



AFRODAD

**PROSPECTS FOR POVERTY REDUCTION IN
MALAWI**

**A CRITICAL ANALYSIS OF THE POVERTY
REDUCTION STRATEGY PAPER (PRSP)**

PROCESS AND OUTCOMES

Preface

In September 1999 the World Bank and the IMF approved the Poverty Reduction Strategy Papers approach. The PRSP outlines a national programme for poverty reduction that is the foundation for lending programmes with the IMF and the World Bank and for debt relief for Heavily Indebted Poor Countries (HIPC)s). The Bank and Fund invented the PRSP to ensure that debt relief money would go to poverty reduction. To address the issue of the tension between qualifying for debt relief and allowing time to develop a good PRSP, countries have been allowed to develop Interim PRSPs (I-PRSPs). I-PRSPs are required to diagnose poverty in the country and outline a consultation process for the drafting of the final PRSP. Malawi is one of the poorest Sub-Saharan Africa countries that had to comply with this World Bank and the IMF programme beginning March 2001.

This study noted that the Malawi PRSP just like the New Partnership for African Development (NEPAD) emphasizes the need for good governance as the centerpiece to attract foreign investment. It makes no direct reference to the UN Millennium Development Goals but carries a considerable resemblance of that. The Malawi PRSP is also presented as a mixture of structural adjustment programs, the pro-poor growth sentiments and social development strategies. Its macroeconomic framework aims to attain reduction of government deficits, deregulation, liberalization, public expenditure management, a stringent monetary policy to contain inflation and fiscal austerity.

The government of Malawi was responsible for spearheading the writing of the PRSP and for commissioning and organizing technical and donor input into it. While social impact analysis was part of the PRSP logic from the start, progress has been very slow and it will still take time before it is mainstreamed. The Malawi PRSP process confirms the claim that civil society participation has been limited to consultation and provision of information. It is largely confined to analyzing the extent and causes of poverty, suggesting some priority actions, as well as monitoring programme implementation and, in some cases, impact. There was little civil society capacity to engage in macroeconomic analysis, modeling and detailed policy analysis. Thus, civil society participation was confined to issues pertaining to the social sector consultations, and not higher-level policy formulation.

During the onset of the PRSP process in March 2001, that included the drafting of the interim PRSP, the Malawi civil society was excluded from participating until they demanded inclusion through the Malawi Economic Justice Network (MEJN) in October 2001. The interim PRSP was ‘extremely non-consultative’ done by government, the World Bank and the IMF. At local level consultative meetings were dominated by elected people such as traditional leaders with the most vulnerable people –women and the poor underrepresented. However, the civil society input in the PRSP document is believed to have led to changes in statehood expenses, and increase in budgetary allocation to infrastructure costings and national prioritization agreements with clear timeframes. The whole process is believed to have resulted in the concretization of national policy and

strategy towards poverty reduction across sectors and into the domain of public expenditure.

Acknowledgements

AFRODAD wishes to extend its deep, sincere and profound gratitude to Mr. Michael Nyirenda of Malawi for investing considerable time and effort in the research process of this report.

The report could not have been possible without the cooperation received from various institutions and individuals. In particular we wish to thank the representatives/officials of all the Malawian civic, governmental and private institutions that the researcher called upon for interviews, research materials and data.

The central financial support and encouragement of Diakonia staff was invaluable to the project. We are particularly grateful to the incisive comments and suggestions made by the reader, Mr. Collins Magalasi of Malawi Economic Justice Network.

Special mention is due to Erin MacCandless and Ezekiel Pajibo for editing and proofreading the report. The report benefited incalculably from the intellectual advice and guidance of Opa Kapijimpanga, the AFRODAD Chairperson. The entire report is indebted to the tireless and hardworking of AFRODAD secretariat, especially Charles Mutasa and Barbara Kalima, who direct our research and advocacy programs respectively.

This Poverty Reduction Strategy Papers (PRSPs) research report is part of our second edition series on the subject. The first edition covered the first five countries to complete Poverty Reduction Strategy Papers in Africa namely; Burkina Faso, Mauritania, Uganda, Tanzania and Mozambique.

AFRODAD is proud to be associated once again with research on pertinent and contemporary issues such as the Poverty Reduction Strategy Papers. Last but not least, we are grateful to all the assistance we received during the study and needless to mention the fact that we assume full responsibility for the opinions expressed in this report.

ACRONYMS

CBO	Community Based Organisation
CIDA	Canadian International Development Agency
CONGOMA	Council for Non-Governmental Organisations in Malawi
CPI	Consumer Price Index
CSO	Civil Society Organization
CVA	Current Vulnerability Assessment
CWIQ	Core Welfare Indicator Questionnaire
DANIDA	Danish International Development Agency
DfID	Department for International Development
EHP	Essential Health Care Package
ESAF	Enhanced Structural Adjustment Facility
GDI	Gender Development Index
GDP	Gross Domestic Product
GER	Gross Enrolment Ratio
HIPC	Highly Indebted Poor Countries
HIS	Integrated Household Survey
IMF	International Monetary Fund
IPRSP	Interim Poverty Reduction Strategy Paper
MASIP	Malawi Agriculture Sector Investment Programme
MOFEP	Ministry of Finance and Economic Planning
MOHP	Ministry of Health and Population
MPRS	Malawi Poverty Reduction Strategy
MTEF	Medium Term Expenditure Framework
NEC	National Economic Council
NGO	Non Government Organisation
NSO	National Statistical Office
NSSA	National Sample Survey of Agriculture
PAP	Poverty Alleviation Programme
PER	Public Expenditure Review
PIF	Policy Investment Framework
PPE	Priority Poverty Expenditure
IPRSP	Interim Poverty Reduction Strategy Paper
PRSP	Poverty Reduction Strategy Paper
QUIM	Qualitative Impact Monitoring
SAPs	Structural Adjustment Programmes
SIPs	Sector Investment Programmes
SWAP	Sector Wide Approach
TC	Technical Committee
TWG	Thematic Working Group
WB	World Bank

TABLE OF CONTENTS

Acknowledgements	
Executive Summary	
ACRONYMS	4
1.0 NATURE OF RESEARCH	7
2.0 HISTORICAL CONTEXT	9
2.1 Political Context.....	9
2.2 Economic History: Policy Approach and Practice.....	11
2.3 History of Malawi’s Civil Society Organisations.....	13
2.4. Culture of Suspicion: Suspect Entities and Hidden Agendas	14
PART II: MALAWI: CASE STUDY OF PRSP.....	14
3.0 THE PROCESS	15
3.1 Organizations and Coordination of the Process.....	15
3.2 Levels and Types of Participation by Stakeholders	17
3.3 Initial Phase – IPRSP Formulation.....	17
3.4 Final Phase – PRSP Formulation.....	18
3.5 Thematic Working Groups	18
3.6 Drafting Team.....	19
3.7 Senior Government Official’s Forums.....	20
3.8 Public Consultations: Meetings and Workshops	21
3.9 Written Submissions	22
3.1.1 Civil Society Mobilization and Coordination.....	22
3.1.2 Constraints to Quality Civil Society Participation.....	23
3.1.3 Partnership Dynamics and Relationships.....	24
4.0. POLICY OUTCOMES.....	25
4.1 Poverty Reduction: Policies and Strategies	25
<i>Sustainable Pro-poor Growth</i>	25
<i>Human Capital Development</i>	26
<i>Improving the Lives of the Vulnerable</i>	26
<i>Governance and Political Will</i>	26
<i>Macroeconomic Framework</i>	27
4.2 Cross-Cutting Issues	27
4.3 The Reform Agenda: Structural Adjustment and PRSP	28
Identical PRSP measures	29
4.4 The Budget and Priority Poverty Expenditures	30
4.5 Linkage with other National Processes.....	30
4.6. Linkages with Regional and International Processes.....	31
4.7 Receptivity and Acceptability: Stakeholder Response to the Outcome.....	32
5.0 IMPLEMENTATION AND MONITORING	32
5.1 Structures and Processes.....	32
Table 2: Institutional Framework for the MPRS Monitoring System	33
5.2 Learning from the Poverty Reduction Strategy	35
Box 2: MPRS Monitoring Framework	37

PART III: CONCLUSIONS AND RECOMMENDATIONS.....	37
6.0 Quality of Participation and the Policy Outcomes.....	37
6.1 Ownership and Partnerships	37
6.2 Impact of Civil Society on the PRSP	38
6.3 Potential for Impact on Poverty Reduction and Growth.....	40
7.0 RECOMMENDATIONS	41
<i>Political culture</i>	41
<i>Space for participation</i>	42
<i>Building Capacity for Civic Participation</i>	42
<i>Learning from monitoring</i>	43
APPENDIX A: Chronology of PRSP Events	44
Appendix B: MPRS Organisational Structure	46
APPENDIX C:	47
Detailed List of Selected Indicators and Targets in the MPRS	47
REFERENCES.....	49

Part I: INTRODUCTION AND BACKGROUND

1.0 NATURE OF RESEARCH

Over the last couple of years the world has witnessed a remarkable shift in the thinking and approach of the World Bank (WB) and the International Monetary Fund (IMF), in the way they deal with developing countries. They have attempted to replace the criticized conditionalities of Structural Adjustment Programs (SAPS) with the concept of a ‘country-owned’ Poverty Reduction Strategy Paper (PRSP) as the framework for future concessionary lending to aid-dependent countries and for debt relief through the highly indebted poor countries (HIPC) initiative.

Broad and popular participation is one of the key conditions the WB is using for endorsing the preparation of the national PRSP. The reasoning is that ‘broad-based participation of civil society in the adoption and monitoring of the poverty reduction strategy tailored to country circumstances will enhance its sustained implementation. It is also believed that a participatory approach is also conducive to building national ownership of the poverty reduction strategy, which should help in the implementation process. Various groups in society were therefore expected to play an active role in the formulation of the PRSP (Klugman, 2001).

The PRSP initiative aims to “link support [aid] to domestically developed, results-based poverty strategies”. Emphasizing the value of *process*, a broad, participatory dialogue with representatives of civil society and the private sector is expected to produce a PRSP that will:

- Help national authorities develop a better understanding of the obstacles to poverty reduction and growth—and devise good indicators of progress in poverty reduction;
- Deepen a shared vision of desired poverty reduction goals across society;
- Lead to the formulation of priorities for public actions to achieve the desired poverty reduction outcomes;
- Encourage the development of participatory processes for setting poverty reduction goals and monitoring implementation and progress.

Others have underscored that civil society involvement in the PRSP was to bring:

- Better analysis and assessment of poverty from the diverse perspectives of those directly affected;
- Improved prioritization of strategies to deal with poverty by listening to the poor themselves;
- Greater likelihood of sustained implementation through broader ownership;
- Improved clarity in implementation roles between different actors;
- Greater awareness of government commitments enabling citizens to hold government to account;

- Increased potential for monitoring outcomes in terms of service delivery and budgets (James and Chirwa 2002).

The Malawi Poverty Reduction Strategy (MPRS) was officially launched on 24th April 2002. Given that the PRSP initiative is a major development policy and strategy shift, assessing the PRSP formulation process and content outcomes will facilitate the drawing of lessons for the next stages of the PRSP or similar national and global initiatives.

This report provides an overview of the process, outcomes and content, within Malawi's socio-political context. Towards this end, the report examines the pathways that were available to different stakeholders for engagement in the process, and how this participation is reflected in the policy outcomes. The report endeavours to analyse how the relationship between the current conception and practice of the PRSP to previous and current initiatives, i.e. Structural Adjustment Programmes (SAPs) and the New Partnership for Africa's Development (NEPAD), and what new opportunities the PRSP offers for poverty reduction. It places special emphasis on the role of civil society in the process, outlining the mechanisms for monitoring and implementation. Recommendations towards effective implementation of similar or related processes close the report.

The study relied extensively on secondary sources of information by design. A number of field studies have been completed regarding the PRSP process in Malawi. Studies by Jenkins and Tsoka (2001); Chirwa and Nyirenda (2002) and Chirwa and James (2002) provided the major reviews of the PRSP process in Malawi based on field interviews, but were all completed before the PRSP was launched and thus did not attempt to link the process of the PRSP with the policy outcomes. A review of PRSP reports, publications and submissions of civil society, donor agencies and the Technical Committee were also made. The major sources of information used in this study are given in the references section at the end of the report. A limited number of discussions with some of the persons involved in the PRSP process were also undertaken Mavuto Bamusi of Malawi Economic Justice Network, Stephen Mwale of the National Economic Council and Maxton Tsoka of the Centre for Social Research. All of them were members of the PRSP Drafting Team. Other discussions were held with Francis Ng'ambi of the Malawi Economic Justice Network and Wiseman Chirwa of the Centre for Social Research. The study benefited extensively from field data collected by James and Chirwa (2002) and Chirwa and Nyirenda (2002) funded by Oxfam and Christian Aid respectively. The two studies interviewed a broad range of stakeholders including local communities, donor agencies, civil society organizations, senior government officers and community leaders regarding participation in the Malawi PRSP process. About 30 organizations were interviewed during the studies covering five districts (Chikwawa, Mzimba, Salima, Nkhata Bay and Balaka), where local communities were directly involved.

