective demand for information from decision-makers in a country in which information and research results are rarely used in decision making.

Even if the system were operationalized there are four major issues that may hamper the integration of the poverty monitoring system in Malawi. First, there are a lot of capacity problems in various institutions in terms of human, technical, physical and financial resources. For example, most line Ministries and local authorities do not have Monitoring and Evaluation Units, and those that have are confronted with problems of appropriate staff and requisite resources. There are serious deficiencies in technical skills of staff in planning and monitoring and evaluation units including management skills. There are no separate budgets for monitoring and evaluation activities at local and central government levels and the reporting channels for monitoring data are poorly defined. Poverty indicators are not universally known by the various stakeholders in the poverty monitoring systems. Most sectoral ministries have not yet decentralized their activities.

Secondly, the M&E Division of the MEPD which is expected to be central in the coordination of poverty monitoring systems is not pro-active. It has

made no attempt to demand information from the District Assemblies and sectoral ministries. Furthermore, the MEPD which hosts the M&E Division lacks the leadership role and political power to mobilize other sectoral ministries in poverty monitoring. This is exacerbated by the fact that the MPRS is not accorded the highest priority, and viewed in most circles as a donor driven document.

Thirdly, insufficient supply of information is resulting from lack of demand for information by policy makers. Policy decisions have been traditionally made without recourse to information and rigorous policy analysis in Malawi, hence result-based decision making is non-existent. As long as decisions at the highest level in government continue to be made in the traditional way, monitoring activities will continue to be of low political priority.

Fourthly, donor interests in supporting the poverty monitoring system remain highly fragmented. Different donors are picking particular activities in the MEMP work plan for funding, a problem that may further contribute to the fragmentation of the poverty monitoring system, if not addressed.

Overall, poverty monitoring in Malawi is not accorded the highest priority and most of the institutions responsible for gathering information do not have the physical and technical capacity. Coordination is poor and there is no demand for information by decision makers. Effective poverty monitoring can only take root if the culture of result-based decision making can be introduced in the government – as it is usually said ‘demand creates supply’. Such demand will ensure that the institutions that gather information build the necessary capacity and capabilities to fulfil their roles in poverty monitoring. There is no point in collecting information if it is not going to be used in one way or another. The following are some of the recommendations:

- There is need for the government to adopt result-based decision making that is likely to generate positive supply responses. No poverty monitoring system can be effective if data is not seen to be used by decision makers. There is high potential to introduce such concept in the government as the country has an economist as State President.
- There should be serious efforts in building the capacity of M&E units in District Assemblies and line ministries including full devolution of sectoral ministries to local authority.
- The M&E Division in MEPD should be moved to a Ministry with high political leadership such as the Office of the Vice-President or should be an autonomous institution with clear legal or administrative mandate reporting to the highest political authority. This should also involve restructuring the existing institutional arrangements in the MEMP. Thus, the proposed Committee of the Principal Secretaries should be replaced by the Office of the Vice-President as a responsible Minister for Poverty Monitoring. The TWC could be maintained in order to widen the stakeholder base in poverty monitoring but chaired by the Principal Secretary in the Office of the Vice-President.
- Donors should not prey on the lack of coordination of poverty monitoring system through selection of particular activities or particular districts for targeting their funding. There is therefore need to adopt a basket approach to funding poverty monitoring system to ensure the development of a more integrated system.

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