



Fragmented governance and local service delivery in Malawi

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Executive summary

During a research trip to Malawi in 2012, a senior government official commented that nearly two decades after the government had renewed its commitment to democratic decentralisation, the working of local government in Malawi was something of a ‘black box’. Ahead of the local council elections in May 2014, the Overseas Development Institute (ODI) carried out this study to help government and donors better understand how local government works in Malawi and how decentralisation affects local service delivery. Importantly, the research also set out to understand why local government and service delivery work the way they do, to explain variation across the country, and to assess whether the return of local councils is likely to improve the functioning of local government and the delivery of services.

This study is based on case studies of two districts (Dedza and Rumphi) and one city (Blantyre) and three services – health, education and water and sanitation. In mid-2013 more than one hundred interviews were carried out by a research team of four, with key informants from central and local government, front-line services, funders, civil-society and local communities. This study builds on previous work conducted since 2005, by ODI and the Africa Power and Politics Programme (APPP) into Malawi’s political economy, local governance and service delivery, and other studies of decentralisation and sector services.

We acknowledge that many local government employees and service providers are doing good work, and some remarkable successes are achieved with little money or support. Boreholes are dug, schools built, babies delivered, children taught, health campaigns conducted and security ensured. While national social indicators are generally low, some are improving quite rapidly, which can in part be credited to industrious local officials who have made progress despite few resources and poor systems, facing few incentives to improve performance at that level. This report recognises the contribution of these hardworking staff living in difficult conditions, sometimes in very remote areas. However, its purpose is to evaluate the nature of the institutions and structures of local governance and service delivery and their underlying causes and this is reflected in the main findings and recommendations.

Main argument

Malawi’s health and education sectors are subject to well-known, long-standing problems. For instance, the government has repeatedly been unable to ensure a sufficient supply of infrastructure, essential materials (e.g., drugs, textbooks) and trained staff to meet the needs of most Malawians. Such shortcomings in the delivery of quality services are reflected in sector outcomes, such as low rates of school completion, deteriorating exam results, nationwide stock-outs of key medicines and persistently high rates of maternal mortality. Access to safe drinking water is undermined by erratic supplies in urban areas and the disrepair of many water points in rural areas.

While acknowledging the need for good technical inputs, we argue that these types of sector outcomes arise in large part from institutional and governance problems. We identify policy incoherence as the principal cause of the functional fragmentation found in local government and in sectors at local levels, and of the unclear mandates and overlapping jurisdictions that characterise local government. While variations do exist across the country, services and time, these are caused in large part by the informality of local government, which gives rise to *ad hoc* systems adopted by a succession of district and city executives, and by the characteristics of particular goods and services.

Policy incoherence is a reflection of collective action failures at the level of central government. To a much lesser degree and more locally, it reflects the way information asymmetries undermine the functioning of principal-agent relationships. Policy incoherence also shapes incentives that drive the choices and behaviours of local officials and frontline providers, which undermine their ability to work together to improve services.

Further, we argue that these governance failures arise directly out of the deeply entrenched political settlement that has been crafted since the democratic transition. It is characterised by competitive clientelism, which shapes the social contract between state and society. Patronage relationships reach from the executive through intermediaries to villagers and urbanites. Some forms of donor aid may have unintentionally helped entrench the political settlement too.

How do local government and local service delivery work?

Malawi's constitution and 1998 Local Government Act (LGA) gave rise to a legal obligation on the part of the government to devolve political and administrative authority to unitary local government units, each with democratic oversight from an elected local council and popular participation in development planning. The LGA and 1998 National Development Policy (NDP) set out how power and functions would be devolved, and the responsibilities each sub-national government agency would have.

In practice, political decentralisation in Malawi stalled indefinitely in 2005, when the President cancelled local council elections, while both administrative and fiscal decentralisation were rolled out in a disjointed fashion over a 15-year period. In the last decade, Sector Wide Approaches (SWAp) were designed, implemented and funded in a handful of sectors (including education and health); these were predicated on the assumption that services would be provided by decentralised agencies.

Despite the rhetorical commitment to democratic decentralisation, the establishment of local authorities has been characterised by an absence of unity of purpose, poor coordination among central government ministries, by resistance, subversion and delays, and by the informal and



formal recentralisation of power and functions. These have resulted in a breach between the local government that exists in theory and in practice. This gap is evident on two levels. First, that implementation has not occurred as laid out in LGA and NDP and in planning documents, which means that the *ad hoc* local governance structures in place are different than those envisioned. Second, there exists a disjuncture between the formal institutions of local government ('rules-on-paper') and the ones actually used ('rules-in-use').