The study had a number of inherent limitations in the form of time and resources, which limited sources of information that could be consulted. It was not possible to make use of

all the available information sources due to delays in funding. The report while making a contribution to an assessment of the poverty strategies themselves, has done so only to highlight issues arising rather than passing judgment on their worth. This would require a more comprehensive multi-disciplinary assessment, which was not possible under this project.

It is hoped that this report can be utilised by civil society, government and donors to improve the quality of civil society engagement in policy development processes generally and more specifically with the PRSP implementation.

2.0 HISTORICAL CONTEXT

2.1 Political Context

Malawi attained independence in 1964 and became a republic in 1966. The ruling party manoeuvred to create a one-party state, banning opposition and establishing one of Africa's longest serving dictatorship. Anyone who differed with the leadership was declared an enemy of the state. Opponents of the ruling party fled into exile to escape persecution. This changed in 1993 following a referendum that led to a return to multiparty politics in 1994.

Unlike other African nations Malawi's political transition was very peaceful. However, the events surrounding these transitional elections suggest that there was a political crisis, one that remains today. Common perceptions about the nature of this crisis point to: voting patterns that are largely along regional and ethnic affiliations; the alleged irregular management of the electoral process; the governments' misuse of the media for party propaganda; an inadequate separation of interests between the state and the ruling party; the phenomenon of senior civil servants in government, parastatals and companies losing their employment to ruling party supporters; the supporters of the opposition parties losing contracts and other economic opportunities to government supporters; and the Islamization of the country with foreign aid (Chirwa 2002). Though such perceptions may not always be supported by objective facts, their existence influence behaviour. The acute sense of marginalization, exclusion and discrimination felt amongst many Malawians, for example, is a likely factor in the poor levels of participation in national affairs, including policymaking.

Political tension and mistrust has also been instigated by the activities of politicians who increasingly have sought populist policies, "promising free food, fertilizer, shoes, houses, bicycles, and credit" thereby raising expectations beyond capacity for meeting them. Populism has translated into the implementation of half-conceived policies including the free primary education, distribution of free seeds and fertilizers and massive expansion of secondary schooling (Fozzard and Simwaka 2002:3). The PRSP initiative provided a timely legitimization of a populist poverty alleviation program that was not producing results. This provided a means for the government to challenge its critics with the idea that poverty reduction was a global problem and that it was not mistaken in taking the poverty alleviation path in 1994. It also provided a new avenue of resources from HIPC that hitherto were not available to the poverty alleviation program. In spite of these public investments associated with the above promises, some sections of society considered

such efforts as an attempt to “buy” votes. From this perspective, politicians are perceived as a group of individuals that profit from rather than advance societal causes. The strength of this perspective has undermined the foundations for democracy in the country, posing a major challenge for the development of participatory democracy.

The implementation of the new local government system at district level in 1999 has in principle provided an important forum for peoples participation in national affairs in recent years. The District Assemblies (as they are known) have been designed to create a democratic environment, promote governance and development, and facilitate citizens’ popular participation in decision-making on matters that affect them. They are made up of representatives of the community, including: elected ward councillors, members of parliament (MPs), chairpersons of all political parties in the district, traditional chiefs, representatives of NGOs, special interest groups including the disabled, women’s groups and members of the business community.

As will be shown subsequently, the District Assemblies became the local entry points for the PRSP process (MPRSP-TC, 2001). District consultations were undertaken through these bodies, and it is hoped that the monitoring of the implementation of the PRSP will also utilize them. Although these District Assemblies illustrate the government’s willingness to promote decentralization, the local government system is still weak and undeveloped due to dependency on central government grants, the lack of administrative capacity and experience, and inadequate grassroots participation in local authority affairs. To date, the new decentralization policy has not been fully implemented.

Another central pillar of democracy, the Legislature, has been criticized for the speed at which it amends important sections of the national constitution. Between 1995 and 2001, there were several amendments to the constitution that effectively served to concentrate power in the hands of the State and reduce the accountability of its officials to the public. The most devastating was the repeal of the Recall Act, which removed the power of the constituents to recall their members of parliament. More recently, in 2001, the reduction of elected officials’ accountability to the public has been reflected in the abolition of the Senate and the introduction of the Non-Governmental Organizations [NGO] bill. An NGO Board has since been constituted despite the existence of a governing council for non-governmental organizations (CONGOMA), which was created and is managed by NGOs themselves. The former provides mechanisms and conditions for the registration and de-registration of NGOs in the country, allowing closer coordination and supervision by government (Fozzard and Simwaka 2002:52). Many within civil society fear that the law will reduce the independence of civil society and at the same time give room to the government to intimidate CSOs. A recent example of such tactics was a ministerial decree that halted a DfID project aimed at promoting rights-based development approaches.

Perhaps most troubling has been the tabling of the “Open Presidential Terms Bill” in Parliament which would remove presidential term limit thereby allowing the incumbent president to seek another term. This has been responsible for the rise in tensions and incidences of intimidation in the country. Members of Parliament who did not support the

bill were expelled from the ruling party and others harassed and beaten up by supporters of the ruling party. When this bill failed to pass Parliament in June 2002, another bill seeking only a Third Term is pending introduction in Parliament. Overall it is observed that while the formal apparatus for governance in a multiparty democracy are in place, the democratization process has been undermined by regionalist politics and nostalgia for dictatorial style of leadership. The ruling party has been preoccupied with its own short-term survival and has often evoked authoritarian tactics against its rivals (Fozzard and Simwaka 2002:4).

2.2 Economic History: Policy Approach and Practice

Malawi's economy is small and highly dependent on agriculture. In the 1990's agriculture generated around 40% of GDP and 90% of exports. Rain-fed maize production accounted for about 25% of GDP and tobacco, 65% of exports (Fozzard and Simwaka, 2002). The economy is also highly vulnerable to periodic external and internal shocks such as droughts, adverse international market conditions including the oil crisis of the 70s (Kalua et al., 1992). These shocks have led to significant reductions in agricultural output and the overall economic prospects for the country.

During the first fourteen years of independence (1964-1978), Malawi registered impressive economic growth averaging about 6.7% per annum. The role of the state in the economy was strong and pervasive. During this time, 80% of the corporate sector was controlled by three firms linked to or directly owned by government or the leadership (Fozzard and Simwaka 2002). The estate sector, which had been created by the British to produce agricultural exports, was strengthened and enjoyed state support through a number of policies and support mechanisms. Smallholder production of high-value cash crops like tobacco and tea was prohibited. Marketing of commodities including pricing was controlled and state subsidies provided to support agricultural inputs. These policies ensured economic growth and expansion of the estate sector but smallholder farmers who constitute about 90% of the population lost out.

In the late 70s the economy experienced external shocks in form of high oil prices, the influx of refugees and disruption of international trade routes due to the war in Mozambique. Kalua et al (1992) reported that the response of government to the economic crisis tightened restrictions on access to credit through increased interest rates and selective lending. Fiscal measures to reduce government deficit were also attempted but the debt situation continued to worsen. As a result between 1981 and 1994, Malawi implemented several SAPs supported by the IMF and the World Bank. These programmes were aimed at addressing structural weaknesses and adjusting the economy to attain sustainable economic growth and reduce budget deficit (NEC, 2002). Structural weaknesses continued and government borrowing continued to spiral out of control. The nominal exchange rate moved from K1.05 = US\$1 in 1982 to K4.40 = US\$1 in 1993 and to K80.50 = US\$1 by February 2002. Lending rates rose from 17% in 1980 to 29.5% in 1993 and 52% in 2001. This suggests that the structural reforms were producing the opposite of their promise. An assessment of poverty in 1993 highlighted institutional

weaknesses and lack of pro-poor policies as part of the reasons for the high levels of poverty in Malawi (UN/GOM, 1993). Despite the above failures, a deeper economic reform program was instituted in 1994 supported by the IFIs, following change of political leadership in Malawi.

A number of measures were taken including liberalization of interest rates and removal of preferential interest rates to the agricultural sector; removal of price controls in both supply and demand markets, removal of quantitative restriction on international trade and rationalization of trade taxes by reducing the tariff bands to four and removal of state subsidies, in particular input subsidies for the agricultural sector as part of the new phase of SAPs (Kalua et al 1992, NEC 2002). The performance of structural adjustment reforms however, remained unsatisfactory and did not result into poverty reduction (NEC 2002)

In the late 90s another set of reforms was instituted through an Enhanced Structural Adjustment Facility (ESAF) program that was initiated to strengthen and deepen some of the reforms. This broadened and accelerated the privatization of public enterprises, introduction of market-based user fees for social utilities, market rates in macro-credit programs and complete withdrawal of input subsidies in the agricultural sector. The program also deepened liberalization of the financial sector resulting in more players in the sector but also closure of bank accounts for the majority of the rural poor following hikes in minimum book balances by commercial banks in 2002. The government embarked on a civil service reform program designed to downsize the civil service workforce. However, macroeconomic and fiscal policies have generally been weak leading to heavy borrowing from bilateral and multilateral donors and recently from the domestic market. By 1999 the external debt stock was estimated at US\$2.6 billion, compared to the GDP of \$2.1 billion. The national debt stock continues to rise largely because of domestic borrowing through Treasury Bills.

The initial impact of the SAPs was mixed, especially in the agricultural sector, where smallholder farmer incomes and market share for cash crops increased. Removal of controls on high-value cash crops like tobacco was a major factor. While growth had risen for cash crops, food production declined over the same period contributing to the current food crisis in Malawi. The area under food crops declined to about 51% (Kachule 2001). The benefits of removing production and marketing barriers on the smallholder farmer population were largely offset by a leap in input prices as compared to producer prices (NEC 2002, Fozzard and Simwaka 2002). The government has been compelled to intervene in the market on several occasions including providing consumption subsidies for maize. Targeted subsidies have also been introduced as a safety net for poor and vulnerable households with the sole aim of improving food security. Government has avoided privatization of some state enterprises like the Agricultural Development and Marketing Corporation (ADMARC) despite commitments to the IMF and World Bank to do so (Fozzard and Simwaka 2002). In terms of contribution to poverty reduction the

MPRSP clearly states that structural adjustment reforms did not translate into poverty reduction for the poor in Malawi.

2.3 History of Malawi's Civil Society Organisations

The political factors analyzed above have had varied impacts on the emergence, strengths and weaknesses of the CSOs in the country.

There is now a growing body of knowledge on the political and developmental potential of Malawian CSOs and the factors that influence the way they conduct their business. A study by Chirwa (2000) suggests that the development of Malawi's institutions of civil society falls into three (3) historical stages:

- **The colonial experience:** During which a vast array of "native" associations, welfare societies, cultural associations, trade and workers unions, producer and consumer cooperatives, and independent religious organizations emerged. These were aimed at pursuing the social, economic, political, cultural and religious betterment of the African people. Though elitist in outlook, they made considerable impact on the colonial legislative, political and economic processes. From the 1940s, through the 1950s, these more or less autonomous organizations and institutions were incorporated into the nationalist movement, and thus shaping the country's political future. Civil society groups of this era were fairly active in advocacy.
- **The post-independence period.** After independence from colonial rule in 1964, the institutions and organizations of civil society were incorporated into the one-party political system. Their autonomy was undermined, though not completely destroyed. The political party played, albeit poorly, all the major functions of the institutions of civil society. Organizations that remained active were those linked to international development assistance. They were engaged in the provision of a variety of developmental, charitable, and social services, with varied degrees of success. The most successful were those attached to religious organizations and relief agencies such as World Vision International and Christian Service Committee. Though carrying out various social and economic development projects advocacy was not part of their agenda.
- **The era of democracy:** Following the political changes in the early 1990s, civil society institutions have flourished. The most prominent institutions of civil society in the 1980s dealt with issues of relief provision, health care and socio-economic development, the 1990s witnessed a rapid growth of human rights and good governance NGOs and CBOs. The political changes, themselves, were a result of the efforts of the institutions of civil society, a combination of unorganized (not unionized) labour and student organizations, the church, political pressure groups, and the media.

Despite the development of the civil society sector, the legacies of the past have had a major bearing on these institutions as their structures are based on weak political and economic foundations. Their relationship with the state is still characterized by fear,

mistrust, suspicion and lack of transparency. As a result, the country's civil society remains relatively weak – in terms of structure, size, content, and operational strategies. There are internal weaknesses that include inadequate ideological bases, dependence on external funding, poor management, low levels of professional expertise, and sheer inexperience on the part of the new organizations (Chirwa, 1998; Chirwa and Ngwira, 2000; Chirwa, 2000; Fozzard and Simwaka, 2002).

2.4. Culture of Suspicion: Suspect Entities and Hidden Agendas

Civil society groups have not translated their political gains of the 90s into an institutionalized dialogue on the establishment of a distributive socio-economic order that would raise and equalize the living standards of the majority of the Malawian people, and especially the economically and socially vulnerable groups. Rather, there has been an over-emphasis on political activism at the expense of processes of dialogue leading to people's active participation in policy making. As a result, the relationship between the state and the civil society was, and still is, characterized by encouragement and discouragement, trust and mistrust, co-operation and conflict, love and hate (Chirwa, 2002; Chirwa and Nyirenda, 2002).

