IATI Data Use Case Study: Malawi

1   Background & Context

The International Aid Transparency Initiative (IATI) – a voluntary, multi-stakeholder initiative – seeks to increase the availability of quality development cooperation information to all stakeholder groups. IATI was designed to serve the information needs of developing countries, while simultaneously supporting donors in meeting their commitments related to transparency.

This case study was undertaken as part of the ongoing exercise to develop a new three-year IATI Strategic Plan 2019-2022. It aims to assess the development cooperation information needs of country-level stakeholders and understand how they are currently being met, with an overall view to informing ways IATI can evolve to better respond to country realities.

2   Country Development Cooperation Context

Malawi's long-term development strategy, Malawi Vision 2020, sets forth a multi-sectoral approach to development. To take forward this vision, the Government has adopted a series of medium-term strategies. The third Malawi Growth and Development Strategy (MGSD III), which will be the final medium-term development strategy under the Malawi Vision 2020, was adopted in January 2017 and covers the period from 2017 to 2020. The MGDS III is clear that its successful implementation will require diverse sources of finance, while also highlighting the key role that development cooperation will continue to play in the country.

<u>Figure 1. Development Financing Sources (all amounts in current USD)</u>
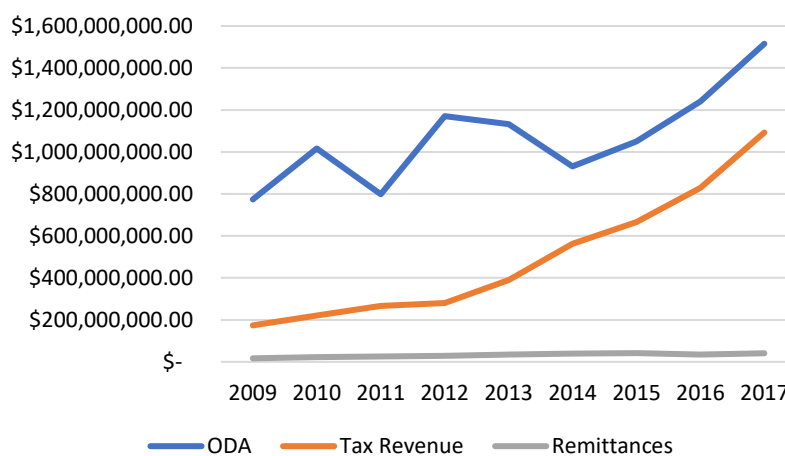
Source: The World Bank DataBank: World Development Indicators

As can be seen, Malawi remains dependent on development cooperation to support its development activities, with Official Development Assistance (ODA) making up 57 percent of above-shown financing sources in recent years. In fact, Malawi remains one of the largest recipients of ODA globally.

Figure 2. Official Development Assistance Recipient Comparison

Country/Aggregate	ODA as proportion of GNI (2017)
Malawi	24.6%
Least Developed Countries	4.6%
Low-Income Countries	8.8%
Sub-Saharan Africa	3.1%

Source: The World Bank DataBank: World Development Indicators

While total ODA received remains high, following public financial management issues, direct budget support has declined sharply in recent years, with partners increasingly choosing to manage funds themselves or to channel funds through non-governmental organisations (NGOs) or other implementing partners.

In this context – various partners providing significant volumes of off-budget development cooperation – having a strong framework in place to guide how the Government and its development partners can best work together to achieve development results is particularly important. Understanding this, the Government established a Development Cooperation Strategy (DCS), 2014-2018.[1] The DCS articulates a shared agenda between the Government and its partners to ensure development cooperation is aligned to national priorities and all development resources are used for maximum impact.

Within the DCS, there is specific focus on the need for transparent information on development cooperation. It acknowledges that access to high-quality and timely information on development cooperation is essential to effectively plan and manage resources for development results. This is essential for government stakeholders, as well as to guide development partners in coordinating their support, avoiding fragmentation and duplication of efforts.

The DCS also recognises that accountability in development cooperation, between governments and development partners, as well as towards citizens, civil society and other development stakeholders, is vital to ensuring efficiency and effectiveness in development activities.

3   Using and Sourcing Development Cooperation Information

3.1   Government Perspectives

The mission met with Government officials from various teams within the Ministry of Finance, Economic Planning and Development (MoFEPD), including the Planning Division, Budget Division and the Debt and Aid Division (refer to Annex A for the full list of stakeholders consulted). Within the MoFEPD, there was a strong understanding of the importance of using development cooperation data to guide better decision making and enthusiasm to engage in discussions around increasing access to this information.

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[1] A new Development Cooperation Strategy is currently being developed and will include increased emphasis on the need for partners to report on development cooperation activities through the Aid Management Platform.

The Aid Management Platform

In this context, the Debt and Aid Division within MoFEPD, has led the development and continuous strengthening of the country's Aid Management Platform (AMP). The aim of the AMP is to provide country-level stakeholders with timely access to information on development cooperation resources in order to support better coordination and resource allocation.

