

SECTOR FINANCING Water Supply and Sanitation In Malawi,

*A study by Malawi Economic Justice
Network and WaterAid Malawi,*

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Prepared by

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“We shall not finally defeat AIDS, tuberculosis, malaria, or any of the other infectious diseases that plague the developing world until we have also won the battle for safe drinking water, sanitation and basic health care.” Kofi Annan, United Nations Secretary-General

“Water and Sanitation is one of the primary drivers of public health. I often refer to it as “Health 101”, which means that once we can secure access to clean water and to adequate sanitation facilities for all people, irrespective of the difference in their living conditions, a huge battle against all kinds of diseases will be won.” Dr LEE Jong-wook, Director-General, World Health Organization.

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The research team comprised of: Paul Kwengwere (Development Economist/ Team Leader); and Benson Phiri (Social Scientist).

Finally, please note that this paper reflects the opinions of the research team, who are also responsible for any errors of fact or interpretation. None of the views expressed should be attributed to MEJN, Water Aid or Ministry of Water & Irrigation Development.

Paul Kwengwere

MILLENNIUM CONSULTING GROUP

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Acronyms and Abbreviations

ADB	African Development Bank
ADRA	Adventist Development and Relief Agency
CBM	Community-Based Management
CCAP	Church of Central African Presbyterian
CIDA	Canadian International Development Agency
CPAR	Canadians Physicians for Aid and Relief
CRS	Christian Relief Services
DA	District Assemblies
DDF	District Development Fund
DDP	District Development Plans
DFID	Department for International Development
D-WASHE	District Water, Sanitation, and Health Education
EU	European Union
FY	Financial year
GDP	Gross Domestic Product
GFS	Gravity-fed Scheme
GIS	Geographic Information Systems
GPS	Global Positioning System
GTZ	German Technical Co-operation
HIPC	Highly Indebted Poor Countries
HQ	Headquarters
ICWP	Improved Community Water Point
IHS	Integrated Household Survey
IMF	International Monetary Fund
JICA	Japan International Cooperation Agency
KfW	Kreditanstalt für Wiederaufbau
LG	Local government
MASAF	Malawi Social Action Fund
MDG	Millennium Development Goal
M&E	Monitoring and evaluation
MEJN	Malawi Economic Justice Network
MK	Malawi Kwacha
MoF	Ministry of Finance
MoWID	Ministry of Water and Irrigation Development
MPRSP	Malawi PRSP
NWDP	National Water Development Program
NGO	Non Government Organisation
NORAD	Norwegian Agency for Development Aid
NSA	Non-State Actors
NSO	national Statistics Office
ODI	Overseas Development Institute
O&M	Operation and Maintenance
OPC	Office of the President and Cabinet
PPA	Participatory Poverty Assessment
PPE	Pro-Poor Expenditure
PRGF	Poverty Reduction and Growth Facility
PROSCARP	Promotion Of Soil Conservation and Rural Production
PRSP	Poverty Reduction Strategy Paper

RIEP	Rural Income Enhancement Project
SSA	Sub-Saharan Africa
SWAP	Sector Wide Approaches
TA	Traditional Authority
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
WASH	Water sanitation and Hygiene
WP	Water Point
WSP	Water and Sanitation Program
WPD	Water Point Density
WSS	Water Supply and Sanitation
WSSCC	Water Supply and Sanitation Collaborative Council
WSSD	World Summit on Sustainable Development

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1. INTRODUCTION

Malawi, a Southern African landlocked country, is one of the poorest countries in the world. During the past five years, the United Nations Human Development Report has been ranking Malawi in the bottom 15 countries on the Human Development Index. In 2003 Malawi was at number 162 out of 175 countries, which, in fact, was the lowest ranking for any country in the world not currently facing internal or external strife. All other countries with lower human development indices were at that time either at war or have had some sort of internal conflict.

According to the Integrated Household Survey (IHS) of 2004/05, the current status of poverty shows that 52.4% of the population lives below the poverty line, ie 6.3 million Malawians are poor¹. Most of the socio-economic and health indicators are appalling. Infant mortality is unacceptably high. The total fertility rate is the 11th highest in the world. The maternal death rate which stood at 620 per 100,000 live births a few years ago, climbed to 1,120 around the year 2000, and in 2004 stood at 1,800, placing Malawi as the third worst country in the world after war torn Sierra Leone and Afghanistan.

Acute Respiratory Infections (ART), diarrhoea and malaria are the common causes of child death in Malawi. Malawi Demographic and Health Survey (MDHS-2004) indicate that 22% of the children under 5 years had diarrhoeal two weeks before the survey. Not surprisingly, the percentage people accessing water and sanitation have not been very encouraging, more especially the sanitation side. The government of Malawi does not even have a sanitation policy (the process to have such a policy only started in 2005)² and a proper National Water Policy came into being in August 2005. Previously, and this was only in 1994, the Government developed the first Water Resources Management Policy and Strategies to guide the sustainable use of water and sanitation.

Over the years, the Government of Malawi has made some efforts trying to improve the allocations in its national budget for the water and sanitation sector through inclusion of the sector into PPE. Most of the donor agencies and NGOs have also contributed in putting resources in the sector. The areas and amounts of expenditure, and related

¹ Malawi Growth and Development Strategy, 2005, Malawi Government. Pg 4.

² Final Draft of the Sanitation Policy by Ministry of Water Development was produced in May 2006.

trends over the past few years, are a subject due for exploration in order to determine whether Malawi would be able to meet its MDG target. The water and sanitation MDG is halving the number of people without access to water by the year 2015³.

This paper looks at the water supply and sanitation sector financing and expenditure to determine the levels of investment into the sector. This is done by analysing the figures from the national budgets and other sources of funding and looking at actual funding trends during the past five years. Specifically, the research covered the following areas:

- Budgetary allocations to the water supply and sanitation sector from the national budget and actual funds disbursed to the District Assemblies from central government.
- Expenditure from actual funding, analyzing amounts expended on recurrent transactions and on capital investment for the water sector both at the central and local government levels.
- Sector financing by donors and non-government organizations (NGOs) in the public service delivery sector.
- The link, if any, between fiscal decentralization and nature of financing to the water sector for the period under review.

Eight districts have been covered in details to make sure that the analysis does not only cover the national level but down to grassroots levels, viz: Lilongwe, Salima, Ntcheu, Nkhata-Bay, Mzimba, Machinga, Thyolo and Mwanza.