The reasons for this failure to translate civil society political gains of the 90s into an institutionalized dialogue on the establishment of a distributive socio-economic order that would raise and equalize the living standards of the majority of the Malawian people, and especially the economically and socially vulnerable groups are rather unclear and can only be speculated on (Chirwa 2002). First, the aims of the democratization process, themselves, were rather unclear. Aside from the goal of a regime change, there was no clear vision of what society Malawi should become. Second, a considerable number of the people who had provided the leadership in the institutions of civil society during the pre-election period joined the political parties that emerged out of the pressure groups. Those that joined the ruling party also participated, in various capacities, in the state structures. Those that remained outside took sides with the state or with specific interests within and outside the state. This affected both their autonomy and their legitimacy as the avenues for the expression of the interests and desires of the popular forces. Their views on policy issues have therefore been perceived to have political undertones, referred to as “hidden agenda”. Third, the euphoria of political victory reduced the activist spirit in these institutions and their Fourth; most of these institutions have weak financial and human resource bases. They are highly dependent on donor support, which is tied to log frames, and therefore reducing their flexibility to respond to issues as they emerged. Coupled with this is the lack of experience in lobbying and advocacy given that most of these institutions are new and some issues like economic affairs require specialized staff (Chirwa and Nyirenda, 2002; James, 2001; Chirwa and Ngwira, 1998).

PART II: MALAWI: CASE STUDY OF PRSP

3.0 THE PROCESS

3.1 Organizations and Coordination of the Process

The MPRSP correctly observes that in the past, there has been no coherent institutional and management structure for the planning¹ of public expenditure and policy. Rather, there have been a variety of loosely co-ordinated donor-driven reform initiatives that have been half-implemented by a number of central government bodies and line ministries with little overall management or co-ordination. Initiatives such as the Medium Term Expenditure Framework (MTEF), Sector Investment Programs (SIPs) and Sector Wide Approaches (SWAPs) and Vision 2020 have been seen as separate, add-on activities rather than part of a coherent whole (Zimalirana; 2001).

Officials from the Ministry of Finance and Economic Planning and the National Economic Council (NEC) took the lead in organizing other government departments and managing the entire PRSP process. In order to deal with the wide range of development issues a total of 21 thematic working groups (TWG) were constituted covering all the major sectors of the economy. A TWG was also created specifically to deal with macroeconomic and expenditure issues (See Appendix B). The TWGs were responsible for preparing the thematic papers that were then summarized and synthesized into the MPRSP by the Drafting Team (DT). An IMF consultant was made available to coordinate the activities of the DT, which was charged with the technical responsibility of putting together the PRSP document. Except for the IMF no other external body to government was part of this committee until late into the process.

A PRSP Technical Committee (TC), which included senior officials from National Economic Council, Ministry of Finance and Economic Planning and the Reserve Bank were responsible for managing the entire process at the technical level. The TC was housed at NEC and was chaired by NEC. The TC was the main technical decision-making body regarding both the process and content of the MPRSP. It was responsible for organizing meetings, consultations and the preparation of the final document. Interestingly the IMF consultant was part of this committee. IMF was the only non-state agency represented at this level. A PRSP secretariat was put in place at the National Economic Council to support the Technical Committee operations. This secretariat however had no permanent staff and depended on regular government employees for support. The secretariat was responsible for organizing, coordinating and managing the day-to-day operations of the various committees that were put in place for the process. It should be observed that no members of civil society were allowed beyond the Drafting Team. Civil society was not part of the PRSP Technical Committee.

The National Steering Committee of Principal Secretaries, to which selected line ministries were party, provided policy level advice and management of the process. Members were Ministry of Finance and Economic Planning, Ministry of Agriculture and

Irrigation, Ministry of Health and Population, Ministry of Education, Science and Technology, Ministry of Transport and Public Works, National Economic Council and the central bank. The committee was “guided by the Secretary to the Treasury with day to day leadership provided by the National MPRSP Coordinator” (NEC, 2002:v). The Coordinator was the principal secretary in the Ministry of Finance and Economic Planning responsible for Economic Affairs.

Above all there was a Ministerial Committee, which provided political and policy direction. Membership was similar to that of the National Steering Committee cited above. It is apparent from the organizational outlay for the formulation of the MPRSP that some government ministries and agencies were not part of the main decision making bodies. The Ministry of Gender, Youth and Community Services, which is the official liaison ministry with civil society, was the most outstanding omission. The Minister responsible for Poverty Alleviation in the Office of the President was also not part of the official structures. Such omissions speak for themselves regarding the structure of participation and role of various line ministries in the process. The official process was therefore heavily dominated by economic and financial sections of government. However, this is not unique to the MPRSP, other initiatives in the past such as the Vision 2020 and the Poverty Alleviation Programme were also led by the Ministry of Finance and Economic Planning.

The PRSP in Malawi was largely formulated through the committee system. The TWGs were composed of individuals who had specific expertise in that field of concern to the TWG they belonged. Leadership of the TWGs was initially conceived to be provided by line ministries. However, this did not occur in all TWGs. In addition to the TWGs, a limited number of national conferences and workshops were organized to obtain input from a wide array of stakeholders and build consensus. While an attempt was made to include various stakeholders, in terms of consensus-building the PRSP process merely facilitated the public approval of preconceived items (Chirwa and Nyirenda 2002). This was particularly clear in district level workshops, which were a major mechanism for nationalizing participation in the PRSP, and provided the most direct link to the common person. In some districts officials arrived and spent less than two hours with a group of individuals. No attempt was made to provide literature before hand to participants in the district workshops. It also appears that no common format for consultations was followed. In some cases participants were split into gender-disaggregated groups, elected officials and non-elected, and other versions were also applied.

Though in principle government officials acknowledged that civil society had a role to play, although the initial list of thematic group members did not include any civil society representatives. This omission was a bone of contention with Malawi Economic Justice Network. The group declared that the PRSP process as designed and conceived by government thus far was not open and inclusive of civil society (MEJN, 2001c; Jenkins and Tsoka, 2001). At the same time, Malawian civil society took the decision to participate in the official process. In Zambia for instance, a parallel process was

organized by civil society resulting in an alternative set of reports. Perhaps government's awareness that civil society could embark on an alternative process if its participation was frustrated encouraged a change. Civil society members were eventually added to the committees. In some cases however, they were never made to feel part of the process (Chirwa and James 2002). This was compounded by lack of supervision from the PRSP secretariat, which had very limited capacity. The IMF consultant and some senior government officials involved admitted that the coordination could have been better than what did take place during the process (Chirwa and Nyirenda, 2002).

The approach adopted of creating thematic groups provided a good mechanism for the government to tap on professional expertise from outside the government. The criteria for entry into a particular group were essentially professional expertise that a particular individual had either through training or work experience. For example, only health and health related professionals formed the Health Thematic Working Group.

Issues of capacity however have also emerged regarding leadership of some TWGs. Some groups failed to complete their work on time and in some instance a group never met (Jenkins and Tsoka 2001). Participation of civil society groups was affected by the type and quality of leadership especially within the TWGs (Chirwa and James 2002). Some leaders made particular effort to ensure that everyone participated while in others a systematic effort was made to exclude civil society representatives.

3.2 Levels and Types of Participation by Stakeholders

In Malawi, exactly who participated at what stage of the process depended on number of factors, in particular the government's readiness to invite a particular stakeholder to take part. Participation in thematic groups (in fact in all PRSP activities) was by invitation either by government officials or the committees once they were convened. Opportunities and pathways for participation at the various stages and exactly what happened are outlined below.

3.3 Initial Phase – IPRSP Formulation

Towards the end of the year 2000 the PRSP process began with the preparation of an interim PRSP (I-PRSP) that was submitted to, and approved by, the IMF. The National Economic Council (NEC) and MOFEP, with support from the IMF, drafted the initial document titled, *A Road Map to Growth and Poverty Reduction*. Reviews of this stage of the process have been as "extremely non-consultative", with almost complete exclusion of civil society, and some bilateral donors. Donors complained about excessive World Bank intervention. Internally, there were also wrangles between NEC and the MoFEP (Chirwa and James, 2002). The newly created Ministry of Poverty Alleviation in the Office of the President and Cabinet at that time was also concerned that a main poverty reduction activity like the PRSP formulation was not housed in the ministry. It has already been pointed out that this ministry was not part of the official decision making bodies despite its timely creation, which coincided with the initial phases of the PRSP process.

An IMF officer was brought in as a consultant to help with the process. He was responsible for organizing virtually all the initial PRSP activities and later, editing the document. This choice of an IMF consultant to lead the process was heavily criticized by civil society. Civil society groups also indicated that the government was less willing to provide them with information on the I-PRSP, thereby shrouding the process with secrecy (Chirwa and James, 2002; MEJN, 2000). Speaking at the first civil society workshop convened to map out civil society participation in the PRSP in November 2000, MOFEP officials argued that there was no need for more consultations after the Vision 2020 and some sectoral (e.g. in education) consultations with the public. These consultations had just been completed and therefore it was time to concentrate on moving forward rather than starting another consultative process. It was further argued that the Vision 2020 report would be the primary source document for the PRSP.

3.4 Final Phase – PRSP Formulation

The official launch of the PRSP process was in January 2001. Only four civil society groups were invited to attend (Chirwa and James 2002). Following the official launch a number of opportunities opened up for civil society groups and other stakeholders. The PRSP consultation and drafting process was scheduled to take little more than two months. These are described below.

3.5 Thematic Working Groups

The PRSP formulation exercise was organized into thematic working groups (TWGs). Here a combination of government, civil society and donor community members participated in the formulation of sectoral papers. A chairperson—the lead person and convener—headed each team. Meetings were organized through the PRSP Secretariat housed at the NEC. A total of 21 thematic groups were constituted (see Appendix B). The initial list of group members had no civil society representatives. After pressure from MEJN the thematic groups were expanded to cater for civil society representatives. However, the offer was not an open one. Several civil society nominees who were suggested for the various thematic groups were left out. A kind of “edited participation”. Those civil society members who were involved, turned out to be quite critical to some thematic groups (Chirwa and James 2002)

All government ministries were represented in thematic groups that dealt with issues of direct concern to them. In fact thematic groups were encouraged to link up with others who had stake in the issues they were dealing with. Donor participation was rather restricted not in terms of coverage but representation. Each donor was allowed only two places in total meaning a total of 2 out of 21. Donors with interest in more than two thematic groups had to choose where to go and leave other donors to participate in the other groups. This was not entirely satisfactory to some donors. DANIDA for instance wanted to be present in all thematic groups in sectors where they had an active interest (Chirwa and Nyirenda 2002). In spite of the negative implications of this limitation, this provided for more space for indigenous citizens to participate and debate on the substantive issue of national importance. It also had the effect of minimizing donor driven agendas in the PRSP.

3.6 Drafting Team

Participation in the Drafting Team, which operated under the supervision of the PRSP Technical Committee, was initially limited to government officers only and the IMF consultant. The role of this body was to collate all the sectoral strategy papers from the TWGs and synthesize them into the poverty reduction strategy document. In terms of importance, this committee was strategic to the formulation of the PRSP. It decided what went into the document prior to it being reviewed by the PRSP Technical Committee, the National Steering Committee and Ministerial Committee.

Again, pressure from civil society resulted into the Drafting Team being opened up to include some civil society members. A total of five were initially invited to join but only four were able to see the process through. However, those selected were screened. The government invited some persons who were not proposed by civil society groups including the University of Malawi, Konrad Adenauer Foundation and Malawi Export Promotion Council (Jenkins and Tsoka (2001), Chirwa and Nyirenda (2002) and Chirwa and James 2002). Konrad Adenauer Foundation is a donor agency and therefore civil society groups found problems accepting that it was part of them (MEJN, 2001b). The other two are parastatals, which by statute are government agencies. Therefore only two were from civil society proper and one of which (CONGOMA) was invited by government and not proposed by civil society itself.

Despite the initial conduct of the government, it is generally agreed in Malawi that civil society at least was allowed a chance to be part of the decision-making process in the technical Drafting Team. A member of civil society who participated pointed out that a sense of partnership was engendered with government and that government officials worked as equals with the civil society representatives. Therefore, the role played by civil society was more than one of a watchdog. It also included generation of new ideas and policy options, including the macroeconomic framework. However, others view the process as one in which civil society had to force the state at every twist and turn to be invited to participate. It was also pointed out that civil society was unable to field people in all the thematic working groups when government opened up the process (James and Chirwa 2002). What is more, linkages between those that participated in the Drafting Team and the broader civil society were poor and no real effort was made to backup these individuals. The four that represented civil society virtually had no mechanism for reporting back or engaging in dialogue with the broader civil society.

Prior to civil society participation in the DT the macroeconomic framework in the PRSP was a somewhat protected section that government officials did not want discussed by civil society groups. It was the missing chapter when civil society gathered to review the first draft in September 2001. At the level of the drafting team it appears that civil society and government formed a partnership where expertise and skills of each individual regardless of background applied. This is a positive step in the direction of building trust and partnership between civil society and government officials.