Sox what are these rules-in-use and ad hoc structures of local government? Since the suspension of local councils in 2005, re-centralisation of political authority alongside the deconcentration of administrative functions has characterised local government. Local checks on the actions of a District Commissioner (DC) and a city's Chief Executive Officer (CEO) are absent. District and City Executive Committees are chaired by DCs/CEOs and their members (sector heads and senior administrators) are monitored at a distance by Capital Hill. Local oversight is weak.

In the councils' place are Consultative Forums, appointed by DCs/CEOs and comprised of politicians, chiefs, businessmen/women, heads of non-governmental organisations (NGOs), and the like. They are largely used to consult and inform the local elite. While the DC/CEO is the controlling officer of funds reaching local level, central government has retained many administrative and fiscal functions. There has been limited fiscal decentralisation and local government mostly relies on (ear-marked) sector budgets, with few discretionary funds, although cities are able to raise more revenue because they collect property rates.

Ministries still appoint sector staff at local levels, so local civil servants are accountable to Capital Hill, although they also report on technical issues to DCs/CEOs and to senior staff based locally. While planning at district/city level is undertaken annually, the planning processes of the different sectors are poorly coordinated and their plans frequently undermined by funding shortages and autonomous (often donor-) funded projects. Meanwhile, many local development committees have ceased operating, and citizens are largely disconnected from local government processes. Chiefs fill that gap, relaying information between government and the public, and sometimes accessing resources for localised development projects. MPs try to fill the gap too, using their influence and Constituency Development Funds, and this is the space that councillors will also fill after May 2014.

The ad hoc roll out of local government and service delivery in Malawi has resulted in functional fragmentation, unclear mandates, overlapping jurisdictions and responsibilities, and complex administrative processes (e.g., for procurement and reporting). However, integration of sectors and local government has progressed further in cities such as Blantyre, somewhat reducing functional fragmentation and improving corporate identity. Moreover, the extent of decentralisation differs greatly between sectors, going furthest in education and hardly occurring at all in the water sector. Yet even in education, central government retains control of pivotal functions, such as human resources, payroll and capital development. And, with some variation, all three study areas are subject to poor coordination among government agencies and between government and other stakeholders.

Why do local government and local service delivery work this way?

We argue that the underlying structure of Malawi's political economy explains the manner in which the roll out of decentralisation has proceeded. It also shapes the de facto rules and practices of local service management and delivery. The democratic transition in Malawi saw the breakdown of the elite bargain that had existed since President Banda consolidated his control of the party-state in the late 1960s. In the lead up to the transition, the Malawi Congress Party (MCP) disintegrated into several factions and a new informal elite bargain was struck. This new elite bargain is an archetypal competitive-clientelist political settlement (Khan, 2010). It is reflected in Malawi's highly personalised parties that are held together by patronage and informal relationships, in the acceptance of shifting allegiances (of chameleon-like politicians) (Englund, 2001) and in Malawi's ever-more fluid party system. Finally, it is reflected in a social contract between mostly rural citizenry and the state, based on paternalism and vertical patron-client networks, rather than horizontal class-or-interest-based associations or issue-based parties.

Politicians in all democracies are in a perpetual state of insecurity: they can only be sure of being in power until the next election. In Malawi, party leaders know that they will only stay in power if they can cultivate and

maintain their personal networks and alliances, and their support base. Parliamentarians are aware of the high turnover of MPs at election time and understand that they may only have one term in office to recoup the cost of running for office. If they are to retain their seats, they need to retain support and, in Malawi, that means accessing state resources (even if it means defecting to the ruling party) and providing hand-outs to voters at least at election time. Differentiating these competitive factions of the elite are not ideologies or policies, but their capacity to deliver and that means how close a politician is to the ruling-party leader.

Competitive clientelism sets up strong incentives for elites to establish and maintain institutions (rules-in-use) that enable them to deliver rewards of different kinds to their factions and supporters, and to retain their position in the party, by demonstrating their usefulness to its leader. Conversely, they may have few incentives to work together to build institutions that will deliver national public goods over the long-term. These incentives lead to two governance constraints – collective action failures and policy incoherence – that in large part help to explain the characteristics of local government and sector management (and other development processes) in Malawi.

Symptomatic of long-term policy incoherence is the weak and contradictory legal framework that structures and operationalises local government and some services, and a decentralisation policy that is not being implemented but remains on the books. New local government institutions and systems have been introduced, and functions and resources devolved and/or recentralised, without clear direction or coordination, and without rationalisation to ensure that new mandates and systems work with the existing institutional framework. This has created a system of local governance and service delivery at the local level characterised by dual administration, fragmentation and poor coordination and rule-enforcement. In turn, this makes collective action between different parts of local administrations, and between government and other local stakeholders, difficult to organise. For instance, management of urban water and sanitation requires the coordinated efforts of several local actors (the Water Board, the District Environmental Health Office, the City Health Office, a variety of chiefs and NGOs, etc.) but there is no overarching mechanism for ensuring they act collectively over the long term, which means that these services suffer.