1.1. Methodology

The qualitative information for this study was gathered through a combination of field visits and face-to-face interviews with representatives of all sector stakeholders in Malawi. The quantitative data were obtained from various line ministries, Water Aid, Water Supply and Sanitation Collaborative Council (WSSCC), National Statistical Office (NSO), the eight local assemblies and other sources from the Internet.

³ The baseline for the target is estimated water and sanitation coverage for 1990. So for example, if the population not having access to water was 50%, the MDG target requires that this be reduced to 25% of the much higher population of 2015.

1.2. Organisation of the Report

After this introductory section, the report looks at water sector and sanitation internationally, regionally and nationally, by reviewing some of the statistics and literature. The third section goes deep into financial analysis of Water Supply and Sanitation sector by looking at the national budgets, and other related finances that go into the sector. In the fourth and fifth sections, the report looks at the sector at regional and district levels, assessing how Malawi has been practically performing in the sector. The sixth section looks at the effectiveness of WSS financing in general and by tackling different stakeholders in the sector. The final section gives a brief conclusion and lists down a number specific recommendations.

2. WATER SECTOR AND SANITATION: AN OVERVIEW

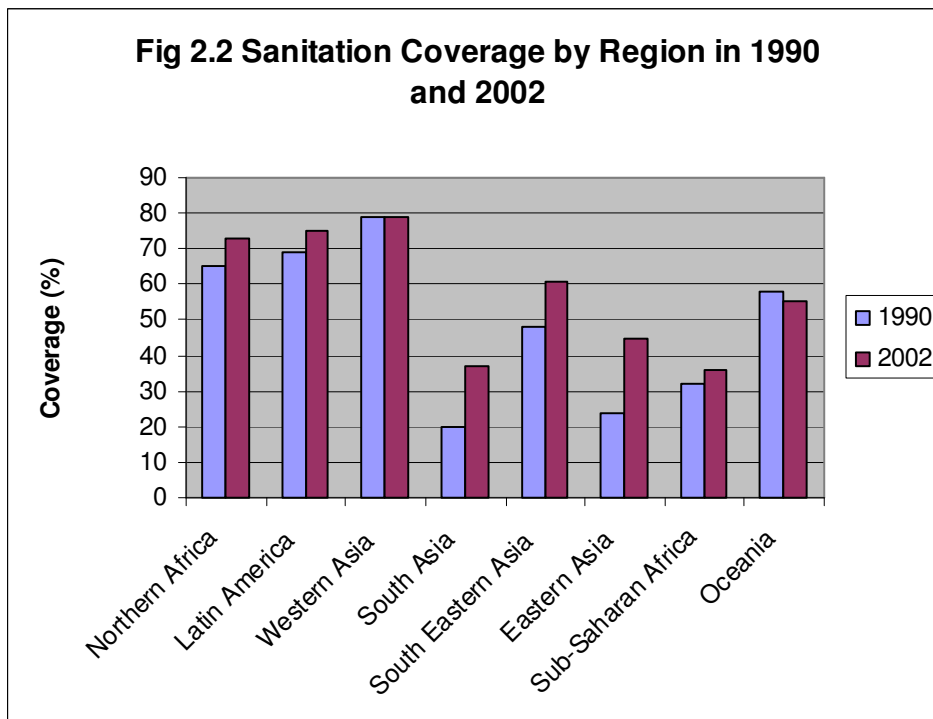
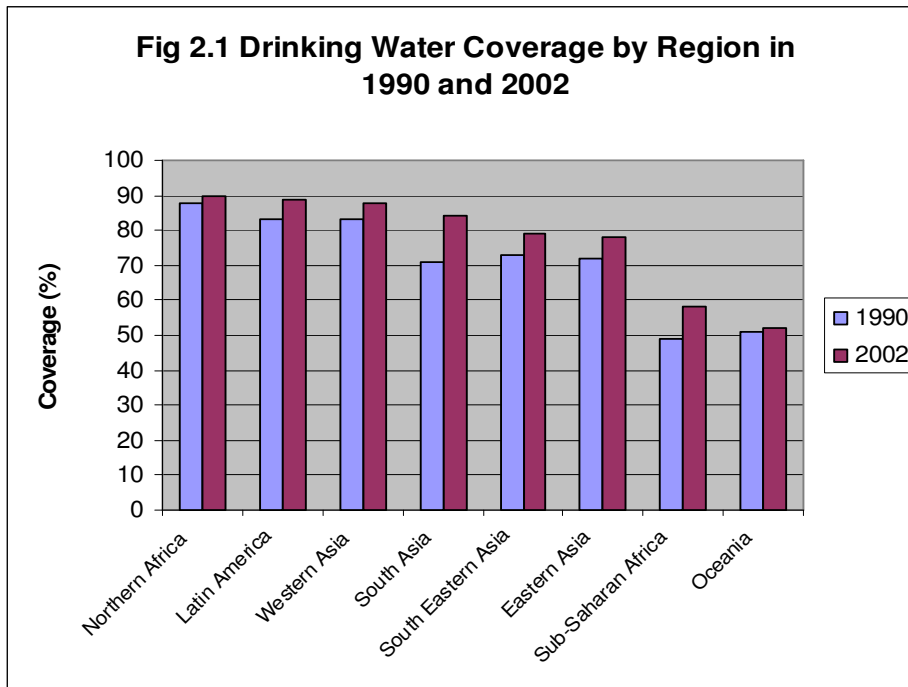
Water and sanitation are a fundamental building block for poverty reduction, community empowerment and sustainable development. The World Health Organization (WHO) recommends at least 20 liters per capita per day as minimum standard. Availability of quantity and quality water is key to reducing diseases. At community level, a water project that is demand led, has integrated sanitation and hygiene promotion, considers environmental impacts, and involves community mobilization and female empowerment will lead to improvements in health, girls' attendance at schools and improved status and income for women⁴.

Nevertheless, investments to provide people with safe drinking water and decent toilet facilities, to allocate and preserve water resources, and to properly manage wastewater have fallen seriously behind demands. According to the "Water for Life" report, a mid-review report on achieving MDGs for water and sanitation, 42% of the world's population, or 2.6 billion people live in families with no proper means of sanitation and 1.1 billion do not have access to improved water⁵. In most cases infants and young children are innocent victims where diarrhoea becomes part of day-to-day problems of the population. In fact, lack of drinking water and sanitation kills about 4,500 children a day and sentences their sibling, parents and neighbours to sickness, squalor and enduring poverty.