The relevance and impact of civil society in the actual drafting team is difficult to measure. Looking into the operations of the committee and the capacity of civil society members in the committee could help to provide some speculative answers. These were Mr. Bamusi from MEJN an almost fresh graduate of Public Administration (BA) and the other was Ted Nandolo from CONGOMA, who dropped out of the process by the time the first draft came out. The government had put in people with a minimum of MSc in Economics or Public Finance and adequate working experience and so did the Reserve Bank. One can only speculate what civil society could do in such a scenario. These qualifications count a lot when you are dealing with issues like macroeconomic analyses, models and policy analysis. On the other hand the other civil society people were from parastatals Maxton Tsoka and Nebert Nyirenda both had a minimum of a masters degrees in Economics and over five years experience in crucial government departments dealing with economic policy and investment issues. Tsoka worked at NEC as a government economist before going to the Centre for Social Research at the University of Malawi as a Researcher. Bamusi reported that Tsoka was quite useful to the DT especially when dealing with macroeconomic models and costs. Nebert Nyirenda worked with NEC as a government employee before moving to the Malawi Investment Promotion Council. According to Mwale, another member of the DT these two were very much abreast of issues. Civil society proper as represented by Bamusi and contentiously Lembani (did not see the process through) were rather outsiders to these issues and contributed very little. Reading into some of the decision of the TC, concerning the members who were in the DT on behalf of civil society, the views of Mwale appear to be more relevant than the Bamusi report may have asserted. In December, 2001 MEJN organized a workshop to review the Networks activities including participation in the PRSP and requested for the participation of Tsoka and Bamusi. At the same time the DT was meeting to work out the final details of the costs for the PRSP. Given a choice of whom to release the TC preferred to let Bamusi and kept Tsoka. This reflects the importance that was attached to the contribution of these individuals by the TC.

3.7 Senior Government Official's Forums

The PRSP Technical Committee was the body charged with the responsibility of running the PRSP process on behalf of government. It has been pointed out before that this was a closed committee to the public and civil society groups. Participation at this level was only for senior government officials from the civil service and selected governmental agencies like the central bank. Above the TC was the National Steering Committee, a committee of Principal Secretaries, which provided an inter-ministerial forum where civil service heads of each ministry engaged with the PRSP. This committee chaired by the Secretary of Finance and Economic Planning formed and reviewed the work of the technical drafting team and prepared the document for Cabinet, the political leadership. Though civil society have decried the absence of direct input into these two decision making levels, unlike the TC the inter-ministerial committee was by nature out of bounds for civil society and donor agencies. It should be observed that those who had the privilege to be in these two forums were also free to participate in the other levels. For example, principal secretaries attended some of the public consultation workshops.

3.8 Public Consultations: Meetings and Workshops

The major avenue open for participation by different civil society groups in Malawi's PRSP process was through public workshops, conferences and seminars. The TC organized three types of consultative workshops. The first were the district consultations that covered the entire country targeting district assemblies to flush out poverty reduction strategies from the nation. Second, national level workshops aimed at facilitating public input into the PRSP. A third group of consultative workshops and meetings were held targeting the donor community. These sought to sell the strategies to strategic stakeholders to get their reactions and/or input.

District consultations were largely one-day meetings involving a broad range of stakeholders with an emphasis on the ordinary citizen. These consultations sought to identify key issues and priorities for poverty reduction. The Technical Committee, in collaboration with the National Steering Committee planned these, and TC representatives largely comprised teams of four people went out to all the districts in the country. Only one representative of civil society was included in the district consultation teams. Some members of local CSOs were involved in the consultations in their respective districts (Chirwa and Nyirenda 2002). The participants in these meetings varied from place to place. In some places the full district assembly was invited while in others a selected few were invited. A full district assembly included elected councillors, members of parliament and special interest groups.

Studies by Jenkins and Tsoka (2001) and Chirwa and Nyirenda (2002) observe some important issues with regard to the district workshops. The workshops were dominated by elected local officials (district councillors and some MPs), government employees (the police and line ministry heads, and in some cases members of the National Intelligence Bureau), Traditional Authorities (chiefs), and what the TC generically labelled as "other influential people within the districts" (see MPRSP-TC, 2001 for a detailed list of facilitators and participants). These were generally retired senior government officers and business leaders. It was also clear in both studies that women and the poor were underrepresented. Since the district Chief Executives were responsible for determining the list of invitees, there was no proper adherence to the issues of representativeness. Stronger guidance from the TC, which funded and facilitated the consultations, could have resulted in a more representative cross-section of participants. Civil society representation was minimal, consisting in most cases between two or three NGOs. Other sections of civil society such as supporters clubs were not included.

In a 2002 Christian Aid study, data from field interviews gave strong indication that this was not accidental but by design. As a result the local communities were not aware of the PRSP and were not sure if their problems were indeed going to be catered for. This has serious ramifications for the implementation and the whole concept of national ownership of the PRSP. The interviews also revealed that people are less willing to accept and implement programs that they were not consulted about. Most people were angry that such an important exercise had taken place without their participation or their knowing

about its existence. There was a common feeling that local people are used as bridges by some officials to get access to resources that in turn are mismanaged. The PRSP may be one such exercise (Chirwa and Nyirenda 2002).

The national level consultative meetings were one day meetings largely designed to market the draft strategy and to solicit final input from donors, international financing institutions, parliamentarians and the business community. The latter was represented by the Malawi Confederation of Chambers of Commerce and Industry (MCCCI).

3.9 Written Submissions

In the final stages of the drafting process written submissions became increasingly important. This was used by both civil society groups and donor agencies including the IMF despite the fact that the latter two had representatives on the Drafting Team and TC respectively. For example, DFID wrote a brief and concise memo to the TC appraising them of British concerns in the PRSP. The IMF at headquarters made a similar but more detailed appraisal of the initial drafts. Such detailed comments were also made by the MEJN (2001; 2002) and were perhaps more meaningful to the DT than the rushed workshops organized to solicit stakeholder comments on the draft document. For instance, the last MEJN submission contained a detailed review of the macroeconomic framework, costing and monitoring and evaluation sections of the poverty reduction strategy. These submissions were influential. After the MEJN 2002 submission the resource envelope allocated to Statehood expenses was drastically reduced. Road and infrastructure costings were added and included in the final PRSP document. Civil society and the donor community including the IMF and World Bank shared common ground regarding costing and prioritization in the MPRSP. The question of prioritization raised by the British, civil society and the IMF was partially addressed with a clear timeframe in the PRSP and the overall resource envelope was reduced. It should be borne in mind that similarity of concerns amongst stakeholder and on-going internal discussions within the TD and the TC were some of the factors that led to some changes in the final strategy paper (see Fozzard and Simwaka, 2002).

3.1.1 Civil Society Mobilization and Coordination

Though civil society participated in the official process, the manner in which this was done is unique to the PRSP in Malawi. A group of civil society representatives joined the relevant committees i.e. thematic working groups and Drafting Team. The option to disown and abandon the official process was always left open. It was seriously considered in December 2001 when civil society under MEJN reviewed their impact and performance in the PRSP process and felt that they had been “passengers” in the process (MEJN 2001b).

The Malawi Economic Justice Network was instrumental in mobilizing civil society to engage directly with the process without being party to any committee (Fozzard and Simwaka, 2002). Towards this end MEJN, organized several workshops for civil society to review the PRSP process. A number of critical inputs resulted from these meetings. One such meeting supported by Action Aid produced a comprehensive review of the macroeconomic framework in the PRSP for the first time in the history of civil society in Malawi (see MEJN 2002). The review was submitted to the MPRSP-TC for consideration.

The dialogue within civil society itself was however weak. For example there was no follow up on the members who were sent to the various committees. As noted earlier, members of the DT who were there on behalf of civil society did not have a formal mechanism for reporting back to the larger group (MEJN, 2001b). The direct submissions from civil society when they had representatives in the committees created a few problems regarding the mandate of those in the official committees. Some government officials felt that civil society was not engaging in a fair process by making submissions when they had representatives on the drafting committee.

3.1.2 Constraints to Quality Civil Society Participation

The quality of civil society participation in Malawi was affected by a number of factors. Some of these factors have been alluded to in the paper. The three main studiesⁱⁱ (Jenkins and Tsoka, 2001; Chirwa and Nyirenda, 2002; Chirwa and James, 2002) that have reviewed the PRSP process in Malawi are represented in the following list, based on the latter:

1. **Different understandings and expectations.** Many civil society individuals did not understand the PRSP's relationship to HIPC debt relief, its role in present and future IFI conditionality and its links to reforms in public expenditure management. Some thought the PRSP was only meant for prioritization.
2. **Lack of CSO capacity.** CSOs did not have sufficient specific information and mandate from their constituencies to represent them. No evidence of participatory research work to inform the PRSP process by any civil society group. There was also lack of technical expertise especially in non-welfare issues resulting in failure to field people in some TWGs. There were no resources put aside by government to facilitate civil society participation as was in Uganda.
3. **Organization of the consultations processes.** Organizational failures in implementing innovative participatory approaches undermined civil society participation both in the TWGs and district consultations. In some of the TWGs leadership problems existed. Lack of consistency in the implementation of district consultation methodology as affected the process.
4. **Facilitation of the process.** Civil society complained of government dominance in the TWGs. In some TWGs donors took the facilitation role

leading to a more organized process. Resolution of conflicting views between government and civil society members was a problem.

5. **Timing and time-scale.** The PRSP process was a hurried process. The time pressures meant that CSOs had no chance and time to consult their constituencies even if they wanted to. Moreover, CSOs lacked the ability to initiate and the drive to engage in dialogue within civil society.
6. **Inadequate information.** Limited and inadequate information was provided to participants in the various stages. Important documents were only circulated on the day of meeting. This left no room for proper reading and critiquing or consultation.
7. **Political boundaries on participation.** Clear limits existed on what civil society could comment on and participate in. Civil society was excluded from the main decision-making committees, the TC and the National Steering Committee. The macroeconomic framework was not made available to civil society organizations until a few weeks before the scheduled official launch.

3.1.3 Partnership Dynamics and Relationships

At the onset of the PRSP process in January 2001, government and the IMF were the only partners involved in the process. In November 2001 the Catholic Commission for Justice and Peace, organized a civil society national workshop largely attended by religious and faith-based groups where civil society decided that they were going to join the PRSP process and fight from within. This gave birth to the Malawi Economic Justice Network (MEJN), marking a new dimension in civil society, government and donor relations. MEJN became quite influential with the donor community (Fozzard and Simwaka 2002:51). International aid agencies like Oxfam were quick to come to the side of CSOs, particularly where they were organized to address PRSP issues. Oxfam provided the initial funding for the workshop and a consultant to assist with the civil society advocacy. CSOs put aside their regular and characteristic squabbles to challenge the manner in which the PRSP process was being conducted (James, 2001; Fozzard and Simwaka, 2002:51; Chirwa and Nyirenda, 2002).

The sudden emergence of a civil society voice created mixed responses in government. Eventually civil society was allowed into the process. The donor community was influential in generating the leeway that civil society had on government in terms of advocacy. In a bid to extend the time allocated for the formulation process, CSOs mobilized donor support for their cause (Chirwa and James, 2002; Fozzard and Simwaka, 2002:50f). The IFIs agreed that more time was required to ensure civic society lobbied government towards this end. Meanwhile relations between government and civil society improve and CSOs were increasingly considered part of the official process. Hitches, however, still existed in the government-civil society relations reflecting the culture of suspicion and lack of trust referred to elsewhere in this report. In September 2001 civil society sought to review the draft PRSP document, but were refused. An attempt to get the thematic papers produced by the TWGs for independent commenting was flatly refused by government officials (Fozzard and Simwaka, 2002:51). MEJN believed that

the IMF consultant played a major role in refusing civil society access to the thematic papers. Interestingly representatives of the TC were invited to the national workshop organized by MEJN when the document was finally provided. Some donors including World Bank and DFID were instrumental in amplifying the need for civil society to comment on the draft document. Other international aid agencies like Action Aid joined the process to support CSO efforts to participate in the very final phases of the PRSP. CSOs always made their comments and views on the process known to the TC and provided submissions to them. Minutes and reports of government-organized meetings were not widely circulated, or even kept at the district level (Chirwa and Nyirenda 2002). Lack of feedback to district level government offices and district assemblies was a major complaint raised against the process.

4.0. POLICY OUTCOMES

The PRSP process in Malawi has resulted in several major outputs in addition to the poverty reduction strategy document. The impact of broad participation has set in place a vital synergy in civil society groups that continue to take an active interest in the PRSP. Some of the unique by-products of the PRSP are discussed below before tackling the main elements of the poverty reduction strategy.

4.1 Poverty Reduction: Policies and Strategies

The main output of the whole process is the MPRSP, which was official launched on 24th April 2002 by the Head of State. The MPRSP contains four major areas referred to as pillars that outline the details of specific poverty reduction strategies. The MPRSP is a detailed collection of policies and strategy instruments for poverty reduction. However, the main areas of intervention have been grouped into four pillars. There is a fifth area, the macroeconomic framework, which by design is hidden from view since it is not presented as a major area of intervention. It is treated here as a main area of intervention.

A detailed diagnostic of poverty in Malawi is provided—where it occurs, and the corresponding public expenditure framework and monitoring and evaluation framework. The intervention areas are placed within a macroeconomic framework that spells out the macroeconomic environment that has to prevail in order for the country to achieve economic growth. A summary of the major themes and strategies is provided below:

Sustainable Pro-poor Growth

Pro-poor growth is growth that involves and benefits the poor. Areas of intervention have therefore been identified in agriculture, natural resources, micro, small and medium enterprises, manufacturing and agro-processing, small-scale mining and tourism. The PRSP recognizes that there are several constraints impacting negatively on achieving progress in the above-mentioned areas of intervention. Specific measures are outlined to create a conducive environment through the improvements in macro-economic stability, credit and micro-finance, infrastructure, trade and taxation. The pillar contains a mixture

of radical SAP measures such as liberalization of state owned enterprises (e.g. postal services, telecommunications) to social development strategies that require state intervention in the market. The major theme here is to improve agricultural productivity, the primary theme in all Malawi's development policies and moving the economy away from heavy reliance on tobacco. Most strategies therefore are geared towards economic diversification and creation of the necessary infrastructure for such diversification to take place.

