

3.2 Supporting Establishment of the Parliamentary Budget Office in Malawi



3.2.1 Documentation Methods of the Malawi Parliamentary Budget Office

The methodology adopted supporting establishment of a PBO in Malawi as a best practice was guided by the objectives and purpose of documenting best practices using SADC standards. The primary purpose of a best practice is to provide a practical instrument that facilitates the sharing of valuable information within and between member states and between consortium members in order to assist authorities to scale-up interventions based on what is known to work. Thus the purposes of a best practice are summarised as being:

- To document, understand and appreciate good experiences.
- To facilitate learning about what works and what does not.
- To share experiences.
- To assist the replication of small and successful interventions on a larger scale.

Based on the above, a systematic methodology was used as a best practice and it paid attention to the following: Data collection, data collection tools, respondent category, data processing and analysis and reporting.



Data was collected from various categories of stakeholders who include: project implementation team, project beneficiaries and key informants. This was done through FGDs, face to face interviews, observations, photos and review of existing literature regarding the project. Four (4) FGDs were conducted; one with Parliamentary Committees, one with Clerks of the Assembly, one with Project Implementers, and one with Task Team. Key informant interviews were conducted with AA Malawi Director, Chairperson of Nutrition and HIV AIDS Parliamentary committee, Deputy Clerk of Parliament, Chairperson for Women MPs in Malawi against Child Marriages, Chairperson Parliamentary Gender Committee, Member from Ministry of Finance, Chief Planning Office at Parliament, Media representative, Budge, Finance and Account Committee Chairperson and Agriculture, Irrigation and Water Development Committee Chairperson, Staff from Government ministries, including the representative from Office of the President, two CSO representatives and a representative from UNICEF. The Speaker of Parliament was also interviewed as a key informant.

Key documents reviewed included the Malawi Constitution, Malawi Standing Orders and Privileges, Malawi Parliament Strategic Plan, Project Related documents, other related study reports, Minutes of Task Force proceedings, and Media clips related to the PBO.

Three data collection instruments were used for collecting data; FGD guides for Beneficiaries, Interview guides for Implementers, and Interview guides for key informants.

Following data collection, using the triangulation and appreciative mode of inquiry, data was transcribed, captured stories and important quotes were recorded, relevant information from various literature including proposals and reports was recorded and then after analysed before overall scoring of the best practice was done. This was done using a comprehensive scorecard.

3.2.2 Background to the Start-Up of the Parliamentary Budget Office

According to the Malawi National Assembly Strategic Plan 2006-2009, “The National Assembly aspires for efficiency and effectiveness in discharging its core functions of law making, oversight and representation”. Critical to this is the clarity in the strategic plan for a national assembly which is more responsive to public issues in ensuring oversight, transparency and accountability in the use of public resources based on the rule of law. One of the key functions of the National Assembly of Malawi is to provide oversight on the national budget and taxation. In essence this entails ensuring that Parliament should have adequate capacity to effectively carry out its oversight and legislative functions in relation to public expenditures.

As far back as 1990’s the need for the National Assembly to play a more effective role in budget formulation, monitoring and tracking progress was almost unanimously agreed upon by both the National Assembly and other key stakeholders. It was unequivocally recognised that despite this pressing need for an effective parliament in budget monitoring and other oversight functions on the budgetary processes, the National Assembly lacked capacity to technically analyse the budget and forecast its impact on the budget. This was a limitation on members of parliament and parliament staff. In that state, Parliament had limited influence in the formulation of the budget and the National Assembly did not have the necessary qualified staff dedicated to financial and economic analysis. At times, consultants had been engaged on a temporary basis to assist the committees with budget analyses. This resulted in lack of a systematic approach in dealing with public expenditure issues during the legislative phase of the national budget; and in committee work during the implementation and review phases of the budget process. Besides over reliance on the consultants, over the years, members of parliament have also had to rely extensively on analytical work conducted by external advocacy groups and CSOs such as the Malawi Economic Justice Network, Malawi Health Equity Network and others. The role of the CSOs and other stakeholders in this regard was well appreciated notwithstanding the fact that analysis conducted by consultants, CSOs and other stakeholders tend to be selective in the issues addressed, as such it was paramount to have an impartial and independent unit with internalised capacity to analyse and process the budget for the benefit of all parliamentarians.