All development partners working in the country are required to report on their activities on a quarterly basis. Staff in the Debt and Aid Division then validate this information, particularly checking for major gaps. Consultations with these officials revealed several issues related to the AMP:

● **Completeness of data.** The data in the AMP is self-reported by partners. There have been significant challenges in incentivising reporting, resulting in issues with the completeness of data available. Efforts have been made to raise awareness of the importance of reporting to the AMP through various advocacy campaigns, but these have had limited results. When the Malawi *Aid Atlas* (a snapshot of development cooperation activities in the country) is released periodically, this sometimes spurs increased reporting in the short-term but does not increase the completeness of data in the long term.

● **Quality of data.** There were several quality issues raised: First, it was suggested that AMP reporting be done by those involved in developed programming, as opposed to those working only in finance or accounting, as these colleagues may not be able to accurately tag inputs. Second, as noted, the data that is reported by partners is validated by officials in the Debt and Aid Division but as most development cooperation in Malawi is provided off budget, there is often no separate government record available to the Debt and Aid Division with which to compare inputs. Third, implementation is often sub-contracted to other partners or NGOs, which may not be reported in the system, meaning it is not possible to truly understand how all resources are being used.

● **Technological challenges.** There are often server challenges in Malawi. To mitigate this, an offline module has been added to the AMP. However, it was still noted that technical issues with the system contribute to less reporting.

● **Sustainability of the platform.** In the past, the AMP has been managed by the developer Development Gateway, which can be costly. Ownership of the system was recently transferred to the Government of Malawi, but it was noted that significant capacity building will be required to ensure the system can be maintained over the long term.

Use of Development Cooperation Data

Consultations revealed that the development planning and budgeting processes in Malawi are very much linked. On the budget side, this begins with the development an assessment of the overall fiscal situation. This then informs discussion with sector ministries on annual priorities for the budget. Sector Ministries submit budget proposals to the Budget Division of MoFEPD for consideration. Likewise, the crux of the

development planning process happens at the sector level. Informed by data generated by the National Statistics Office, as well as data generated by sector ministries themselves, development priorities are defined and targets are set, feeding into national development planning processes.

Discussions with the Planning Division of MoFEPD emphasised the importance of costed national development plans. It was also noted that costing can become a "wish list" and so it is important to have forward-looking financial resource information – on development cooperation and other sources – in order to establish realistic short- and medium-term development plans.

In line with the above, it is essential that information on development cooperation is available and used at the sector level to inform planning and budgeting processes. However, this is not happening. While within MoFEPD there is a commitment to use development cooperation data to guide planning and budgeting decisions, it seems the same is not true of sector ministries. There were several explanations given for this, including a lack of awareness of systems available to provide the necessary information; and resources being tagged incorrectly or inappropriately (meaning tags do respond to the programming tags used by sector ministries), reducing the usefulness of data.

Another major issue was the lack of forward-looking data, which is a sub-component of the above-mentioned data completeness issue. Government officials noted that a three-year planning horizon would be optimal for their planning purposes. However, if partners report forward-looking data at all in the AMP, this is often only for the following year.

Reflections on the International Aid Transparency Initiative

All MoFEPD officials consulted were familiar with IATI but were frank in stating that they do not use IATI data to validate or supplement data reported through the AMP. It was noted that there are significant inconsistencies between AMP data and data from international sources, like IATI. This was the basis for choosing not to include the IATI integration feature in the updated AMP. Another IATI-specific issue raised was that of traceability. As most development cooperation is provided off budget and flows through multiple organisations, there is a desire to be able to track development cooperation resources from the time they are first disbursed in Malawi to the point of expenditure.

3.2   Partner Perspectives

The mission met with officials from the Delegation of the European Union (EU) to Malawi, the United States Agency for International Development (USAID) Malawi and the United Nations Development Programme (UNDP) Malawi. Consultations with these development partners revealed that reporting on their development cooperation activities to the AMP and to global systems, is seen as important in fulfilling their obligation to the Government of Malawi but that they do not use these systems to guide their own decision making.

This is in part because AMP data is perceived to be incomplete or incorrect. As such, partners rely on other mechanisms – the High-Level Forum (HLF) on Development Effectiveness and Sector Working Groups (SWGs) – to coordinate activities with other partners in country.

Confirming what was suggested by MoFEPD officials on non-use of development cooperation data systems by sector ministries, development partner officials noted that when their sector ministry counterparts require specific data, they request this directly, even if it has already been reported to the AMP. Because of this, partners are less motivated to make a substantial effort to report their activities. This creates a challenging cycle: data is not used because of completeness and quality issues, dissuading partners from reporting, which causes further challenges with completeness and quality.

It was suggested that increased data at the district level would be beneficial to partners and if available, may encourage increased use. Currently, most activities reported in the AMP are tagged as "Malawi national" even if implementation will only happen in specific geographic areas. This may be because often information is reported to the AMP by an organisation that is not directly involved in the final implementation of the activity . Similarly, only 12 percent of activities reported in IATI for Malawi specified an exact location.