Human Capital Development

Education and health have been identified as building blocks of human capital development. An educated population understands and appreciates better the need and means of achieving higher incomes, reducing infant mortality, reducing population and improving nutrition. Vocational and technical education is accorded more attention given the limited space in university education and an increasing population of school leavers. In health, the essential health care package will work towards improving the delivery of essential medicines and services to the poor. In addition, effort will be made for people to diversify diets and improve on nutrition instead of relying on one staple food, maize. It has been observed that university education has received little attention in the MPRSP despite its strategic importance to development in a global economy (MEJN, 2002). A review of Malawi's public expenditures by World Bank (2001) recommended that the state should move out of university education due to budgetary pressures. It is worth noting that civil society recommended otherwise.

Improving the Lives of the Vulnerable

There are some poor people who are in a position to graduate out of poverty given the right incentives and support while others will always miss out from all the developments taking place in the economy. All these vulnerable people will be covered under the safety nets programme, which will have both the elements of productivity enhancement for the transient poor and welfare support for the chronically poor. There will be targeted inputs for productivity enhancement and welfare transfers for the chronically poor. Other interventions such as public works and targeted nutrition programmes will also be implemented to support the other qualifying beneficiaries under safety nets. In general the National Safety Nets Programme has been adopted by the MPRSP. Direct welfare transfers in the form of cash or cash proxies will be provided to poor and vulnerable groups. Inclusion of safety nets, which are a form of subsidies, reflects a shift in thinking in the IFIs in the face of increased evidence that market forces do not provide answers to all the problems facing developing countries.

Governance and Political Will

It has been recognized that poverty reduction requires good governance. Three issues have been identified as crucial in governance for poverty reduction: political will and mindset, security and justice, and responsive and effective public institutions. Political

will require that politicians depoliticise development. In terms of mindset, government, the populace as well as donors should change the way they think. Motivation to work should no longer be based on “business as usual” and “greed”. For security and justice to work, the poor must be protected from arbitrary state power, crime, violence and injustice. Recognition of the link between governance and economic development is an emerging theme in Malawi’s democratization. Recent reviews of public expenditure management have clearly linked poor management to political leadership. It is also interesting to note that issues that are being addressed by governance include security of life and property and access to justice which are themselves not identified as causes of poverty directly in the poverty diagnosis. At the same time IMF has started taking governance and accountability issues more seriously in Malawi. This is evidenced by the suspension of the Poverty Reduction and Growth Facility financing to Malawi.

Macroeconomic Framework

The macroeconomic framework is primarily concerned with establishing macroeconomic stability. This is expected to be achieved through reduction in government deficit, and further opening up of the economy through deregulation and liberalization. The MPRSP sets a target of 3, 4.5 and 5.2% annual GDP growth for the years 2002, 2003 and 2004 respectively in order to achieve economic development. Critics have observed that this is quite ambitious considering that the economy has not grown by more than 2% in the past couple of years. This is not even adequate just to maintain poverty at its current levels in Malawi. A growth rate of about 5.3% is required to maintain current poverty levels. However, “changes in the distribution of growth would have far greater impact on poverty reduction” (NEC, 2002:95). In the past growth has been heavily skewed towards the wealthy, therefore strategies in Pillar 1 related to sustainable pro-poor growth above are supposed to change the skew towards the poor. Whether this will happen will largely depend on the actual implementation of the outlined strategies, which appear good in themselves although some skepticism has been registered by some section of society

Macroeconomic strategies are scattered in various parts of the document. The governance pillar contains a number of them relating to public expenditure management and accountability. Some of the strategies in the MPRSP are strategies to increase tax yields through broadening of the tax base, and review of surtax. New taxes like VAT have been discussed in Malawi and are yet to be introduced while a 20% surtax was introduced in November 2002. Debt relief resources have also been used to repay domestic public debt. The PRSP will also tackle fiscal and monetary imbalances by implementing tight monetary and fiscal policies.

4.2 Cross-Cutting Issues

Various measures will be put in place to turn around adverse situations on various cross cutting issues, such as gender, HIV/AIDS, science and technology. Measures to address these issues include:

- introduction of female condoms in order to reduce and prevent the incidence of HIV/AIDS;
- efforts to increase awareness campaigns targeting the youth who make up about 60 percent of the country's population;
- enhancement of women's participation in economic opportunities, leadership and decision making and eradicate gender based violence;
- introduction of a supportive technology development and transfer mechanism for poor so that they could reduce their dependence on fuel wood energy.

An Essential Health Package was developed during the PRSP process and was directly an output of the thematic working group on health. The package includes a list of basic drugs that are considered essential for the provision of minimum health care anywhere in Malawi. Such a package never existed prior to the PRSP process (Ellis et al 2002). Part of the EHP is the Essential Drugs List and training of health services personnel. While some of the items in the EHP are part of the PPEs, the EHP has become a useful concept for health planners and policy makers. A position of coordinator has been created in the Ministry of Health and Population to implement the EHP. Civil society groups have also ensured that the EHP is made use of in their initial budget monitoring exercises (Malawi Health Equity Network, 2002).

The MPRSP also contain a poverty profile that shows the extent and distribution of poverty in Malawi. Unlike PAP the MPRSP has a working definition of the poor in Malawi. Statistics based on the Integrated Household Survey (IHS) 1998 show that 65.3 percent of the population, (about 6.3 million people) is poor, based on the food and non-food consumption of basic needs. In addition, about 28.7 percent of the population lives in dire poverty. There are gross inequalities in income illustrated by the fact that the richest 20 percent of the population consume 46.3 percent of total consumption of goods and services while the poorest 20 percent consume only 6.3 percent of total consumption. The national Gini-coefficient is 0.40 while the Gini-coefficient for the rural and the urban are 0.37 and 0.52 respectively. It also draws heavily from the MDHS 2000 and national census of 1998. The poverty analysis identifies the key causes of poverty as access to land, low education, poor health, limited off-farm employment and lack of access to credit. Critics have observed however that this diagnosis is not deep enough unless it starts asking questions like what causes landlessness. It has been argued that landlessness is only a symptom of deeper problems such as unequal power relations (Discussion with Wiseman Chirwa 2002).

4.3 The Reform Agenda: Structural Adjustment and PRSP

Ellis et al (2002) have argued that the PRSP contains nothing really new in comparison to past policies and strategies. Other commentators have further observed that the reform agenda in the PRSPs is not that different from the one that was being pursued through SAPs. Below is a summarized comparison of mainstream structural adjustment approaches compared to strategies in the Malawi PRSP.

Table 1: Summary of key reforms in the PRSP associated with the IMF/World Bank SAPs

IMF SAP prescription	Identical PRSP measures
Monetary austerity-reducing money supply in national economies	A stringent monetary policy in order to contain inflation is proposed.
Fiscal austerity – Reduce government spending while increasing tax collection.	Fiscal austerity exists as strategy. It focuses on reducing deficit, increasing tax yields by broadening the tax base and lowering corporate taxes.
Privatization – Sell-off public enterprises to the private sector.	Sale of state owned enterprises like ADMARC and Telecommunications. Introduction of service charges in university education.
Financial liberalization – Removal of restrictions on the inflow and outflow of capital, foreign businesses and banks.	Deregulation of the financial sector, liberalization and putting in place of mechanisms to ease inter-bank money transfers are included.

During the same time the World Bank promoted a very similar set of policies in developing countries with the effect of deepening some of the IMF measures under SAPs. Shah (2002) reports that World Bank country assistance strategies have largely included privation of state-owned enterprises, capital market liberalization, market-based pricing and free trade governed by the World Trade Organization’s rules. Commodification of non-market goods has been promoted as seen in the promotion of land markets. A new land policy which is market oriented has been supported in Malawi with the view towards reforming land laws and developing land markets that hitherto did not really exist (Fozzard and Simwaka, 2002; NEC, 2002).

There are also clear departures from structural adjustment policies and approaches in the MPRSP. These include investment in social services like education, health and also agricultural extension. Major strategy departures include safety nets as part of development strategy and strong linkage between political governance and public expenditure management. The MPRSP recognizes the role of the institutional context in which development initiatives takes place. Reforms are therefore not just limited to economic policy but also political management and judicial issues. This suggests recognition that poverty is as much an economic problem as political problem. Judicial and political reforms were not central to SAPs.

In essence, the MPRSP is a mixture of hardcore structural adjustment approaches and pro-poor growth and social development strategies. In principle the value of social development through investments in the health, education and community services are recognized. State subsidies are also considered acceptable to a certain extent as reflected in the inclusion of targeted input programs to provide limited production support to farmers under the safety nets program. A strong belief in foreign direct investment as means for attaining economic growth and industrialization remains in the MPRSP.

4.4 The Budget and Priority Poverty Expenditures

During the 2001/2002-budget process, the Minister of Finance and Economic Planning officially adopted a list of 12 items that were coded as Priority Poverty Expenditures (PPEs) as an interim measure that would be used to allocate interim debt relief resources that were provided prior to the completion of the PRSP process. The creation of the PPEs appears to have stayed in the national budget as these items have also received preferential treatment in the 2002/03 budget (GOM, 2002a; 2002b). The PPEs came directly out of the district consultations by the PRSP Technical Committee. Civil society organizations are using the PPEs in expenditure monitoring and tracking. However, the PPEs are not in the final PRSP document as such.

The major achievement of the PRSP has been the concretization of national policy and strategy orientation towards poverty reduction across sectors and into the domain of public expenditure. As discussed above, the 2002/03 national budget bears witness to this fact. The budget framework itself has been developed with the PRSP agenda in mind and allocates about 71% to poverty reducing activities (GOM, 2002a; 2002b). The linkage with other national planning processes appears to have been ad hoc though it was intended to take place. No real effort was made to ensure that it took place systematically.

4.5 Linkage with other National Processes

Advocates of the PRSP from the IMF and World Bank argue that the initiative promises a new reorientation of public policy to better serve poor nations. The PRSP has been promoted as a new and novel approach. In Malawi, a number of clearly and openly stated poverty reduction initiatives were already in place. Some government officials found problems formulating the PRSP in the face of these initiatives. To them it was mere duplication of efforts and failure to recognize the distance that the country had travelled towards prioritizing poverty reduction in public policy. Immediately after the new government was sworn in May 1994, poverty alleviation became a stated priority public policy objective (Fozzard and Simwaka 2002). A poverty alleviation programme and the national poverty planning policy planning framework were put in place. Government moved to obtain a social fund (MASAF) credit facility from the World Bank to finance community development projects such as schools, boreholes, rural access roads, health clinics and related projects. The President also launched a poverty alleviation fund, though its activities have not really moved away from supporting political functionaries.

The PRSP asserts that it has its roots in the country's overall vision as defined in Vision 2020. "In effect, the MPRS translates the aspirations captured in Vision 2020 into more practically defined and prioritized strategies" (NEC, 2002). These strategies are then further clarified in more detailed sector-specific plans either in the form of Sector Investment Programmes (SIPs) or Sector Wide Approaches (SWAPs) or cross-sectoral programmes or projects, such as the National Safety Nets Strategy and the Environmental Support Programme (ESP).

At the same time, none of the thematic working groups were provided with a copy of the Vision 2020 document as a source document (Jenkins and Tsoka 2001, Chirwa and Nyirenda 2002). As the PRSP process was rolling into action there were also a number of SIPs that were underway. In some cases the PRSP helped sluggish processes to receive new impetus while in other areas, like agriculture, the PRSP was dragging the process initiated by the Malawi Agricultural Sector Investment Programme backwards (Jenkins and Tsoka 2001). In their assessment of the novelty of the poverty reduction strategy Ellis et al (2002) conclude that the PRSP has not contributed new insights since most of the strategies could easily be identified within past national interventions and initiatives. As highlighted above, there was already an active political disposition to make poverty reduction a key public policy objective in Malawi.

It is however generally agreed in Malawi that the major contribution of the PRSP to national policy orientation has been concretization of poverty reduction across sectors and into the domain of public expenditure. As discussed above, the 2002/03 national budget bears witness to this fact. The budget framework itself has been developed with the PRSP agenda in mind and allocates about 71% to poverty reducing activities (GOM, 2002a; 2002b). The linkage with other national planning processes appears to have been ad hoc though it was intended to take place. No real effort was made to ensure that it took place systematically.

4.6. Linkages with Regional and International Processes

While there is direct reference to national processes and plans, the MPRSP makes no direct reference to other international standards and processes such as the millennium development goals (MDGs) and NEPAD. However, there is clear overlap in the aims and visions of MPRSP and the MDG. In fact there is evidence that these international development goals were reviewed by the drafting team. Amongst the list of references in the MPRSP is a government document that was prepared specifically to report on Malawi's progress in attaining the MDGs. Considerable semblance exists between the MPRSP and the MDGs. A rare occurrence in the MPRSP is the direct reference and comparison of health indicators with Kenya, Mozambique, South Africa and other countries based on the UNDP Human Development Report, 2001.