⁴ **CSD-13:** Financing water and sanitation, CSD NGO Consortium - Quantity and Quality of Public Finance.

⁵ Water for Life: Making it Happen is a publication by WHO/UNICEF Monitoring Water and Sanitation.

In Sub-Saharan Africa about 400 million more people need to gain access to improved water before 2015 to reach the MDGs target for water. As can be seen in figures 2.1 and 2.2 below, the coverage for water in Sub-Saharan Africa in 2002 was under 60%, while the percentage of people with access to proper sanitation was below 40%.



In terms of resources, how much would be required to meet the MDG? According to WHO study a total pay pack of USD84 billion per year from the USD11.3 billion a year investment is needed to meet the MDG drinking water and sanitation targets. This gives back a lot more economic benefits, including health care saving of US7 billion per year; USD9.9 billion worth of productive days gained and school attendance days in a year; USD63 billion a year worth of time saving from more convenient drinking water and sanitation services; USD3.6 billion a year worth of value of deaths averted.

While the global requirement is in the range of \$80 billion, a synthesis paper for the Finance stream for the Global WASH Forum (2004) estimated the expenditure requirement for the water sector in the sub-Saharan Africa to be in the order of US\$3.3 billion per year. Total expenditure requirements to reach the sanitation targets in Africa almost match – about US\$3.4 billion per annum. The latter is assuming that a large proportion of the population will depend on simple and improved pit latrines, rather than water-borne sewerage. The requirement as a percentage of GDP was consequently calculated to be 1.3% for water and 1.4% for sanitation, making a total of 2.7%. However, there is a lot of variation for national level requirements because of country level technology mix, unit cost and service standards. According to the paper, countries like:

“Ethiopia, Burundi, Democratic Republic of Congo, Guinea Bissau, Sierra Leone and Liberia all require over 2.5 percent of GDP, double the continent’s average, to finance the attainment of the water MDGs in their countries. Wealthier countries, such as Botswana or South Africa, however, require only 0.2-0.3 percent of GDP. Expenditure for meeting MDGs on water, relative to GDP, decreases with increasing GDP per capita. Poorer countries, therefore, are required to spend more in achieving targets as a percentage of GDP. The same is true for sanitation.”⁶

It should be noted that these expenditures will need to be met from different sources, not only the government. Most people look at the government as the only source of capital equipment, and consider maintenance and operations as being met by user charges. In

⁶ Water and Sanitation Program (2005). *Financing the Millennium Development Goals for Water and Sanitation: What Will It Take?* Prepared as a Synthesis paper for the Finance for the Global WASH Forum 2004 in Dakar, Senegal, pg 4.

order to meet the MDGs, the country needs to depend on total economic capacity, of course with a good level of public expenditure.

In countries where some studies on financing have been comprehensive, the average public finance requirement amount to about three percent of total national public expenditure in order to reach the MDG targets. In Ethiopia and Kenya, according to WSP-AF 2004a and 2004b respectively, the current levels of expenditure vary from 1.3 to 2 percent of the national public expenditure. It is unlikely that the required projected level can be reached in most countries, except for countries with relatively higher income and solid tax base. In such circumstances, it is essential to identify fiscally sustainable subsidy/ grant levels, as well as provide appropriate incentives for cost-effective technology and service level choices.

2.1. Water Supply and Sanitation in Malawi

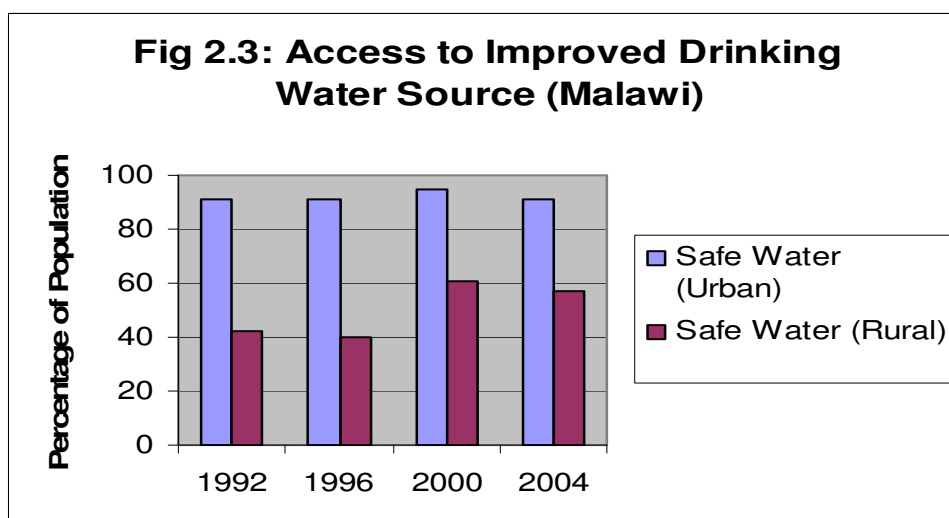
Literature on Water Supply and Sanitation (WSS) in Malawi is mixed about whether the country will achieve the MDGs goal by the 2015. Quite a number of studies point at non-equitable distribution of water in Malawi as one main problem. The Ministry of Water & Irrigation Development just revised the National Water Policy in August 2005 to reflect the importance of water and the need to improve the water sector. The initial policy, named Water Resource Management Policy and Strategies was first developed in 1994 but only focused on water service delivery. The 2000 revision only managed to strengthen the management aspect of the water resources, considered weak in the 1994 policy. The current policy is “meant to address all aspects of water including resource management, development and service delivery”⁷.