In 2008, a special study on establishing the PBO in Malawi was conducted by the National Parliament through the Project for Economic Growth (PEG) with funding from CIDA and DFID. Among the key objectives of the study was: To determine the budgetary information needs of the Legislature and the ideal level of Parliament’s involvement in the national budget process; To demonstrate the potential value to be gained by establishing a PBO within the National Assembly, if any; To identify the best practices in establishing such an office, pattern of organisation, style of operations, services and products provided, based on experiences in SADC and the Commonwealth; To identify key stakeholders, whose relationships and linkages with the PBO should be enhanced, for the smooth operations of the PBO among other objectives. Further the study sought to establish the current capacity of the National Assembly in the provision of financial, budget and economic analysis and advice to committees and plenary.

This study combined different methodologies, among these were learning visits to the New York State Legislature and Uganda by the members of parliament from Malawi, review of relevant literature and key informant interviews with relevant stakeholders which included MPs, National Assembly Staff, CSOs among others. A key finding of this study was that preparation of the National Budget is an exercise undertaken solely by the Executive Branch led by the Ministry of Finance. However section 57 of the Constitution and associated Standing Orders prohibit the National Assembly from amending the national budget or bills with financial or tax implications. However, Parliament still retains their role to debate the broad terms of the budget and identify potential inconsistencies and possible savings through detailed analysis of the estimates for expenditure in the finance committee. This role therefore requires that Parliamentarians have the capacity to critically analyse, scrutinise and make key and strategic recommendations to the executive over the budget.

The study findings were also in sync with the general populace's view of setting up an independent Parliament Budget office whose main mandate would be to strengthen the technical capacity of members of parliament to absorb budget/economic data. Parliamentarians are therefore provided with objective, timely and non-partisan analyses needed for making quality economic, budgetary and policy decisions.

When the study findings were presented to the Executive and National Assembly, the key stakeholders had mixed feelings and as such were the findings were not implemented. Thus, the establishment of the PBO in Malawi still remained abandoned in the pipelines. Key contributors to the failure of implementation the recommendations of the study findings were:

- The role of the of the PBO was not well understood, as when the study findings were presented to the Executive and National Assembly, the key stakeholders had mixed feelings and as such were the findings were not implemented. Thus, the establishment of the PBO in Malawi still remained abandoned in the pipelines.
- Others particularly from the Executive feared that the PBO would replace the role played by the Treasury in the formulation of the National Budget.
- The PBO was a perceived as political manoeuvre to oppose the government financial decisions.
- Perceptions that establishment of the PBO was donor driven.
- The value addition of the PBO was not clearly understood.
- Lack of buy in from key stakeholders.
- Lack of coordination mechanism among key stakeholders.

In 2016, the *Deutsche Gesellschaft für Internationale Zusammenarbeit* (GIZ), conducted a feasibility study on the options for an improved support to parliamentary oversight in the National Assembly of Malawi. Through this study interviews with key stakeholders in the Republic of Malawi - legislative, executive, civil society organisations donors and

development partners - were conducted with the objective to take note of their experiences and to take note of their experiences and opinions on how and with which tools parliamentary oversight could be strengthened.

This study however, did not repeat the research already undertaken by the National Assembly in 2009 but focused on the feasibility of establishing the PBO in the current environment taking into account new developments then and sustainability of establishing such an office.

This study too acknowledged that *“in many countries, independent, impartial and accurate information on the government’s finances, the financial implications of its policies and proposals and on economic estimates are prepared and provided by a Parliamentary Budget Office (PBO). In Malawi such a PBO did not exist. Information was provided to parliament by clerks, media, civil society organisations, universities, and different government MDAs called in for provision of information by parliament. However, without accurate information, parliamentarians’ decisions could not be well-grounded and based on evidence”*.

This study did not make a recommendation for the immediate establishment of the PBO as an immediate solution but rather recommended that a feasible objective for the PBO could be the proper and sound analyses of fiscal and sector policy and the assessment of government programs as the current legislation did not allow any amendment of the draft budget by Parliament. Instead of establishing an independent PBO, the study recommended empowerment of cluster committees responsible for the respective budget sectors to ask targeted questions with the objective to hold government accountable for previous budget implementation and to express the interests and needs of the population.