The inability of government at different levels and other local stakeholders (communities, civic society, funders, private firms) to cooperate in ways that effectively produce, use and sustain public goods tells us that current institutional arrangements are flawed. Where institutions are absent, contradictory or used by the powerful to maintain their advantage at the expense of the collective, there are few incentives (positive and negative) for people to work together in socially productive ways, at least outside of small, close-knit groups. Dysfunctional institutions at all levels of government directly affect local service delivery, because they mean that goods and services (medicine, water, doctors, mechanics to fix pumps) are not produced or do not get to where they need to be – and poor Malawians who cannot afford to opt out of the public system can pay the price.

Because donors have been active in Malawi for nearly fifty years, it is illogical to ignore their role in Malawi's political economy. Since the transition they have promoted development and good governance, including decentralisation, and have contributed significant funds to sectors, including water, health and education as well as local government. Frequently their programmes have focused on the transfer of funds and technical assistance, and have largely ignored the underlying governance constraints that impinge on performance. To the extent that they have done this, and continued to provide funds and support, they may have unintentionally helped entrench the factors undermining reform, in this case, in local government and sector services at local levels.

The challenge for government

Elements of Malawi's context – such as its being landlocked, having a small natural resource base, and its relatively low Gross National Product – are important to the nation's potential, but these are not what determines the way government works and the poor services it delivers. They mean only that government and the nation's various development actors must begin from a low starting point. Contextual features inform possibilities; they shape the types of solutions that are likely to help solve the problem. It is the role of the state to design and implement policy that most effectively uses the resources the nation has, and to establish an environment in which other actors and the nation can prosper. The basics parameters of economic transformation are sufficiently well known now that development has become a choice (Mills, 2010).

Successive governments have been unable to design and sustain reforms that make the most of Malawi's material and human endowments. At times (such as from 2005 to 2008) collective action at the very top has generated policies and actions leading to some real economic improvements. But competitive clientelism has undermined the elite's adherence to developmental policies, reduced the 'political space' in which the state bureaucracy worked, and led to short-term rent seeking being prioritised over long-term national development. This pattern is unlikely to change in the near future.

While the thrust of our findings and argument is profoundly pessimistic in many ways, evidence has shown (Shivakumar, 2005; Ostrom, 1990) that institutions can be changed, but that change generally occurs incrementally. Analysts have noted the importance of crises, and how they can kick-start change. Local 'development entrepreneurs' (Fabella et al, 2012) who are driven by personal goals can drive national reform. In turn, the introduction of institutions that manage goods in a way that benefits a community as a whole can, over time, transform contextual conditions by, for example, producing an educated and healthy citizenry. This is a more optimistic proposition for development and a more optimistic starting point for development assistance.

The question therefore is not what types of institutions are ideal for producing public and other goods, but what types of institutions are likely to support public goods provision given the prevailing conditions? And, in the longer-term, what type of change is possible to nudge Malawi slowly away from a competitive-clientelist political settlement?

What might government and donors do differently to support local governance and service delivery?

There are changes that government and donors can make to better support local governance and service delivery in Malawi. These include changes to way that donors and others work (principles for assistance), as well as changes to the substantive direction or content of policy dialogue and of governance and sector programming. These substantive changes can be of two types. Some are activities that mainly seek to work within the current policy regime, changing it little, while others try to build on prevailing conditions in different, more productive or developmental ways.

1. Principles to guide how donors work

First, donors have been supporting democratic decentralisation in Malawi for the past two decades: **more of the same is not the answer**. Instead, donors should identify the real problems and work with local stakeholders to find solutions that fit prevailing conditions. Second, donors absolutely need to ensure that their aid and programmes do **not aggravate the drivers of poor governance and service delivery**. The do-no-harm mantra may seem over-used – but aid has had unintended consequences on both national and local politics in Malawi. This is an area that donors can directly influence to ensure that they are not reinforcing a non-development political settlement, protecting government from policy failures or inadvertently accentuating governance constraints. Third, there is a growing consensus that building institutions requires a different type of assistance to the direct delivery or distribution of goods and services (Natsios, 2010). Good institutions are based on sound technical knowledge but they must be adapted to local conditions. They therefore emerge through processes of negotiation and conflict, experimentation and iteration. Donors should **support new ways of working** where possible – 'adaptive-brokerage' approaches – and recognise that they are likely to deliver such aid at 'arm's length' (Booth, 2013).