Common ground is also found in relation to NEPAD. Governance is a centerpiece of NEPAD in its bid to attract investment. The PRSP has a set of strategies dedicated to governance and political will. There is common recognition in the two documents that economic development will not take place in the absence of good governance and that political processes will ultimately determine the fate of the African continent and each individual country. Part of the reason for the absence of direct reference to the international development goals may be the fact the PRSP is linked to the Bretton Woods institutions while the MDGs are linked to the United Nations. Location of the PRSP process in the Ministry of Finance served to ensure that an IMF/WB agenda was maintained. NEPAD had not caught the public imagination at the time the PRSP process was finalized in Malawi; it therefore did not enter the debate in time to capture the

attention of PRSP stakeholders and the TC. Box 1 below further shows some of the linkages that will be pursued directly in the implementation of the MPRSP as poverty reducing strategies.

4.7 Receptivity and Acceptability: Stakeholder Response to the Outcome

Given its broad range of economic reforms and social development agenda, both government and civil society have welcomed the PRSP document. It is interesting to note that different groups have taken interest in different sections that are of importance to their activities. The IMF and World Bank have reacted favourably to the strategy. However, there have also been problems associated with acceptability of the PRSP document. Some donor agencies feel that the document carries an IMF/World Bank agenda and therefore does not really reflect the aspiration of Malawians. DFID supported a regional study that looked at national poverty reduction agenda beyond the PRSP, but results of this study are yet to be made public. Ellis et al (2002) also pointed out their reservations to the poverty reduction strategies especially the continued reliance on agriculture as means of increasing incomes of the rural poor in the face of evidence that agriculture is no longer the main source of income for the rural poor. A recent report in a leading daily newspaper noted that implementation of the PRSP is what will differentiate it from other government plans like Vision 2020, PAP and others. The reform agenda in the PRSP has made it acceptable to the World Bank and the IMF. The two agencies are providing concessional lending to finance poverty-reducing projects based on the PRSP under the Poverty Reduction and Growth Facility (PRGF). UNDP has recently embarked on a programming reorientation so as to better position itself in supporting the MPRSP. However, within government development of SWAPs continues and no real effort has been made to reorient public sector service provision to the MPRSP. This is discussed in detail below. Civil society groups have embraced the PRSP philosophy and attempted to export its ideas into all public expenditures.

5.0 IMPLEMENTATION AND MONITORING

5.1 Structures and Processes

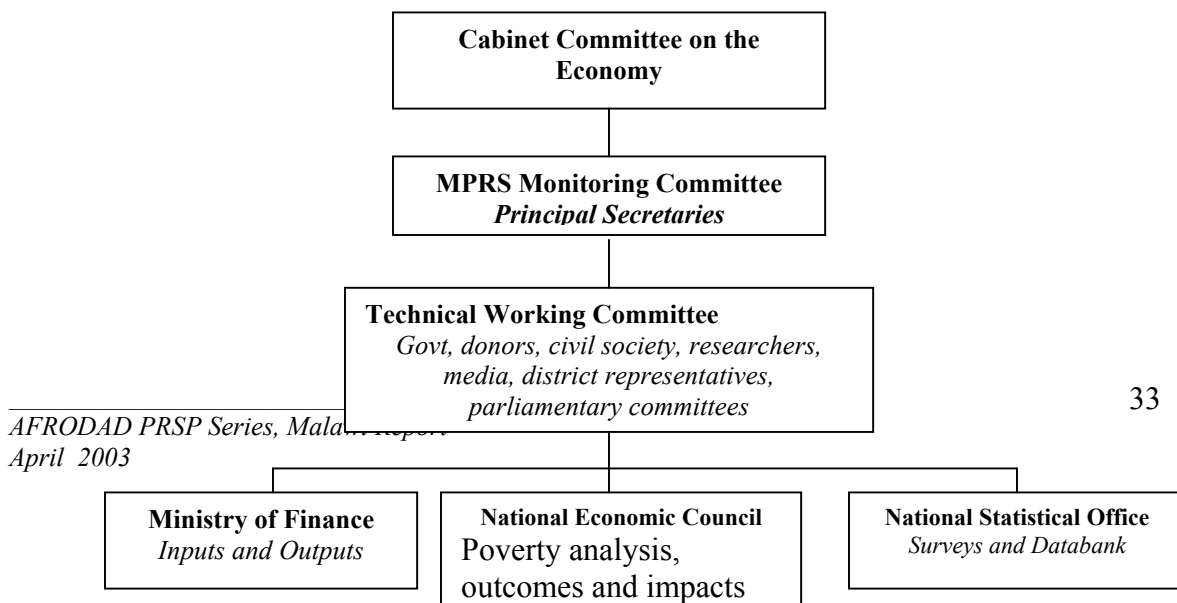
The government plans to implement and monitor the PRSP through the structures and procedures used to monitor the national budget, an issue that has drawn criticism from civil society and curiosity from other stakeholders. Two units are to be created, one for implementation and the other for monitoring based at MOFEP and NEC respectively (NEC, 2002).

The Ministry of Finance and Economic Planning will co-ordinate the implementation of the PRSP where public expenditure is involved. Given that all PRSP expenditures will be directed through the budget this means that effectively the MOFEP will take charge. By design all government PRSP expenditures will be directed through the national budget and hence are public expenditures. In particular, an MPRS Unit will be created in the Ministry to drive the implementation of the MPRS and ensure that essential complementary reforms to the MTEF and Budget are made. In addition, the Unit will co-

ordinate the Annual Public Expenditure Review and work with the Secretariat of the MPRS Monitoring System to co-ordinate the annual MPRS Review process. Finally, the Unit will work with the Budget Division to co-ordinate all activities dealing with monitoring of inputs and output indicators. In particular, the Unit, in co-operation with the Budget Division will draw up guidelines for input and output monitoring by Ministries, District Assemblies and controlling officers. There appears to be confusion of roles if not a struggle for roles in government at the moment with NEC taking leadership of monitoring planning and design of monitoring guidelines instead of MOFEP as stated above. The Unit will also be responsible for workshops and meetings for all units and personnel involved in inputs and output monitoring, including civil society representatives, at most once every three months. Other agencies to be formally involved in the process include the National Statistical Office (NSO) and the National Economic Council (NEC). The NSO will be responsible for co-ordinating all outcome and impact monitoring activities across all sectors. The NEC will be responsible for producing poverty-related analysis based on data from NSO, the Ministry of Finance and Economic Planning's input and output monitoring as well as the financial information system and other ad hoc surveys conducted within and outside the MPRS Monitoring System.

The MPRS Monitoring Committee will be served by a Technical Working Committee (TWC) that will co-ordinate monitoring and evaluation efforts and provide analysis (Table 4 below). The membership of the TWC will include officials from the Ministry of Finance and Economic Planning (the MPRS Unit and Budget Division), the National Economic Council (Poverty Analysis Section), National Statistical Office, other key ministries (in line with the membership of the MPRS Monitoring Committee), representatives from District Assemblies (one representative from the Malawi Association of Local Government Authorities – MALGA – and one representative of district assemblies from each region), representatives of relevant parliamentary committees, members of the donor community, researchers (including Center for Social Research, Center for Education Research and Training and the Agricultural Policy Research Unit), civil society groups (including CONGOMA, and one group for each Pillar), and a media representative. Meanwhile, the IMF has facilitated the putting in place of a new financial tracking system at the Ministry of Finance as a result of the PRSP.

Table 2: Institutional Framework for the MPRS Monitoring System



The challenge of linking the various monitoring processes remains unexplained. It has already been reported that due to the heavy requirements of such systems most of the line ministries failed to access the interim HIPC resources, preferring not to do so. Recent trends show that government has reneged on its commitment to provide monthly expenditure reports beginning this financial year. No single expenditure report has so far been released and this has caused stakeholders to start doubting the practicality of monitoring expenditures. Insiders also indicate that the NEC has not been provided with enough resources to be in a position to monitor the PRSP. With IMF and other donors withholding funding to the Malawi government allegedly on grounds that government has failed to meet its accountability and governance commitments, resource flows within government have shrunk. Several observers have indicated that the national budget is off track though the Finance Minister has declared otherwise. At the same time it has indicated that the government failed to provide services to the public due to funding constraints. It should be remembered that in a budget where only 29% was allocated to non-PRSP activities this implies that the implementation of the PRSP is off track.

5.2 Learning from the Poverty Reduction Strategy

The PRSP contains a number of desirable outcomes covering a broad range of issues. Based on the targeted outputs, a comprehensive list of indicators has been developed. Various types of indicators, social and economic have been built into the MPRS relevant for each strategy. Table 3 and 4 illustrates a summary of major impact targets and indicators for the period 2002/05. The summary shows that a mix of economic and human development indicators have been built into the PRSP (See Appendix C for a detailed list of indicators). This is an impressive approach in view of the absence of such approaches in most public expenditure interventions of the past.

Table 3: Selected major impact targets for the MPRS 2002-2005

Type	Current Status	Target 2005
Poverty headcount measured by consumption based poverty line	65.3%	59.3%
Extreme poverty headcount, measured by consumption based ultra-poverty line	28.8%	20%
Life expectancy	39 years	43 years
GDP per Capita (constant 2001 prices)	MK 10,500	MK 11,400
Literacy rate (female)	58% (44%)	70% (60%)
Infant mortality rate (per 1000 children)	104	90
Maternal mortality rate (per 100,000 live births)	1,120	800

Source: NEC, 2002

Table 3 summarizes the key indicators for main sectors for PRSP interventions in greater detail indicating the type of indicators and source of data for monitoring.

Table 4: Selected major indicators for the key sectors in the PRSP.

Area/Sector	Indicator	Indicator Type	Sources of data
Overall	Consumption	Impact	HIS, QUIM
	GDP per capita	Impact	National income statistics
	Nutrition status Morbidity Mortality Life expectancy	Outcome	DHS, IHS, administrative records, QUIM
	Composite Welfare Index	Outcome, Output and Impact	All sources
Agriculture	Food production Cash crop production Animal production	Outcome	Crop estimates, NSSA, PPI
Health	Access to potable water Access to sanitation Access to health services	Output	DHS, IHS, QUIM
	Total fertility rate HIV infection	Outcome	IHS Administrative records
Education	Literacy rate	Impact	IHS
	Net enrolment Education attainments	Outcome	Administrative data and IHS

Source: NEC, 2002

Various reports will be produced to provide information on progress made through the PRSP. A monitoring and evaluation structure will be used to facilitate national dialogue and learning (Box 2). Currently, the QUIM and Core Welfare Surveys report provides a useful basis for understanding poverty in Malawi and will continue to be produced. An analysis of poverty will be updated every 5 years through the IHS. Regular reports such as the annual Economic Report will also continue to provide useful information on the performance of the economy and what it means for pro-poor public spending. Civil society groups through the Budget Watch Initiative and also a program of MEJN are creating additional mechanisms. Every three years a major review of the strategy will be conducted involving all stakeholders including civil society institutions. The review will examine progress and reset priorities. An annual review will also take place through Public Expenditure Reviews, which focus on the national budget which is the delivery mechanism for the PRSP.

Box 1: MPRS Monitoring Framework

The various levels of monitoring indicators to be used during MPRS implementation are described below, with an example for each from the education sector:

1. **Input** – The use of resources by Government – these resources can be financial (expenditure), labour (personnel) and capital (equipment). The focus will largely be on financial monitoring on an activity basis. *e.g. resources spent on primary education*
2. **Outputs** – The quantity and quality of services and transfers provided by Government using the inputs. These are generally directly linked to the efficient and effective use of inputs. *e.g. pupil:teacher ratio, number of textbooks per pupil*
3. **Outcomes** – The quantity and quality of effect of the services provided to the recipients of Government services. These are related to input and output performance but may be affected by other factors. *e.g. enrolment ratios, examination pass rates.*
4. **Impact** – The effect on welfare indicators, like income, consumption, poverty headcount etc. These may be affected by inputs, outputs and outcomes, but with a significant time lag and are also affected by many external factors. *e.g. literacy rates, poverty headcount*

Source: NEC, 2002

PART III: CONCLUSIONS AND RECOMMENDATIONS

6.0 Quality of Participation and the Policy Outcomes

It was expected that a broad participation of stakeholders in the PRSP would facilitate the development of common ownership and build consensus around the final poverty strategies. It was also anticipated that this would lead to a better quality of outputs. Civil society groups constantly referred to their potential to impact the generation of better quality outcomes as a major reason for their participation. Measuring quality outcomes has however, been a problem. There is no agreed framework for measuring the quality of a PRSP except a set of guidelines from the World Bank and IMF that attempt to guide the process rather than the content (Klugman (2001)).

6.1 Ownership and Partnerships

The MPRSP is a product of an interactive process that involved bargaining and dialogue amongst various stakeholders. Throughout the process the dynamics of relationships were fluid. Civil society at some stages was a partner to the IMF and at other stages, was challenging on the IMF and the government. The World Bank had a more clear view of civil society participation than the IMF since the latter believed that the government had political legitimacy to represent Malawians as an elected regime (Chirwa and Nyirenda 2002). The case of the PRSP shows that alliances can be built on issues of national importance. Various stakeholders were pragmatic in their approach. For example, civil society had to give way to participation of IMF in the DT and TC and also on the resource allocation to allow for statehood expenses, which includes items like state residences. These constitute about 30% of the MRSP budget for the next three years yet they are not poverty reducing activities. This dialogue has resulted into a broad sense of ownership of the documents.