While water has received major recognition since the 1990, sanitation on the other hand has just either been under the armpits of water or various pieces of legislation which have been used to guide sanitation development. The development of the National Sanitation Policy started only in December 2005. According to the current draft (Final Draft, May 2006), the policy has been spearheaded by Ministry of Water and Irrigation Development in partnership with Ministries of: Health, Education, Gender, Child Welfare and Community Development, Natural Resources (Dept of Environmental Affairs), Lands and Housing and Survey, Agriculture and Food Security, and Local Government and

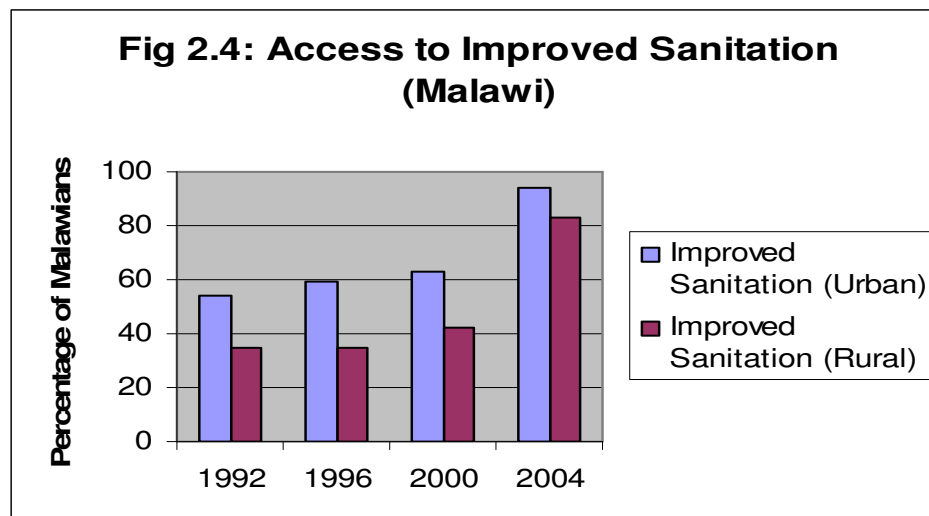
⁷ National Water Policy, Malawi Government, page 2.

Rural Development. It is anticipated that these stakeholder will continue being involved during implementation at district, town and city assembly level, while the Ministry of Water and Irrigation Development will be coordinating.

The levels of both water and sanitation accessibility in Malawi during the past decade years have not been very encouraging. While sanitation has showed some remarkable improvement, from 35% in 1992 for rural areas to about 84% in 2004, people accessing improved water sources⁸ in rural areas has not improved that much, from 42% in 1992 to 57% in 2004. Actually the percentage [for the rural areas] fell from 61% in 2000 to 57% in 2004. In the urban areas, the percentage of people accessing improved drinking water source has been almost constant, just above 90% from 1992 to 2000, and dropping to 87% in 2004.



⁸ According to DHS, improved water sources are: household connection (piped), public standpipe, borehole, protected dug well, protected spring or rainwater collection.



Source for fig 2.3 and 2.4: DHS Malawi (for the respective years)

In terms of financing the sector, some studies note that the water and sanitation sector is effectively losing ground and appears to be increasingly deprioritised (Nyirenda N (2004), Sugden et. Al (2004)). They note that mechanisms, such as budget items being classified as “Pro-Poor Expenditures” (PPEs), have been developed to ring-fence items against budget cuts in order to avoid fluctuations in the flow of resources to priority areas. Nevertheless, the share of water and sanitation expenditures in Malawi’s PPE has gone down from 5% in budget year 2001-02, to 2% in 2002-03, and to 1% in 2003-04⁹.

The findings of the study on “implementation of water supply and implementation programmes under PRSP”, compiled by Slaymaker and Newborne (2004) outline some interesting results in the Malawi case study. This study specifically examined the flow of sectoral resources from national to district level and from district authorities to beneficiary communities. It focused in particular on factors affecting the equity of water point distribution; constraints to sustainability; and the linkages between access to water and poverty.

The results show that the process of budgetary reform still has some way to go in Malawi and highlights shortcomings in sectoral planning and budgeting processes –

⁹ Table 3.3 gives a good analysis of water and sanitation sector has been faring within the PPE. The expenditure show a downward drop over time and some instances, the approved expenditures are much lower than the allocations during the year, implying that some of the funds allocated to water and sanitation had to be transferred to other PPE sectors.

which remain poorly defined – partly as a result a large proportion of funds flowing into the sector remain off-budget and beyond the control of government. While in theory Malawi had undergone through a process of administrative and fiscal decentralisation but in practice the Ministry of Water & Irrigation Development remains highly centralised. According to the findings, district authorities have little control over the allocation of sectoral resources and analysis of the location of existing water points which shows glaring gaps in the map and raises serious concerns as to the equity and sustainability of current investments.

Other reports from Water Aid, eg (*Partnership for Water: Partnership Programme Agreement* (2003)) also highlight the issues of equity and appropriateness of the technology used in looking at Malawi attaining the MDGs targets. A comprehensive mapping exercise revealed a grossly unfair distribution of water sources. Some areas that are well connected to politicians have too many boreholes, while others do not have any. This is contrary to the MDGs, which look at *all* people. Another problem is the inappropriateness of much technology. Malawi has embarked on drilling boreholes across the country when some districts, due to their topography, cannot use the boreholes. In places like Chikwawa district, where expenditure on borehole infrastructure has increased by over 500% since the year 2000, only 7% of the population has access to safe drinking water because most of the boreholes have dried up and in some cases water from boreholes is not preferred due to saltiness. Another example is the Misuku Hills in Chitipa district, a mountainous area which has been given boreholes, but where the women have to climb mountains to fetch water. Such an area would benefit more from gravity piped water rather than from boreholes.

3. NATIONAL BUDGETS AND WSS

The priorities in Malawi's national budget have been changing a lot over time. Remarkable changes came in with the PRSP era when the civil society started contributing to the budget formulation process. This saw a considerable improvement in the percentage allocations to the social services, which were further protected with the PPE allocations after approval of the PRSP.

For a long time after independence, the Water Sector has not been an independent Ministry. It has mostly been a department under some ministry, like Works, or

Community Services. It was only during the early 1990s, after formulation of the Water Resources Management Policy and Strategies, that this department started becoming an independent Ministry. The delay in making Water an independent Ministry has had a considerable impact on the capacity of the staff at district levels as shall be noted later.