2. Supporting local government and service delivery within the current policy regime

These programmes try to **work within the current policy regime in Malawi, and within dominant development paradigms** (such as democratic decentralisation). They accept that there are limits to what can be achieved without changing the underlying political settlement and social contract in Malawi, and that these have a perverse effect on decentralisation policy and its implementation. Therefore, the main objective is really to alleviate the worst effects of bad institutions – but also, where possible, to make small improvements within local government and to help small groups to build better institutions. Most of these activities are best suited to an 'arm's-length' mode of assistance, with support delivered by local organisations with the appropriate knowledge (technical and local) and skills (diplomacy, negotiation, and change management).

- **Support to the political arm of the new District and City Councils:** Councils are coming and they will need support. This should not be one-off training or orientation and should not focus solely on councillors. All council members and people working with councils (councillors, DCs, sector heads, chiefs, MPs and ex officio members) need to understand their own and each other's responsibilities. Each member of the new council will need support to carry out his/her role. But council members also need to build productive relationships that enable them to cooperate with each other and other development actors. This means long-term support and regular interaction outside of council meetings.
- **Support to planning capacity of the Councils:** It is imperative that local planning and budgeting capacity are improved, regardless of whether or not dual administration continues. In all sectors and localities, coordination between sectors, between sectors and the Secretariat, and between the council and other stakeholders is inadequate for district-wide planning, informed allocation of resources and joint service delivery. Long-term and embedded support should be considered here too.
- **Improve information flows:** While information itself will not change the underlying political logic in Malawi, better decision-making (and planning and coordination) depends on better information (and the generation, sharing and establishment of feedback loops). Areas that donors might prioritise include: support to systematic data collection within sectors; collaborative score-card exercises between users and providers; support to systematic collection of data on community access to services and perceptions on provision; and support to government to improve its ability to aggregate and use data.
- **Build on what is working:** The timeframe for this work did not allow for in-depth research of front-line providers and community groups. But there were indications that some of these are working better than others to deliver services and these deserve closer inspection (such as privatised water kiosks, school management committees, CHAM clinics).
- **Support bridging between more successful civic groups:** Where there are examples of similar types of civic groups working relatively well, donors might consider helping to build higher-level associations, while taking care not to create perverse incentives (e.g. around allowances, 'suitcase organisations', etc.). Support that builds organisational capacity should be included.
- **Support review of legal framework for local government:** There is a need to undertake a comprehensive review of the laws that pertain to local government and service delivery at local levels.

3. Institutional solutions adapted to prevailing political conditions and incentives

This approach tries to **build institutions suited to prevailing conditions and de facto incentive-structures in Malawi**, to improve service delivery in the medium-term and to try to influence more fundamental political drivers over the longer-term. They take contextual factors and political-economy drivers as the starting point for analysis of the types of institutions that are likely to be socially productive and promote cooperation for different groups and objectives. While donors cannot drive institutional change, they can try to give good policy advice and to not reinforce a non-development political settlement.

- **Consider support for asymmetric decentralisation:** In the shorter term, devolution is much more likely to succeed in Malawi's few cities than in the rural districts: cities have better infrastructure and a more educated population that can organise to demand improvements; the Secretariats attract Malawians with skills, education and entrepreneurial spirit; and, most importantly, cities can generate more local revenue. Support for forms of asymmetric decentralisation, where more powers and functions are devolved to particular regions or localities, would allow resources and expertise to be better targeted.
- **Accept dual administration for now and strengthen *de facto* decentralised systems:** The *de facto* situation in the districts is the deconcentration of sector administration. Dual administration will continue, unless there is purposeful action by central and local government. Priority might be given to improving the *de facto* system by strengthening central ministries and helping them to deliver goods and services more effectively through the deconcentrated system.

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- **Long-term support to strengthen the party system:** Changing the nature of political organisation in Malawi is part of what is needed to build a more developmental political settlement. The focus needs to be on the construction of a more functional and institutionalised party system, rather than on traditional parliamentary and party-to-party assistance.

All of the above activities and others not described here can only proceed on the basis of policy dialogue between government and donors. Some of these actions donors can and should take unilaterally, such as incentivising the NGOs they fund to ensure that local inputs are in line with local government and community priorities. Sector and issue-specific studies are needed to improve our understanding of how the political economy drivers outlined here affect local delivery in particular cities and districts and how local stakeholders might work together to build more appropriate institutions. The overriding message of this research, however, is that more could be done to help stakeholders to work together to build institutions more able to deliver better local services.



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