3.2.3 New Energy! New Strategy: New Dawn for the PBO in Malawi

In 2016, the Swiss Agency for Development and Cooperation (PSA), awarded a tender to the Partnership for Social Accountability (PSA) Alliance; a consortium of organisations led by ActionAid International (AAI) and including the Public Service Accountability Monitor (PSAM) of Rhodes University, Eastern and Southern Africa Small Scale Farmers’ Forum (ESAFF) and SAfAIDS. The focus of the tender was to strengthen social accountability capacity of members of parliament, government, the media, issue based CSOs and small holder farmers in Zambia, Malawi, Tanzania and Mozambique; with a aim to expand to include the other SADC member states in subsequent phases with specific target of improved food security and improved SRH.

One of the key strategies in the first phase was to support the establishment of the parliamentary budget offices (PBOs) in Malawi which in turn would contribute to better support for MPs and parliamentary office committees in understanding the budgeting process.

Key Processes and Project Activities for supporting establishment of the PBO in Malawi

Building on the previous momentum on the establishment of the PBO in Malawi, the ActionAid Project team led by the Project Manager then crafted a number of strategic activities that would in turn contribute to the establishment of the PBO in Malawi.

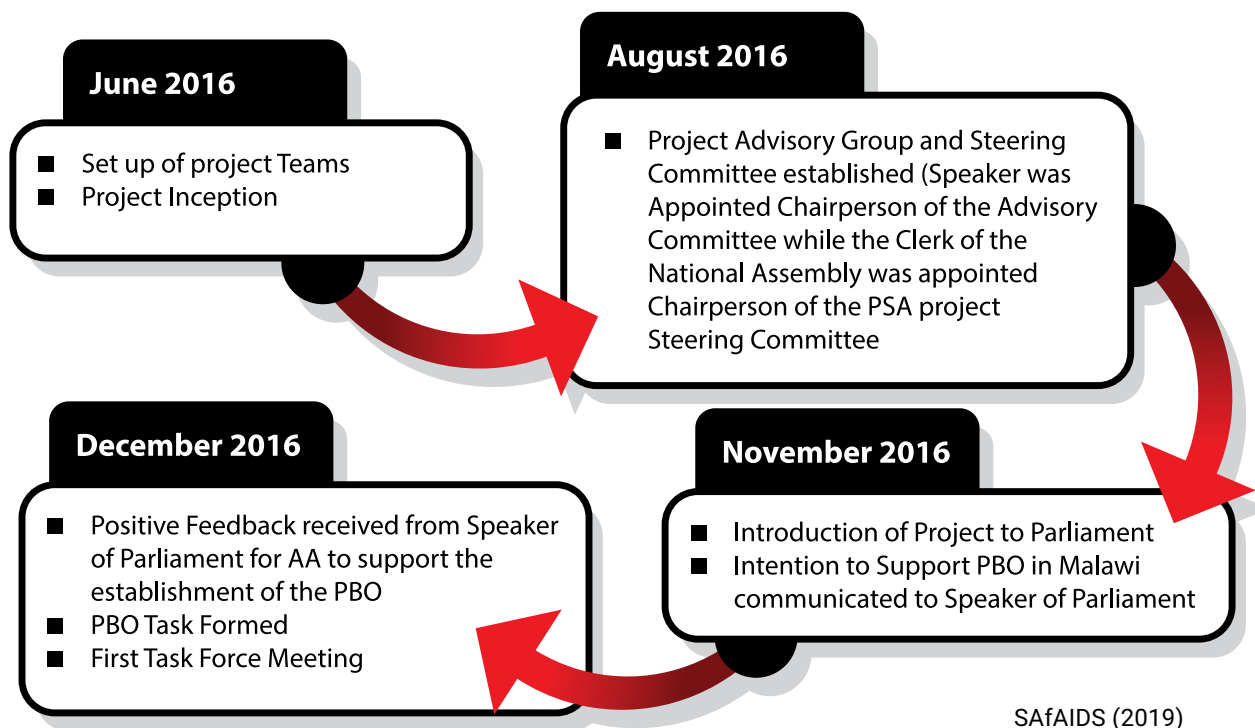
First, it was critical to generate buy-in to the project by key stakeholders, especially the National Assembly. The Speaker and Clerk of the National Assembly were invited to become members of the National Steering and Advisory Committees of the PSA Project in Malawi; to which they agreed.