3.3   Civil Society Perspectives

The mission met with officials from the NGO Board of Malawi, which is mandated to ensure an enabling environment for civil society in the country. It is responsible for maintaining a register of NGOs operating in Malawi and facilitating their compliance with the *Non-Governmental Organisations Act*. This act requires specific annual reporting by registered NGOs – but this is only backward looking, providing no information on planned activities.

Officials from the NGO Board noted the significant amount of development cooperation that flows through NGOs and the importance of transparency of this information but went on to say that the AMP is underutilised by NGOs. This is largely because the AMP does not reflect the above-mentioned legal reporting requirements and NGOs do not have the capacity to go through two separate reporting processes. In the past, work has been done to identify other challenges related to NGO use of the AMP and subsequent sensitisation activities were undertaken.

The mission also met with officials from the Malawi Economic Justice Network (MEJN), an NGO that conducts budget monitoring, as well as campaigning for sound economic policy and providing economic literacy programs. Currently MEJN focuses on tracking of on-budget expenditures but noted that they would like to move into tracking off-budget development expenditures as well and would be willing to use the AMP or IATI to aid in this but to be able to do so, it is necessary to be able to follow data from first disbursement to final expenditure.

4   Implications & Opportunities for IATI

Almost all officials consulted, across all stakeholder groups, had some degree of familiarity with IATI but none indicated that they regularly use IATI data to support their work. The main reason for this was the availability of the AMP, combined with the perception that IATI data is inconsistent with national sources. Because of this perception, it seemed as though few stakeholders had attempted to engage with the online platform and as such, issues around the usability of the platform were not discussed. There was a

strong understanding of the importance of access to high-quality and timely development cooperation data in order to inform country-level processes, in line with the IATI mandate.

As such, while there are opportunities for IATI, these should focus on how IATI can complement existing national development cooperation data collection systems, rather than aiming to be the single source of such information . There are significant benefits to the establishment and use of country-owned systems to collect and manage development cooperation data. And in Malawi, there is strong MoFEPD commitment to the AMP. Any use of IATI will be to complement country generated data, rather than replace the national system. However, given challenges with country systems, there may be opportunities to increase IATI data use if it seeks to supplement existing data collection efforts. To do so, IATI may need to address the following:

- **Ensure data is consistent with national sources.** The first and most important issue is ensuring that figures reported in the country systems and figures reported in IATI are consistent. There may be a benefit to conducting a more in-depth study on the specific types of information collected by the Malawi AMP and other country systems versus IATI. Within this, there should be a focus on the definitions/guidance used for each reporting field, as currently in the Malawi case, financial data, as well as sector tags are not the same across systems. Understanding what information is required and already commonly collected among partner countries may provide useful steer in adjusting the IATI standard.

- **Increase focus at the sector and sub-national levels.** As highlighted in section 3.1, it is sector ministries that require forward-looking development cooperation activities to inform their annual work plans and proposed budgets. However, in line with the above, how development cooperation activities are tagged does not always respond to the categorisations used by the country. In the same vein, there needs to be increased focus on providing data on the specific geographic area of an intervention. Having the sector and sub-national information will support better planning by all.

- **Re-focus advocacy efforts.** The mission did not have the opportunity to meet with sector ministries but those consulted point to non-use of development cooperation data systems by these stakeholders. As such, IATI advocacy efforts should make increased effort to engage sector ministries and understand their data needs. Additionally, given that most stakeholders are already committed to using development cooperation data to guide decision making, advocacy and sensitisation activities should focus on how different systems (national and global) can work together, as well as the technical aspects of report and/or accessing information.

- **Ensure traceability of development cooperation resources.** There was strong desire to be able to better track development cooperation resources in the country. A feature that would make IATI more appealing would be the ability to follow the flow of development cooperation resources through different partners in a country.

Annex A. Officials Consulted

Government

Mr. Cliff Chiunda, Secretary to the Treasury, MoFEPD
Mr. Peterson Pondelani, Director, Budget Division, MoFEPD
Mr. Peter Simbani, Acting Chief Director, Planning Division, MoFEPD
Mr. Moses Chirwa, Deputy Director, Debt and Aid Division, MoFEPD
Ms. Chimvano Thawani, Principal Debt and Aid Officer, Debt and Aid Division, MoFEPD
Ms. Jane Mbughi, Economist, Debt and Aid Division, MoFEPD
Ms. Ngasko Mwenefumbo, Intern, Debt and Aid Division, MoFEPD

Development Partners

Ms. Janet Mortoo, Programme Manager, Delegation of the EU to the Republic of Malawi
Ms. Maria Jose Torres, UN Resident Coordinator, Malawi
Ms. Claire Medina, Deputy Resident Representative, UNDP Malawi
Ms. Anne-Thora Vardoy-Mutale, UNDP Malawi
Mr. Ryan Walther, Deputy Program Officer, USAID Malawi
Ms. Temwa Chirambo, Program Budget Assistant, USAID Malawi

Civil Society

Ms. Bertha Phiri, MEJN
Mr. Kelvin Chirwa, MEJN
Mr. Voice Mhone, Chief Executive Officer/Registrar, NGO Board of Malawi
Ms. Linda Njikho Lungu, Finance and Administration Manager, NGO Board of Malawi