The donor community in Malawi has started the process of support realignment to suit the goals of the PRSP. For example, UNDP, DFID, CIDA, World Bank and others have taken the lead to support the PRSP. Civil society groups have also taken steps to ensure that they take advantage of the new sense of partnership with government. The Budget Watch Initiative is a development that was born out of the PRSP. Civil society groups strongly feel that the PRSP is a national document that they have to be engaged in its implementation and monitoring. This view is not however shared by some senior government officials who tend to think that the PRSP is a government document that must be implemented by the government. Actually, the PRSP has no mechanisms put in place for supporting direct implementation by civil society. A review of the implementation framework clearly shows no civil society institution has been given a leadership role (NEC, 2002).

In terms of monitoring, government officials clearly feel that civil society groups have a real stake and role to play. Civil society is part and parcel of the official structures for monitoring. Recent developments regarding public expenditure information referred to above also reinforce the view that government is not really committed to the notion of broad ownership of the PRSP. Though not directly linked to the PRSP, some donors have frozen support to the Malawi government including funding that would have benefited that PRSP implementation process.

6.2 Impact of Civil Society on the PRSP

Measuring the impact of civil society participation in the Malawian context has been considered a challenging task given that a cooption strategy was used. Representatives of the different groups sat in the same committees and jointly produced outputs that cannot really be wholly attributed to one particular group. However, it is possible to highlight, to a limited extent, a few outcomes from the process that are directly attributable to participation by civil society groups.

- 1. Recognition and inclusion of civil society representation in the drafting process:** As a result of effective advocacy civil society were accommodated into

- the TWGs and later the DT. This enabled civil society to be at the centre of the process.
2. **Extension of the drafting timetable from January to September:** Civil society supported by donor community including IMF and World Bank advocated an extension of the PRSP formulation timetable. This was adopted and later government further extended the timetable from September to April underlining the need for enough time.
 3. **Revision of the resource allocation:** Civil society indicated that there was no reason for allocating HIPC resources to statehood expenditures. While this was not dropped from the costing, it was revised downwards following civil society comments.
 4. **Improvements in specific poverty strategies:** Some weaknesses in strategies were observed and made known to the DT. Civil society made suggestions for alternative strategies. For example, the exit strategy under safety nets and child-headed households, which were not taken care of in the first draft were later worked on and addressed.
 5. **Review of SAP, linkage between PRSP and HIPC:** In the initial drafts of the PRSP the role of SAPs and the linkage between HIPC, debt and PRSPs was not clearly illustrated. This changed as a result of civil society comments that demanded that the linkage be recognized and fully explained in the PRSP.
 6. **Increased visibility of civil society in Malawi and internationally:** This has resulted in the inclusion of civil society groups in other government processes. The PRSP monitoring structure itself recognizes the role of civil society and civil society sits on the technical and management committees. The IMF missions to the country now always meet civil society representatives each time they call in Malawi.
 7. **Improved relationships:** Gaps between government and civil society and between civil society and international financial institutions have narrowed. Members of civil society are now considered partners in development. For example CSOs have been invited by the government to be a partner in the Joint Food Crisis Taskforce, formed in response to the current food crisis in the country. All committees of the Joint Food Crisis Taskforce have CSO representation.
 8. **Opening up of the budget process:** Civil society has increased interest in the budget process and has started directly getting involved in some budget process since the PRSP was linked to the budget as a mechanism for delivery.

In general the impact of CSO participation in the process was the broadening of participation in economic policy planning and making. Despite all the good intentions that the process had in Malawi, a recent review of the PRSP by Ellis et al., (2002) has noted that the strategy contains nothing that is really new. It has also been observed that unless there is a strong political will to implement the time and effort invested in the

formulation will be a waste. However, it may be too early to dismiss the PRSP at this time.

Institutional developments have resulted out of the Malawi PRSP process as well (Jenkins and Tsoka 2001). The Malawi Economic Justice Network -which brings together about 40 civil society groups emerged during the PRSP process with an express mandate to represent civil society interests in the PRSP formulation process. Civil society is well known for disunity and lack of common purpose in Malawi, however this changed considerably with the PRSP. It has also been noted that civil society advocacy improved tremendously around the PRSP in terms of solidarity (James, 2001; Chirwa and James, 2002). Other initiatives that have resulted include a civil society budget watch facilitated by an American NGO, National Democratic Institute. This has solely taken the PPEs into action by instituting a monitoring mechanism. Some are skeptical about the institutionalization of some of the institutional processes that were set in place by the PRSP process (Jenkins and Tsoka 2001). More time is required to observe what will happen.

6.3 Potential for Impact on Poverty Reduction and Growth

The major potential that the PRSP has created in Malawi relates to public expenditure management, allocation and accountability. In recent years, structural reforms, corruption and poor management have seriously disrupted government services. By emphasizing linkage between inputs and services provided to the poor and accounting for such investments through outputs, outcomes and impacts the nature and manner of public expenditures have been reconceptualized.

The strategy faces one major challenge: translating social development into economic development. This is a reversal from the standard development theory of the IFIs. The implementation aspect of the PRSP will be critical to progress. Unlike the Vision 2020 the PRSP is backed by a resource envelope from HIPC debt relief. The conditionality attached to these resources ensures that pro-poverty expenditures are made. HIPC resources are to be accounted for differently from other public expenditures. There is a momentum in government to create new expenditure tracking systems.

Major aspects of the PRSP is devoted to social development interventions. These include increased public investments in health, education and safety nets. Such investments will lead to improvement in social development indicators but may not affect the income status of poor people in the event of lack of economic opportunities. The impact of the PRSP will remain elusive in some areas in the absence of a spatial approach to targeting the poor. Heninger (1998) outlines the importance of spatial targeting in poverty reduction interventions. This has not occurred in the MPRSP despite the fact that it is recognized in the poverty diagnosis.

In practice it is not really what the MPRSP says that counts but which of what it says gets implemented. Major shortfalls have been reported with regard to policy implementation in Malawi (NEC, 200; Ellis et al., 2002; Fozzard and Simwaka, 2002). Although the budget of the national government has changed in orientation to cater for the PRSP

agenda, service delivery on the ground has not taken a similar step. Only a few Departments in the Ministry of Agriculture have undertaken a core function analysis designed to refocus their activities to new national priorities and challenges. The core function analysis is a critical step towards reorienting government services to the output and outcomes based PRSP agenda. The core function analysis itself is not a requirement laid out by the PRSP for participating agencies or departments. No official briefing has been conducted to provide guidance to various controlling officers in government regarding the implementation of the PRSP. Changes have taken place at policy level and that change has so far not trickled down through the system (Nyirenda, 2002). Ellis et al. (2002) argue that unless serious measures are taken to see the implementation process at the ground level, the MPRSP will join the many previous policy documents that are gathering dust in the various government departments.

Such fears are further strengthened by clauses in the strategy that refer to the role of the poor in improving their own well being. "Efforts should be made to disseminate the message that the poor have to solve their own problems and that Government alone cannot do everything," (NEC, 2002:xix). This raises some concern that government could disown the process, and the poor.

7.0 RECOMMENDATIONS

From the emerging picture of the PRSP process in Malawi a number of recommendations and interventions can be suggested that are reflective of political conditions and responsive to participatory processes and PRSP monitoring.

Political culture

Civil society-State relations are characterised by a culture of suspicion and fear. Political structures are heavily influenced by partisan politics and regional and ethno-linguistic divisions. The process of decentralization remains incomplete. To enhance a healthy political culture the following are recommended:

- a) Deepen democratization by the government, civil society and the donor community. Recognize and make use of the decentralization structures to design and implement programs; rather than deal with central government at all times.
- b) Support dialogue between the State and civil society groups. This would entail the creation of structures for dialogue such as an office or a ministerial committee that would liaise with civil society on issues of political environment and civil society operations in the country.
- c) Protect civil society from ministerial decrees without due legal process. Outlaw and remove ministerial decrees or at least curtail their period of effectiveness. This is necessary to remove indefinite suspension of civil society activities.
- d) Civil society groups should be aligned with relevant sectoral ministries. Activities and needs of different civil society organizations are not always appreciated by the current liaison ministry leading to unnecessary conflict and

suspicions. Each line ministry should be the legal liaison ministry for civil society active in its sector.

Space for participation

Towards institutionalising the space for civic participation in policymaking:

- a) Efforts by government to involve civil society should be supported by donors and civil society. The reverse should also be true;
- b) The capacity of civil society groups like MEJN should be improved in terms of staffing and resources. Qualified and experienced resource persons should be employed or attached to such networks;
- c) Mechanisms for PRSP and budget monitoring at the district assembly level should be created. This would be in the form of training, systems development support and small grants for local government and civil society to carry out activities at this level;
- d) Consultative processes should be made mandatory. This requires that donors develop a common approach to development aid. Donors should be in a position to enforce this conditionality;
- e) Institutionalization of consultative processes should be supported. This could be achieved through the above or by ensuring that civil society groups that facilitate participation in national processes become permanent entities. This requires long-term commitments to institutional development that includes economic empowerment;
- f) Government dominance and in particular domination by one department should be reduced. The PRSPs should become interdisciplinary activities where all sectors have equal importance. In Malawi this means that Ministry of Finance should not take a leading role.

Building Capacity for Civic Participation

The PRSP process revealed a number of gaps and weaknesses on the part of civil society that affected the quality of their participation in the process. The following interventions are therefore suggested:

- a) Civil society will be required to have a very focused vision of what it is that they are interested in achieving and how best to achieve it through participation in national policy processes like the PRSP. With limited capacities selective engagement on strategic processes will be a viable option.
- b) Development of technical capacity to handle economic issues such as planning, and forecasting is vital. Civil society will have to re-look at their recruitment policies so as to internalize such capacities by recruitment of staff with training in the relevant disciplines. Secondly, training programs that focus on economic issues will have to be put in place with particular emphasis on budgetary processes.

- c) Civil society will have to make appropriate choices regarding its representation. Existing capacity in civil society is often not used. A comprehensive database of civil society professional expertise available by institution or individuals should be created. Donors should seriously consider supporting this initiative.

Learning from monitoring

PRSP monitoring is designed not only to provide information on progress but also to improve stakeholders understanding of poverty issues in Malawi. In order for civil society to fully take advantage of the learning opportunities from monitoring the following strategies are suggested:

- a) Civil society must create a strong culture of information sharing and networking. This requires that civil society leaders improve internal governance and management so as to facilitate free flow of information;
- b) Civil society must improve quality of information that it uses in its advocacy work. Linkages with communities will have to be built and strengthened. Civil society urban-bias has to be eradicated;
- c) Civil society will be required to interact with all stakeholders and institutions that are involved in the PRSP. Linkages with research institutions have to be strengthened and an active role by civil society in definition of their research agenda will be required;
- d) In order to effectively learn from monitoring, internal capacities to process information, communicate and assimilate them in their own programs must be improved. This requires that civil society receive tailored training in poverty monitoring in the context of national budgets and communicating effectively.