“The Speaker of the National Assembly had tried with a lot of efforts to have the PBO established in Malawi even before the project as such he was happy that AA through the PSA project was resonating with him on this. He therefore pledged his support and this was key”. – Wales Chigwenembe, AA Malawi Project Manager.

Through the speaker of the National Assembly, the project and its intention to support the establishment of the PBO was well introduced to the NA as well as to the executive.

Below is a sequence of key activities for the establishment of the PBO in Malawi.

Figure 9: Key Sequence of Activities



Formation of the PBO task Team

The project team officially introduced the project to parliament and held a number of meetings with the Speaker of Parliament. After a number of meetings, the Speaker of Parliament recommended that a task team be formed to coordinate the establishment of the PBO. Working closely with the speaker of parliament AA supported the formation of the PBO task team which comprised of the following with clear roles and responsibilities.

- Deputy Clerk of Parliament (Parliamentary Services)
- Deputy Clerk (Cooperate Services)

- Clerk Finance
- Clerk PAC
- Chief Planning Officer – Parliament
- Senior Representative from the Office of the President and Cabinet (OPC)
- Senior Representative from the Department of Human Resources, Management and Development (DHRMD)
- Senior Representative from Ministry of Finance, Economic Planning and Development
- Senior Representative from the Ministry of Justice
- Senior Representative from the Malawi Law commission
- CSOs such as Malawi Health Equity Network (MHEN) and National Smallholder Farmers Association of Malawi (NASFAM)
- ActionAid Malawi

Bi-Monthly Meetings

Since the formation of the task force, ActionAid Malawi consistently supported the convening of the bi-monthly meetings for the task force.

“It was evident from the flexibility of the members of the task team to attend meetings even when these meetings would be held on weekends that commitment and dedication to establishing the PBO was very high. Every meeting was punctuated by the documented action points in meeting minutes. Further, during these meetings, task completion for the previous action points would be shared by all task team members” —Andrew Mpesi; Former National Project Manager, AA Malawi

Support for Study Visit to UGANDA

AA Malawi was cognisant of the fact that a number of study visits have been undertaken by National Assembly members to countries such as Kenya, Canada and USA to learn how PBOs work.

However the team still was confident that another tour be taken to the Uganda Parliament by the representatives of the PBO task team due to the fact about 75% of members who participated in the previous tours were no longer in the current parliament. Following a series of task team meetings it was recommended that members should proceed on a Study Tour to the Parliament of Uganda to learn best practices on the establishment of the PBO. Therefore AA Malawi supported the eight member team comprising of representatives from the National Assembly, Ministry of Finance, Office of the President and Cabinet, DHRMD, Parliamentary Committees and AA Malawi. The study tour was conducted from the 15th to the 17th October 2017.

On return from the study tour, the delegation leader presented the study tour report and findings to the Parliament Committee, Parliamentary Commission, Executive, Department of Human Resource, the full house of Parliament and the Speaker of the

National Assembly. Soon after the Speaker of Parliament announced the establishment of the PBO in Malawi with a deadline in which the other processes should be completed. This marked the birth of the PBO in Malawi.

3.2.4 Elements of Best Practice

Relevance

The desire to set up a PBO was premised on the understanding that countries which had set up Budget Offices had seen a change in the way the Legislature had participated in the country's Budgetary Process. It is asserted that the Budget Offices have been instrumental in providing much needed technical support to Parliament in the national budgeting process. This has in turn, strengthened parliament's budgetary oversight function.

The National Assembly of Malawi duly acknowledges that, while the issues related to the design of Parliamentary democracies may be difficult to change, the structural issues can be addressed by putting in place certain measures to help parliamentarians scrutinise fiscal policies in a more robust manner. The National Assembly, therefore, recognised the need to have a Parliamentary Budget Office that would analyse the budget along the lines of finance and economy prior to budget session. The office would also provide MPs with professional, objective and non-partisan advice as regards the budget (DHRMD, 2016 Report).

The relevancy of the PBO has also been hailed by the Deputy Clerk-Cooperate Services as depicted from the below extract during a focused group discussion.

“One of the core functions of MPs is oversight over the budget expenditure. The problem has been that MPs come from diverse backgrounds. Some are teachers, some are comedians, some are vendors, professors, doctors and even musicians. The first assignment for MPs in parliament is to pass the national budget which is prepared by the Executive after the President and Minister of Finance have given their budget speeches. The Budget is bulky and a number of MPs cannot understand, the content, as such some sit in sessions and in sub committees without contributing anything”.