3.1. Expenditure Analysis: WSS vs Other Social Sectors

Malawi's public spending is one of the lowest in Africa. The 2005/06 budget estimates at MK119.5 billion which in Dollar terms is about US\$885 million. Among the Social Sectors expenditure allocations, the Health and Education sectors dominate as can be seen in breakdown below (Table 3.1):

Table 3.1 Social Sector Spending 2005/06

	Annual Allocation (MK million)	Share of Budget (%)	Share of GDP (%)	Approximate US\$ Per Capita*
Water & Sanitation	897.60	0.75	0.35	0.60
Health & Population	12,145.70	10.16	4.67	8.10
Education	8,703.80	7.28	3.35	5.80
Agriculture	15,171.80	12.70	5.84	10.11

* The Malawi Kwacha Dollar rate used is US\$1=MK125, an average for 2005/06 Financial year

(Source: Budget Document # 3 – Financial Statement)

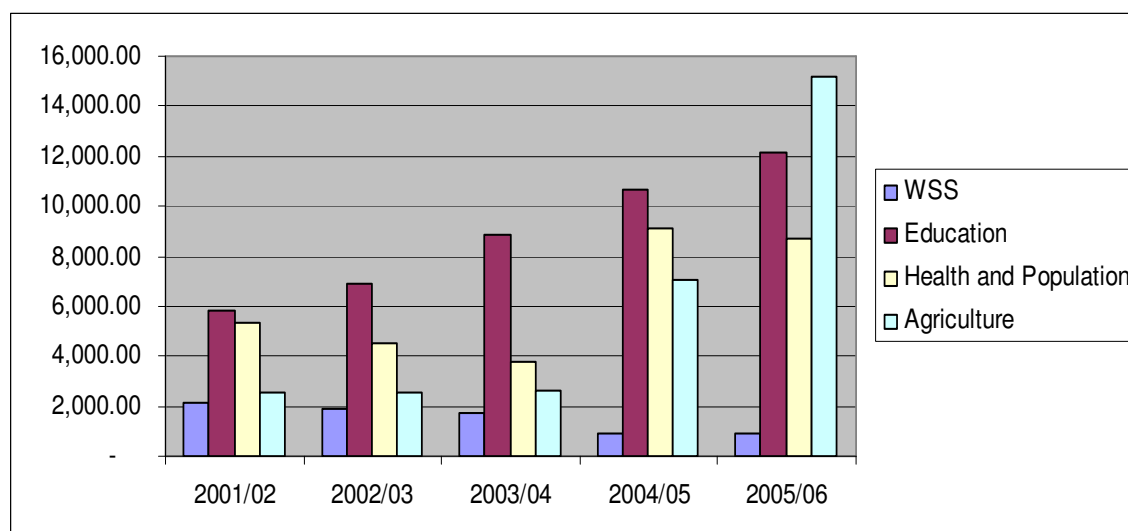
Though there are minimum per-capita requirements for different sectors (health, education, water etc), the gaps between the budget allocations are huge. It is quite obvious that the Water Supply and Sanitation sector needs to reprioritise. The percentage share of the overall budget allocation to WSS sector during the 2005/06 budget is 0.75% while education has ten times more, and health almost fifteen times as much. Looking at the share of GDP, WSS sector is about 0.35%, which when we consider national budgetary allocations alone, this is just very low; much lower than the required minimum of 2.7% for a country in such development category. Other stakeholders will revisit this percentage share of the GDP when we look at the contributions.

Table 3.2: Total Expenditure (Recurrent and Development) for Past 5 Years (MK'million)

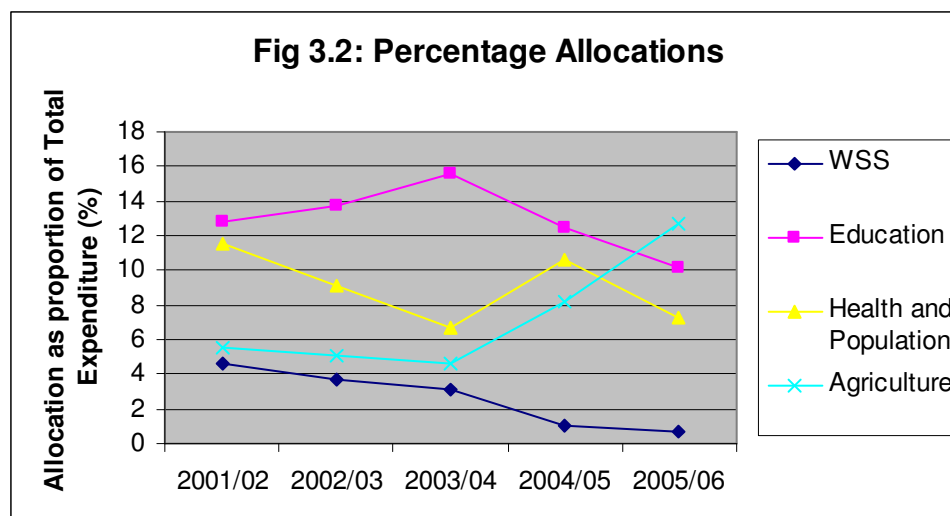
	2001/02	2002/03	2003/04	2004/05	2005/06
WSS	2,140.20	1,859.30	1,761.80	863.00	897.60
Education	5,864.20	6,859.40	8,852.90	10,638.70	12,145.70
Health and Population	5,302.60	4,552.30	3,810.20	9,138.60	8,703.80
Agriculture	2,542.80	2,526.20	2,588.10	7,026.50	15,171.80
Statutory Expenditures	10,729.40	13,152.10	12,345.60	22,003.20	21,348.00

Putting the percentage share of GDP aside, it is quite disappointing to note how the WSS expenditure allocation has been dropping during the past few years while the other social sector allocations have been increasing considerably. Education doubled its allocation from just under MK6 bn in 2001 to slightly above MK12 bn in 2005, and Health and Population moved from just above MK5 bn to almost MK9 bn during the same period. While both Health and Education have had a steady upward move during this period, WSS has been steadily decreasing from about MK2 bn in 2001 to a miserable MK900 million in 2005, representing slightly over 50% drop in nominal terms.

Fig 3.1 Expenditure Allocations of Social Sectors between 2001 and 2005



Even in terms of percentage allocations, WSS allocation has steadily declined from about 4% in 2001/02 to about 1% in 2005/06. Though the decline of the WSS and Education from 2003/04 may have been offset by Pro-Poor Expenditure allocations, we note as we examine these PPE that WSS was getting lesser allocations compared to the other sectors during the same period.



3.1.1. Donor Contributions

The MoWD budget has mostly been donor led. Since its inception, the Ministry has received support from AfDB, EIB, JICA, KfW, CIDA, NDF, UNICEF, UNDP, NORAD and DBSA through different projects. The main program that was being implemented during the past 10 years was the National Water Development Program (NWDP). The trend to have so many donors implement several projects is likely not to stop if the government will be able to convince donors to assist it implement NWDP II, a continuation of NWPD which is supposed to take the country's water projects to 2015. The extent of donor contribution is clearly seen in Table 3.3 below which covers development expenditure components of 2003/04 and the components two years later 2005/06.