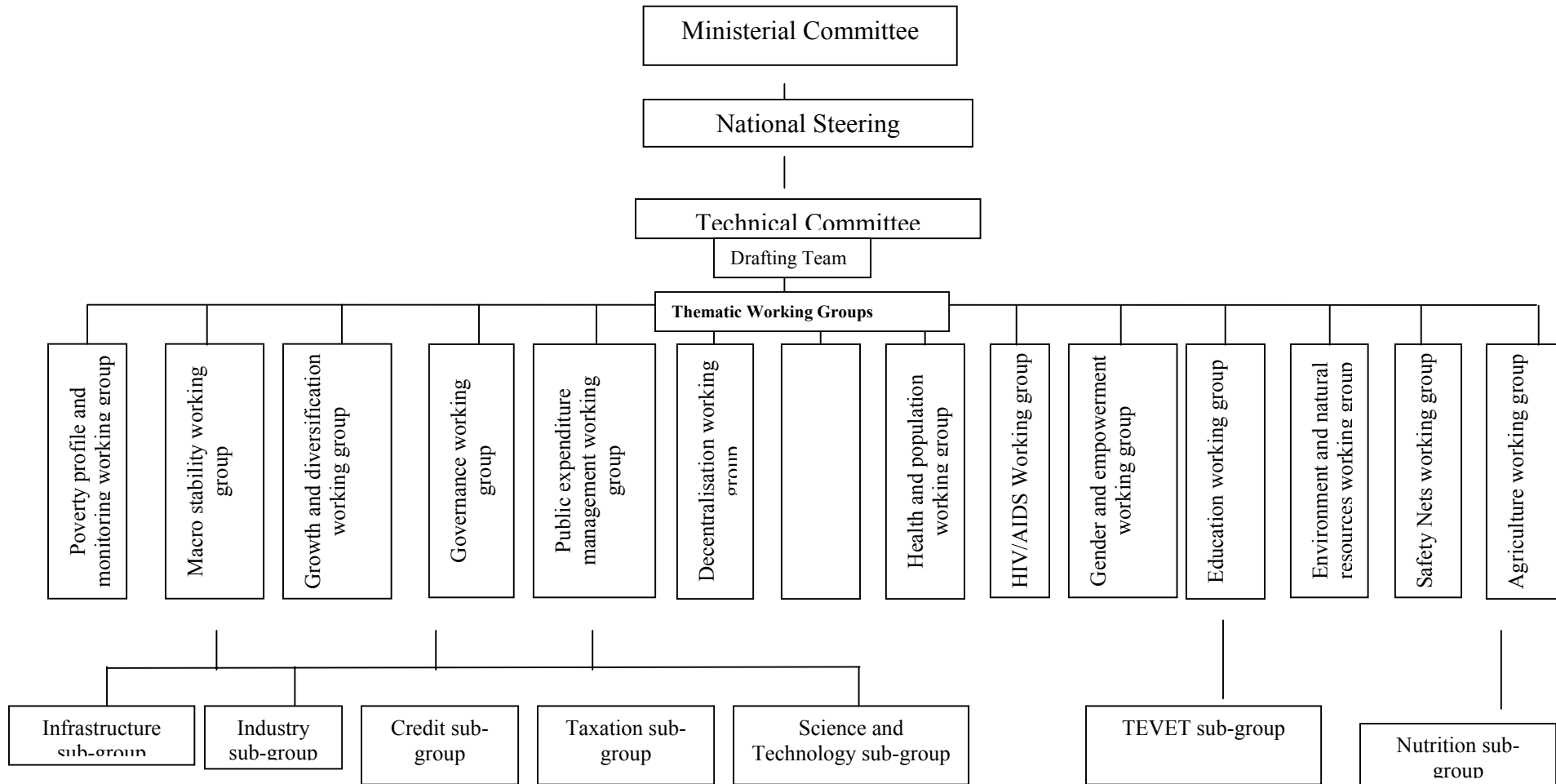
APPENDIX A: Chronology of PRSP Events

Activity	Date	Notes
Planning of process	October-November,2000	Preparation by the Technical Committee of the outline of the process and mobilisation
Preparation of “ MPRS Issues Paper”	November, 2000	By the Technical Committee on the basis of existing documents. The Issues Paper presented a “menu of options” from which priorities were to be selected.
Official Launch at Capital Hotel	January 11 th , 2001	By the Rt.Hon. Vice President at the Capital Hotel. Followed by presentations on the process and the issues paper.
Initial overall prioritisation	January 11 th – 12 th , 2001	Following the Official Launch, discussions of overall prioritisation based on the Issues Paper
Launching of TWGs at Malawi Institute of Management (MIM)	January 18 th – 19 th , 2001	Presentations on the role of the TWGs, their TORs etc, followed by the first meetings.
District Consultations	February 5 th – 16 th , 2001	Workshop in each district facilitated by the Technical Committee and some TWG members.
Preparation of “MPRS: Findings to Date” document	April, 2001	By the Technical Committee on the basis of previous consultations.
Way forward meeting at Lilongwe Hotel	4 th May, 2001	For all TWGs, to define the revised timetable and give overall comments on the 1 st drafts.
Commenting Workshops in Salima	7 th – 15 th May, 2001	For each TWG in turn, detailed comments on the 1 st drafts from a panel consisting of the Technical Committee, relevant experts, civil society and other TWGs.
“MPRS: Findings to Date” Stakeholders meeting	29 th May, 2001	Discussion of the draft document, following which an editing team taken from the Technical Committee and civil society finalised the document
Sharing Experiences in Costing of Poverty Reduction Strategies at Capital Hotel	26 th July 2001	TWGs shared experiences in costing highlighting major problems being faced in costing of activities.

Activity	Date	Notes
Status Report and Way Forward by Thematic working Groups at Lilongwe Hotel	15 th August, 2001	For all TWGs to discuss the made, to access difficulties faced and to develop realistic and workable mechanism for resolving problems.
Media Campaign	16 th – 23 rd September, 2001	Media briefing, recording of radio programmes, press conference.
Drafting of the MPRS at Mzuzu Hotel	23 rd Sept- 6 th October, 2001	By the Technical Committee including members from non-governmental organisations (NGOs) and civil society.
Commenting Workshop by all Stakeholders on the first MPRS Draft at Capital Hotel	15 th and 17 th October, 2001	Private sector, traditional authorities, Councillors, donors, NGOs, civil society, church groups, trade unions.
Principal Secretaries Commenting of the Draft	20 th – 21 st October, 2001	All Principal Secretaries, Chaired by SPC
Comments on the Draft MPRS by Members of Parliament at Capital Hotel	31 st October, 2001	All Members of Parliament
Incorporation of comments from stakeholders and refinement of action plan	31 st October – 9 th November, 2001	By drafting team
Consultations on action plans and prioritisation with TWGs	12 th – 22 nd November, 2001	
Finalisation of 3 rd Draft	22 nd November – 14 th December, 2001	By drafting team – incorporating comments
Discussion of 3 rd Draft by Principal Secretaries	21 st December, 2001	
Discussion of comments by donor partners	25 th January, 2002	Based on submitted written comments
Cabinet discussion of document	March, 2002	
Submission of final civil society comments	6 th March, 2002	Co-ordinated by MEJN
Meeting with Private Sector	3 rd April, 2002	
Final draft completed, printed and distributed	8 th April, 2002	
Pre-Launch media campaign	April, 2002	Radio panel discussions, radio plays, summaries distributed.
National Launch at Comesa Hall in Blantyre	24 th April, 2002	

Source: NEC 2002

Appendix B: MPRS Organisational Structure



Source: Adapted from NEC, 2002

APPENDIX C:

Detailed List of Selected Indicators and Targets in the MPRSP

Indicator	Current Status	Target 2005
Major impact targets		
Poverty headcount measured by consumption based poverty line	65.3%	59.3%
Extreme poverty headcount, measured by consumption based ultra-poverty line	28.8%	20%
Life expectancy	39 years	43 years
GDP per Capita (constant 2001 prices)	MK 10,500	MK 11,400
Literacy rate (female)	58% (44%)	70% (60%)
Infant mortality rate (per 1000 children)	104	90
Maternal mortality rate (per 100,000 live births)	1,120	800
Pillar 1		
<i>Agriculture</i>		
Maize yield (kg/ha)	1137	2000
Cassava yield (kg/ha)	16618	18000
Cumulative intake of extension trainees	100	900
Farmers' groups and co-operatives formed	-	3000
Treadle pumps supplied on loan to farmers (cumulative)		60,000
Area under motorised pump irrigation (hectares)	1,300	3,700
Area under irrigation per ADD (hectares)		2,000
Production of cattle	775,333	868,373
<i>Natural Resources</i>		
Fish farming production (tonnes)	500	1,000
Forest under private sector		50,000
Parks under private sector		50,000
<i>Rural Infrastructure</i>		
Kilometres graded		12,150
Kilometres rehabilitated		2,100
Households with access to potable water	65.6%	84%
Rehabilitation of boreholes (% functional)	60%	100%
Construction of new boreholes		7,500
Households with sanitary excreta disposal	81.4%	100%
Number of new sites electrified	-	73
New biogas plants	-	105
Pillar 2		
<i>Basic Education</i>		
Number of teachers	45,784	51,323
Pupil to qualified teacher ratio	118	85
Drop out rate	12%	8%
Repetition rate	15%	10%
Female enrolment (%)	48%	50%
Pupil: specialist teacher ratio (Visually impaired)	48	26
Number of adults enrolled in adult literacy courses	37,500	300,000
<i>Secondary Education</i>		
Number of students	236,500	324,031
Number of private students	16,555	64,806
Number of students entering MCDE	-	11,550
Number of teachers	5,269	8,130

Female gross enrolment	19%	25%
Schools teaching information and communication technology	8	100
<i>Higher Education</i>		
Number of students	3,526	6,824
Students in private colleges	35	1,100
Number of female students	698	2,047
Number of needy students	500	1,706
Females in non-traditional subjects	225	801
Number of students with disabilities	20	30
<i>Technical, Entrepreneurial and Vocational Education and Training</i>		
Public training capacity % of population	0.01%	0.03%
Public vocational training % of districts	21.43%	28%
Private training capacity % of population	0.18%	0.20%
Enrolment ratio female	20%	26%
<i>Health</i>		
Number of HSAs trained		7,000
Number of nurses trained		470
Number of technical staff trained		825
Number of physicians trained		60
% of health centres equipped to EHP standards		100%
Drugs and medical supplies expenditure per capita	US\$1.25	US\$2.50
		Target 2007/8
Infant mortality (per 1,000 live births)	104	90
Under 5 mortality rate (per 1,000 live births)	189	150
Maternal mortality rate (per 100,000)	620	400
Nutrition (% children underweight)	30%	20%
Population (fertility rate)	6.1	5.5
		Target 2005
Pillar 3		
Number of TIP beneficiary households per year		568,000
Number of PWP beneficiary households per year		250,000
Number of TNP beneficiary households per year		150,000
Number of income support beneficiaries per year		100,000
Pillar 4		
Police: Population ratio	1:1912	1:1200
Crime detection rate	20%	40%
Prosecution rate (cases per year, using homicide as proxy)	150	300
Community service cases	525	5000
Warder: prisoner ratio	1:14	1:9

Indicator	2001	2002	2003	2004
GDP growth (%)	2.7	3	4.5	5.2
Inflation (%)	27.6	11.5	5	4.4
Exchange rate	70	71	74	78
% of donor pledges honoured		80	90	90

REFERENCES

- Chirwa, W.C and James R., 2002, 'Long Walk to Participation: Civil Society's Participation in Malawi's PRSP Formulation,' A Research Report for Oxfam, Blantyre, Malawi: INTRAC.
- Chirwa, W.C. and M.M. Nyirenda, 2002, 'Consultations by Helicopter: People's Participation in Policymaking,' A Research Report for Christian Aid (UK), London and Zomba: Christian Aid.
- Chirwa, W.C., 1998, 'Democracy, Ethnicity and Regionalism: The Malawian Experience, 1992-1996', in K.M.G. Phiri and K.R. Ross (eds.), *Democratisation in Malawi: A Stock-taking*. Blantyre, Malawi: CLAIM Books.
- Chirwa, W.C., 2000, 'Civil Society and Democracy in Malawi', in M. Ott, K.M. Phiri and N. Patel (eds.), *Malawi's Second Democratic Elections: Process, Problems, and Prospects*, Zomba, Malawi: Kachere Books.
- Chirwa, W.C. and Ngwira, N., 1998, 'Civil Society and Poverty Reduction in Malawi: A State of the Art Review', Zomba and Dakar: CODESRIA.
- Fozzard, Adrian and Chauncy Simwaka, 2002, 'How, When and Why Does Poverty Get Budget Priority: Poverty Reduction Strategy and Public Expenditure in Malawi', ODI, Working Paper 166.
- Government of Malawi, 2002a, 'Approved Estimates of Expenditure on Recurrent and Capital Accounts for the Financial Year 2002/03', Lilongwe, Malawi: Ministry of Finance.
- Government of Malawi, 2002b, 'Facing Our Realities and Living Within our Means in the Fight Against Poverty', 2002/03 Budget Statement. 28th June 2002, Lilongwe, Malawi: Ministry of Finance and Economic Planning.
- James, R., 2001, 'Breaking New Grounds: Learning From Experiences of CSO Coalitions in Malawi', A Research Report for Oxfam, Blantyre, Malawi: INTRAC.
- Jenkins, R and Tsoka, M, 2001, 'Status Report on the PRSP Process in Malawi: Prospects For Institutionalizing Poverty Focus and Public Accountability in Policy Making and Implementation' London and Zomba: **PUBLISHER?**
- Klugman, Jeni, 2001, 'A Source Book for Poverty Reduction Strategies', Washington D.C.: World Bank.
- Malawi Economic Justice Network, 2001b, Minutes of the Steering Committee, December 2001, Malawi Economic Justice Network, Lilongwe.
- Malawi Economic Justice Network, 2001c, 'Position Paper on the Status of PRSP and Civil Society Involvement in Malawi', September 2001, Malawi Economic Justice Network, Lilongwe.

- Malawi Economic Justice Network, 2002, 'Report on Civil Society Economic Governance Forum, Malawi Economic Justice Network', Lilongwe Malawi.
- MPRSP Technical Committee, 2001, 'Malawi PRSP Preparation Process: District Consultations Report', National Economic Council, Lilongwe.
- National Economic Council, 2002, 'Malawi Poverty Reduction Strategy Paper', Lilongwe: Malawi National Economic Council.
- Shah, 2002, Causes of Poverty. www.globalissues.org/traderelated/poverty.asp.
- United Nations and Government of Malawi, 1993, 'Situation Analysis of Poverty in Malawi', Lilongwe, Malawi: Government of Malawi and United Nations in Malawi.
- World Bank, 2001, 'Malawi Public Expenditures: Issues and Options', Washington D.C.: World Bank.

ⁱ "Planning" does not just refer to development Budget activities as traditionally understood, but equally to the recurrent and development budget. Planning is understood here to mean the prioritisation of scarce resources (both financial and Government capacity) so as to achieve national objectives.

ⁱⁱ James (2001) also carried out a study focusing on civil society coalitions that raises a number of issues regarding the capacity of civil society coalitions like MEJN to engage in advocacy and policy dialogue work