Discussions with different clerks of Parliamentary Committees also indicated that they attached importance to the establishment of the PBO because of the three functions that parliament has; legislative, representation and oversight. Oversight is done by parliamentary committees as they look at budgets for various ministries, departments and agencies. MPs come from different backgrounds and professions and it is difficult for them to do their analysis of budget documents. ***“As parliament, we used to engage consultants to assist MPs in analysis of budget documents. Engaging consultants has cost implications and also affects continuity as the Consultant contract ends”.*** The PBO will therefore address this challenge i.e. permanent staff around to support MPs in budget analysis, it will also cut the costs of recruiting consultants.

The Honourable chairperson for the Budget and Finance Committee; Rhino Chipiko, noted that the relevance of establishing a PBO in Malawi lies in the ability of the office to address the challenge that parliament faces if it is not fully independent of the executive, as such the PBO is a way to detach parliament to ensure the parliament is independent from the Executive partisan and from the Executive.

“Without the PBO, we have been approving the budget without understanding the impact on women, children, the old aged. Now we will be able use the analysis from the PBO on the budget and represent people that voted for us better. —Honourable Lillian Patel (MP). Effectiveness

Effectiveness

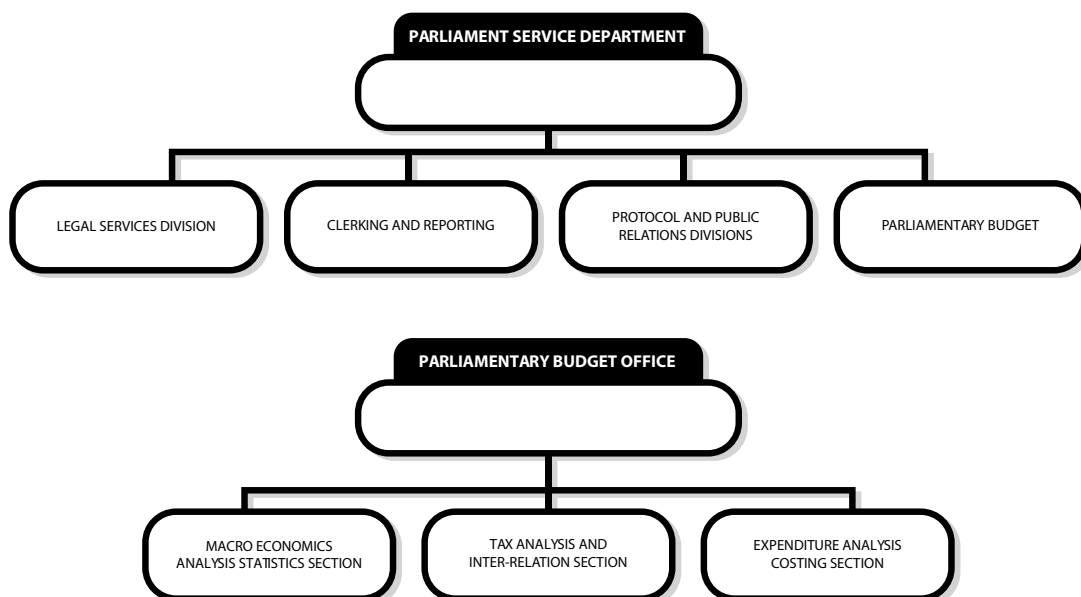
The efforts towards establishing the PBO in Malawi was not new or just synonymous with the PSA project, but a “project in trial “ for the last 16 years. It had been tried and failed in the past but was successfully achieved during a one year PSA project implementation period.

The chairperson for the Parliamentary Accounts summed up the efforts to have the PBO established as follows **“if the PBO was a child, by now it would have been going to the University.”**

The PSA project effectively supported the Task Team role in setting up the PBO in Malawi. The Speaker of Parliament in 2017 announced the establishment of the PBO in Malawi and this was followed by the DHRMD approving the establishment structure proposed by the task team members on their return from the Uganda tour of parliament. This was followed by resource allocation towards administrative and salaries for PBO staff in the 2017/2018 national budget. Ministry of finance allocated 70 million Kwacha for setting up the PBO in the budget year 2017/18.