Table 3.3 MoWD Development Budget by Provider 2003 and 2005

	2003/04	
	MK'000	% Share
African Development Bank	444,478	27.55
African Development Fund / Malawi Govt	239,895	14.87
World Bank	187,265	11.61
World Bank / Malawi Govt	264,817	16.42
Japanese Govt	5,264	0.33
Kreditanstalt fur Wiederaubau	2,957	0.18
Malawi Government	187,115	11.60
Malawi Govt / UNDP	121,468	7.53
Malawi Govt / UNICEF	55,641	3.45
Norwegian Govt	81,565	5.06
UNICEF / NORAD	22,732	1.41
Total	1,613,197	

	2005/06	
	MK'000	% Share
World Bank	15,050	1.77
Kreditanstalt fur Wiederaubau	24,060	2.82
Malawi Government	54,000	6.34
CIDA / Malawi Govt	158,400	18.60
African Development Bank / Malawi Govt	244,270	28.68
JICA / Malawi Govt	140,000	16.44
Total	635,780	

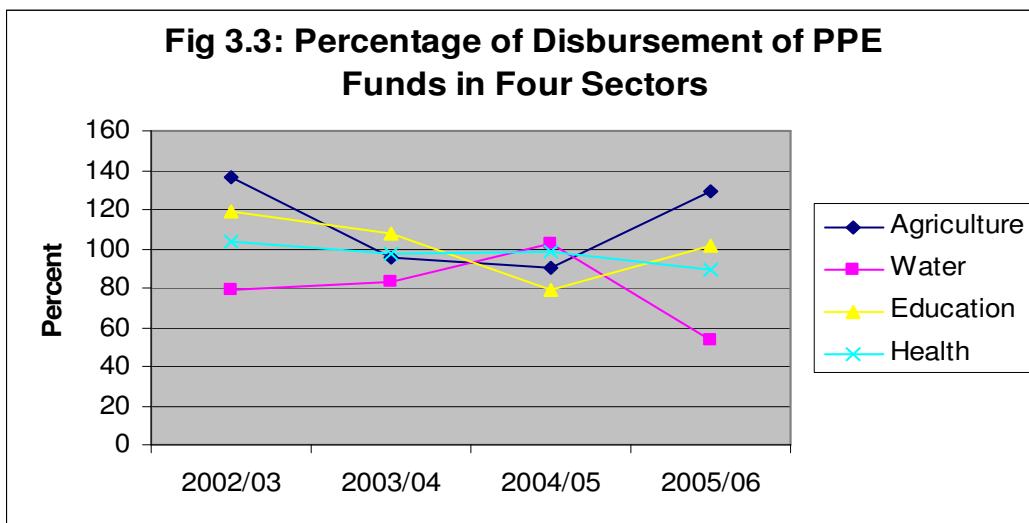
Noticeably between the two budget allocations is the big drop in the development budget, from MK1.6 bn in 2003/04 to MK635 mn in 2005/06. This could be due to the completion of NWDP I which came to an end in 2004/05. But Table 3.2 also gives us an idea of the little control MoWID has on the overall development budget. In both cases, the Malawi government has less than 20% control on the overall development budget. What does this mean? For most cases, the Malawi government will only have a chance to suggest areas where water points are needed, but have no control over other aspects of the project. In the case of NWDP, for example, a separate unit was set up with staff seconded from the Ministry, but outside the management structure of the Ministry. The Ministry, however, has full control of funding that comes under PPE, which is covered in the next section of this report.

3.2. WSS and PPE

After the approval of the Malawi Poverty Strategy Paper (MPRSP) in 2002, the government created Protected Pro-Poor Expenditures (PPEs) which are meant to be priority expenditures in line with the prioritisation in the MPRSP. Accordingly, in the event of a shortfall in the resources available to the budget, these expenditures are protected from ensuing expenditure cuts. However, the allocation of funds within PPE is subject to change and money can be moved from one sector to another.

Within PPE, there is a budget line entitled “Access to Good Water and Sanitation”, indicating the government’s recognition of the importance of Water and Sanitation in dealing with poverty reduction. Table 3.3 below shows most of the PPE allocations during the past four years, against the budgeted amounts in the respective sectors

(including this financial year 2005/06¹⁰). Fig 3.3 shows four important sectors (Water, Health, Education and Agriculture), and their percentage allocation with PPE, ie comparing the amount budgeted against the actual money disbursed. While in PPE, the government promises that the funding is never cut, within the PPE, certain sectors will have their allocation reduced and passed on to other sectors. Water, for example, has been the sector most affected. Except for the 2004/05 financial year when the actual allocation was around 100%, the rest of the years it has been receiving much less than budgeted, hence not at all enjoying protectionism, which the PPE preaches about.



¹⁰ It should however be noted that the percentage calculation of the year 2005/06 was calculated basing on first and second quarter allocations.

Table 3.3: PPE Budget Trends (2002/03 to 2005/06)

	Budget 2002/03	Actual Expenditure	%age of Provision	Budget 2003/04	Actual Expenditure	%age of Provision	Budget 2004/05	Actual Expenditure	%age of Provision	Budget 2005/06	Alloc. Exp for 2 Quarters	%age of Provision
Agriculture	628.60	856.80	136.30	1,079.60	1,032.20	95.61	1,401.70	1,258.20	89.76	12,132.68	7,860.50	129.58
Water	275.00	216.10	78.58	173.00	143.00	82.66	49.30	50.80	103.04	235.19	62.80	53.40
Education	4,953.80	5,909.80	119.30	6,197.40	6,695.90	108.04	8,562.40	6,802.90	79.45	8,668.37	4,399.20	101.50
Health	2,767.90	2,865.10	103.51	3,064.70	2,995.10	97.73	3,531.60	3,472.40	98.32	6,150.91	2,736.70	88.99
Gender Youth and Community Services	144.30	151.80	105.20	116.80	112.50	96.32	91.00	121.90	133.96	37.85	18.90	99.87
Police	351.30	356.90	101.59	434.00	442.60	101.98	653.10	642.10	98.32	978.43	485.80	99.30
Other	845.50	768.90	90.94	810.10	741.40	91.52	5,419.70	6,199.90	114.40	6,834.37	2,586.80	75.70
Total	9,966.40	11,125.40	111.63	11,875.60	12,162.70	102.42	19,708.80	18,548.20	94.11	35,037.80	18,150.70	103.61