“We achieved the establishment of the PBO just in one year of the PSA project when attempts have failed for more than 10 years” — Andrew Mpesi, Former National program Manager, AA Malawi

By end of the 2018 the National Assembly developed the ToR for the DHRMD to recruit key staff in the PBO as per the recommended staffing structure. By February 2019, the positions were advertised in the national media.



Replicability

The desire to set up a PBO was premised on the understanding that the countries which had set up Budget Offices had seen a change in the way the Legislature had participated in the country's budgetary process. It is asserted that the Budget Offices have been instrumental in providing much needed technical support to Parliament in the national budgeting process. This has, in turn, strengthened Parliament's budgetary oversight function as such the establishment of the PBO in Malawi was based on the learning from countries where similar models have worked.

The approach was informed by the Uganda PBO model, where lessons were drawn after the study tour.

Key lessons drawn from other countries' setting up of PBO's: i) The office should not be donor funded; ii) the office should be established and supported by an Act of Parliament so that it can be safeguarded; and iii) politicians must not lead the process of setting up PBO.

NA used information presented from AAI on the situation analysis, case studies of the PBO and Parliament of Malawi situation analysis.

Uganda was identified as the best practice to learn from, as such several meetings were held with staff from the Uganda parliament. It was learnt that capacity building of staff for the office was critical. It was also learnt that staff in the PBO should be non-partisan in discharging the PBO functions. The other key lesson learnt was the PBO in Uganda also does M&E of government programmes.

Lessons on how to set up the PB office can be applied in other countries. The model can also be used to strengthen the functions of PBO where they exist in the project implementing countries.

Innovativeness

The unique feature of the intervention was that AAI conducted a power analysis and realised that working with technocrats was more efficient than politicians. This was a key innovation that was missing from prior attempts to set up PBO in Malawi.

"The need for a PBO has not started now but sometime back, but past attempts to have the office established failed due to different understandings of the role of the PBO between the politicians and bureaucrats. The politicians perceived the PBO as a parallel structure to the role of Ministry of Finance while the bureaucrats perceived the PBO as structure that take up the role of the Budget and Finance committee."

A key unique facet to the establishing of the PBO was in the PSA and AA Malawi use of evidence which was shared with both the Executive and Bureaucrats including National Assembly on the value and the distinct role of the PBO in relation to other existing structure. Evidence of best practices from other countries where PBO has worked was strategic innovation.

The PSA project was innovative in ensuring inclusion of the Clerk and Speaker in the project's Steering and Advisory Committees. This ensured common understanding of the PBO and onwards buy-in from other key stakeholders

- A key strategy was also use of personal connection within parliament, hence making easy to secure meeting appointments.
- Chief planning officer in parliament is the dedicated focal person for the project in parliament.

The establishment of the task force with different and high level key stakeholders such the office of the President ensured high level buy in and support. One of the objectives of the taskforce was to ensure buy in from the Ministry of Finance as such it was clarified that the PBO was not taking over the Ministry of Finance functions.

Key stakeholders acknowledge that the approach employed by ActionAid in supporting the establishment of the PBO was unique.

“The PSA project has been one of a few successful projects. I for one has benefited from this project in many ways and I am now a better MP than I was. Rather than focussing only on the PBO, the PSA project and AA has championed capacity building of MPs at national and regional level. I have benefited a lot myself and it is my hope that the project will continue even after the general election and capacitate other MPs” –Honourable Deus Gumba-Nutrition, HIV and AIDS Parliamentary Committee

“In most cases donors and CSOs come with their own agendas, but ActionAid approached us with an open mind and together we developed the strategy of establishing the PBO” —Deputy Clerk of Parliamentary Accounts Committee

“The study tour to Uganda for the national stakeholders from both parliament and the executive arm of government facilitated learning on how the budget office can be established and the role it will play that is different from that of Ministry of Finance especially the budget department. Another important factor that facilitated the establishment of the Parliamentary Budget Office is the establishment of the multi-stakeholder steering committee that met regularly over the establishment of the office. Financial support from other players such as ActionAid played a big role in ensuring that steering committee members are meeting and working towards establishment of the office”. —Honourable Speaker of the Malawi National Assembly, Richard Msowoya (MP)



Image: Google Images/ D. Watira (AFIDEP)

Cost Effectiveness

The Budget Line for strengthening the establishing of the budget was as minimal as \$3,333 as such, this meant that the project team uses cost saving measures if the task was going to be a success. Through working with Parliament, a number of cost saving measures were utilised. These included using the parliamentary office for meetings. Other costs such as photocopying and communication during the task team meeting were also a responsibility of parliament.