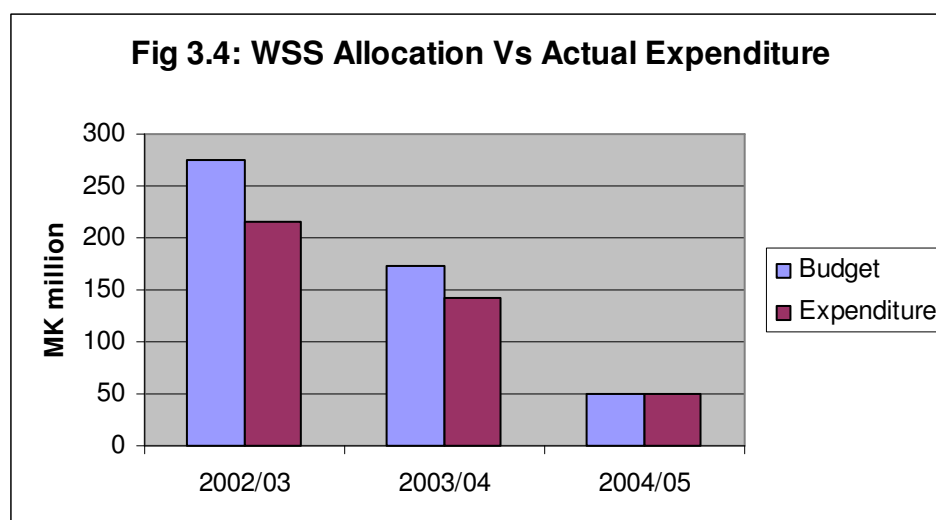
Source: Ministry of Finance, Monitoring Unit

Table 3.4, which shows the percentage share of different allocation in PPE, clearly shows the low percentage of Water Supply and Sanitation, and its decline over the years. When PPE started in 2002/03, Water and sanitation received almost 2 percent of the total PPE allocation, but two years later in 2004/05 this allocation had declined to miserable 0.27%. This financial year (2005/06), the budget allocation rose considerably compared to last year, from MK50m to MK235m, however the actual disbursement by second quarter has been disappointingly MK62.8, about 50% less than what was expected.

Table 3.4 Percentage Share of different Allocations (MKm)

	2002/03 Expenditure	Share %	2003/04 Expenditure	Share %	2004/05 Expenditure	Share %	2005/06 Expenditure	Share %
Agriculture	856.80	7.70	1,032.20	8.49	1,258.20	6.78	7,860.50	43.31
Water	216.10	1.94	143.00	1.18	50.80	0.27	62.80	0.35
Education	5,909.80	53.12	6,695.90	55.05	6,802.90	36.68	4,399.20	24.24
Health	2,865.10	25.75	2,995.10	24.63	3,472.40	18.72	2,736.70	15.08
Gender Youth and Community Services	151.80	1.36	112.50	0.92	121.90	0.66	18.90	0.10
Police	356.90	3.21	442.60	3.64	642.10	3.46	485.80	2.68
Other	768.90	6.91	741.40	6.10	6,199.90	33.43	2,586.80	14.25
Total	11,125.40	100.00	12,162.70	100.00	18,548.20	100.00	18,150.70	100.00

Source: Ministry of Finance, Monitoring Unit



The allocation from PPE makes a contribution to the actual overall national allocation of the Water Supply and Sanitation sector. Before trying to see how much this improves the percentage of WSS to GDP, it is important to also look at other stakeholders who contribute to the sector. These are NGOs working in the water sector, Malawi Social Action Fund (MASAF) and other donors who do not contribute at national level but may go straight to either community groups or through NGOs. Next section tackles that part.

3.3. Off National Budgets Contributions

The sector of water supply and sanitation, just like most of the social sectors has a lot of stakeholders. Apart from the ones covered in the “Donor Contributions” section, i.e. the ones that contribute directly into the MoIWD budget, there are a number of NGOs working in this sector, and there is also MASAF, which has a huge budget on water projects.

3.3.1. MASAF

MASAF was established in July 1995, using the World Bank Loan, as a key poverty alleviation instrument for the government to address community social needs. MASAF is a community oriented and demand-driven and thus depends primarily on people's commitment for its success. The program has been in phases, MASAF 1 covered the years 1995 to 1998 with a US\$56million loan. In 1998 Government obtained a second credit from the World Bank equivalent to USD 66 million to implement the second phase of MASAF (MASAF 2) which was designed to build on the success of MASAF 1 in reinforcing the spirit of self-help and continuing to deal with the country's pervasive poverty. The current phase (MASAF 3) became effective November 2003 with a 12 year, three-phased Adaptable Loan (APL) Program, focussing on empowering communities through funding community service packages that will help them contribute to Malawi's attainment of the selected 12 Millennium Development Goal (MDG) targets.

The money from MASAF is not reflected in the national budget, but has over time contributed a lot to sectors like Water Supply and Sanitation. One of the people's demands in communities is the need for clean water and reduction in distance to obtain good water. Thus a huge component of MASAF resources covers drilling of boreholes and community management training around these boreholes. MASAF I put in about MK262 mn towards drilling of boreholes (Table 3.5). Since its inception MASAF III has

provided funding for about 450 boreholes throughout the country and two piped water schemes.

Table 3.5: Water Projects under MASAF 1

Water projects	320	477	K262.0 million
- Number of water kiosks	80	80	
- Number of Boreholes	921	921	
- CBMs trained	320	307	

Source: MASAF website (www.masaf.org)

The boreholes budget that for MASAF in their third phase component (MASAF III) is already in the ranges of MK200 mn.

3.3.2. NGOs

Since the advent of the multiparty system of government in 1994, Malawi has seen the proliferation of NGOs, both local and international. Most of the international NGOs coming into the country with the aim of working in people's livelihoods first look at the social indicators. With the poor statistical indicators for water and sanitation in Malawi in the 1990s, most of the NGOs have got a component of water and sanitation in their programmes.

Table 3.6 gives an indicative number of NGOs that are working in water and the geographical areas they are involved in.

Table 3.6 NGOs Working in Water

	NAME	Areas Working
1	ActionAid International	Nkhatabay, Salima, Mzimba
2	World Vision International	Ntcheu
3	Canadian Physicians for Aid and Relief (CPAR)	Nkhatabay, Lilongwe
4	Lutheran Churches International	Nkhatabay
5	Concern Worldwide	
6	Concern Universal	Dedza
7	SATEC	
8	Water Aid	Salima, Machinga
9	OXFAM	Mulanje, Thyolo
10	Red Cross	Lilongwe
11	Inter Aid	Lilongwe
12	CARE International	Lilongwe
13	COMWASH	Thyolo, Phalombe

14	Plan International	Kasungu
15	CADECOM	Mwanza
16	CRS	
17	Evangelical	
18	Self Help International	
19	Save the Children (US)	
20	Synod of Livingstonia CCAP	Mzimba
21	Fresh Water Project	
22	Africare	
23	Emanuel International	Machinga
34	Christian Services Committee	
35	Church of Central Africa, Presbyterian	Chitipa, Karonga, Rumphu, Mzimba, Nkhata-Bay, Nkhota-kota, Kasungu, Dowa, Ntchisi.