The Project was piggy-backed on the other activities that were being implemented by ActionAid and not necessarily under the PSA. As the project progressed, the value was noted and the activity had to be supported by other project line. For instance the cost of the parliamentary tour to Uganda cost about \$18,000 as such it was supported by other project lines.

Sustainability

The establishment of the PBO took a consultative process and adequate buy in from all stakeholders. Further, the PBO has been established as a part of the existing Parliament structure and establishment as such its existence will be sustained.

The role played by the Speaker of the National Assembly, Honourable Richard Mswoya (MP) has also been commended for ensuring continued existence of the PBO even in the absence of financial and logistical support form stakeholders such as ActionAid.

“As a speaker of the National Assembly, my role was to make sure that stakeholders in both the executive arm of government, and the legislature understand the functions of this office in the discharge of the oversight role of parliament in Malawi. I made sure that the roles and functions of the budget office at parliament are very clear and distinct from any other government office. I also made sure that resources for the establishment of this office are available both from the national budget and also from other development partners such as ActionAid.”

Evidence of the Executive support is that funds for the PBO salaries were secured from the 2017 treasury despite the blanket ban on recruitments by the government in 2017.

The intervention is **financially sustainable** as the PBO will be established through an Act of parliament and hence funding will be provided through treasury.

Ethical Soundness

The setting up of the PBO in Malawi took an ethical approach. The implementation team engaged an appreciative mode of inquiry that acknowledged that the key stakeholders had capacity to recognise the challenges that they faced during the earlier attempts in setting up the BPO. They also believed that the stakeholders had capacity to find workable solution for the PBO to be a reality. AA Malawi recognised

and respected the roles that key stakeholders had in establishing the PBO as such the AA Malawi role was that of a facilitator of the dialogues to take place between the Executive and NA. It further acknowledged the involvement of the media as an important ally.

“The approach that ActionAid took was very consultative and respectful. I advised them on key procedures that they needed to know in engaging the NA and the Executive and they took my advise and it worked. I also felt free to consult them whenever there was a need. ActionAid has really come to our rescue in engaging the Executive”.
—*Mr. Mdala; Chief Policy and Planning Officer at Parliament*

Key stakeholders also noted that establishing an independent PBO will ensure trust and confidence in the information received from the PBO as an independent entity. The PBO will ensure independence of parliament. It will function as a professional entity which should have staff that is employed based on professional scrutiny.

3.2.5 Conclusion

Using the scorecard, the PBO is truly a best practice that can be replicated in different setting and scales as it scored more than 80% on the criteria of validating best practice.

3.2.6 Key Lessons Learned

- It is critical for all key stakeholders to understand the purpose of the PBO for them to appreciate the role it will play in enhancing public resource management in the country.
- It is important for partners supporting such an initiative not to dictate their wishes and requirements to parliament and political leaders.
- Inclusive and consultation with all stakeholders.
- Identification of influential champions (e.g., speaker of parliament) with similar interests is critical to the success of the PBO establishment.
- Do not invest efforts in Politicians that come and go but in permanent structures such as the National Assembly.

3.2.7 Key Recommendation for Moving Forward.

- For the PBO to be effective, its establishment should be supported legally through revision of the Public Finance Management Act of Malawi to include a resolution for its establishment, there is thus a need for stakeholders to fast track efforts to review the PFMA. Different options could be considered for speeding up this process including tabling it as a Private Member Bill.
- Need to invest in capacity building and mentoring of the PBO office holders in key parliamentary function, budget analysis, documentation, communication and in social accountability.
- Organisation such as ActionAid and partners should consider working with the PBO to strengthen the M&E system to measure results of the PBO on both the part of the MPs and on the impact the PBO would have on the citizenry.
- Key strategies should be explored to ensure that the PBO remain neutral in its functions.
- Organisations such as AA Malawi and even National Assembly should educate the MPs, CSOs and other key stakeholders on the role and value of a PBO
- PBO should consider creating strong linkages with CSOs, media and other various Parliamentary Committees.
- The role of the media should be recognised in the PBO structure and functions as strategic partner.