During this time, few NGOs were able to provide their budgets in water and sanitation. However looking at water points alone in some districts, one can deduce the percentage of NGOs contribution in water development. Using the results of a survey done in 2004 which covered 33% of the country, it was found that “25% of water points come from sources which are included in the MoWD budget and 75% were provided outside the MoWD budget”¹¹.

Table 3.7 Providers of Water Points between 1998 and 2002

Name	Approx No of Water Points
Under MoWD Budget	
	25%
Government	Greater than 1,000
JICA	100 to 250
National WDP	50 to 100
3000 BH	50 to 100
KfW	Less than 50
COMWASH	Less than 50
Other	Less than 50
Outside MoWD Budget	
	25%
MASAF	Greater than 1,000
MMM	Greater than 1,000
Various Other Organisations	500 to 1,000
EU	250 to 500
World Vision	250 to 500
Inter Aide	100 to 250
GTZ	100 to 250
Private	100 to 250
ActionAid	100 to 250

¹¹ Tom Slaymaker and Peter Newborne, Implementation of Water Supply and Sanitation Programmes under PRSPs – Synthesis of Research Findings from Sub-Saharan Africa, ODI, August 2004. Pg 22.

Plan International	50 to 100
Various Religious Institutions	50 to 100
PROSCARP	50 to 100
UNICEF	50 to 100
Africare	50 to 100
CPAR	50 to 100
SCF-UK	50 to 100
OXFAM	50 to 100
ADRA	50 to 100
CCF	50 to 100
Ekwendeni CCAP Mission	50 to 100
OPC	Less than 50
Water Aid	Less than 50
Presidential Fund	Less than 50

Source: Tom Slaymaker and Peter Newborne, Implementation of Water Supply and Sanitation Programmes under PRSPs

The fact that the budget that went through the Ministry provided only 25% of the water points clearly shows that other stakeholders contribute much more than what goes through the government budget. Using simple logic, and assuming that all water points have an equal price, the outside MoWID contribution would be about three times more. However, there are a number of factors that we may need to consider. In the first place, water points done by the government or government-partners (who are mostly donors) are top of the range boreholes while those provided by NGOs may be shallow wells. The other fact is that government and donors that go through the budget may have other components like training and maintenance, both of which may not have been taken into consideration during the survey. With the above considerations, the approximate contribution has been put at twice the government budget. Using this estimate, we have come up with Table 3.8 to see whether Malawi is within the required expenditure that may see the country comfortably achieving the MDG target.

Table 3.8 2004/05 Expenditure Analysis for Water and Sanitation

Description	MK'million
Total Government Budget	863.00
PPE Allocation	50.80
Estimated Off Budget Contribution	1,827.60
Total	2,741.40
GDP at Current Prices	221,073.00
Percentage of GDP	1.24 %

Unfortunately, the percentage level (of the GDP) is still much lower than the required 2.7% calculated for Malawi's category of development. This means that even with other stakeholders contributing to the sector, we are still below the required funding levels to improve the social indicators.

4. WSS AT REGIONAL LEVEL

The recurrent expenditure allocation for the MoIWD has four cost centres: Headquarters, North, Centre and South. The regional centres were supposedly used before the decentralisation era. However, as shall be noted later, these centres, which may now be called zones in order to do away with regional offices terminology as required in the decentralisation, are the ones assisting in the ORT of the district water offices. According to both the headquarters and regional offices, the Ministry does not have enough capacity to have officers with some technical knowledge in water in all the 28 districts. One major contributing factor is the fact that MoIWD, as an independent Ministry is quite new. Prior to 1994, when Water Supply and Sanitation used to be a mere department, little capacity building took place for officers in the districts. For example, as a department under Ministry of Works, these same officers would deal with works and rehabilitation, and most times these officers had more training opportunities in other fields than water. This has led to fewer officers available than the number of districts, making the regional points more important. This has consequently seen a number of roles being done at regional level, including the maintenance of water points and CBM training.

4.1. The Financing for Regional Offices

With the level of involvement at regional points, one would have expected some good budget control at this level. In contrast, these offices only have about MK100 million all together (see Table 4.1). This budget covers all their involvement at regional level, and giving support to some districts.

4.1 Funding for Regional Offices during the Past Two Years (MK'000)

	2004/05	2005/06
Southern Region	29,923.4	40,736.9
Central Region	22,287.9	34,574.6
Northern Region	16,549.1	26,076.6
TOTAL	68,760.4	101,388.1

5. WSS AT DISTRICT LEVEL

This study looked at eight districts in detail. One of the reasons to get to the district level was to see how the country's decentralisation program has helped improve the WSS at district level. It was also necessary to look at how other stakeholders have been responding at district level since NGOs mostly do mere district level intervention than at national level. The discussions were undertaken with the District Water Officers where available or Technical Assistant dealing with Water issues in the eight districts chosen. These districts were Mzimba and Nkhata-Bay in the Northern Region; Salima, Ntcheu and Lilongwe in the Central; and Machinga, Mwanza and Thyolo in the Southern Region.

The consultations found that apart from their personal emoluments, no operational funds are remitted to the district water offices through the district assemblies as was supposed to be the case with decentralization. The officers rely on provisions, mostly casual, from non-governmental organizations (NGOs) working in water supply and sanitation. They also depended on MASAF and parliamentary allocations to water supply and sanitation.

Some district offices are so under-staffed that they only have water monitoring assistant in-charge of the programmes. The members of staff also operate without any plan at all with which they can ask the assembly to provide funding. On an ad hoc basis, and not all districts receive support from their regional or headquarters offices. For two fiscal years (2004/5 and 2005/6), budgets were provided to the assemblies but no funding was ever received. In 2005/6, funds were allocated by central government (Table 5.1) but no tambala has been received to date. For 2006/7, ceilings were provided and the officers are pessimistic about receiving any funds. A casual observation is that the offices too are in dire need of maintenance. It is also worth noting that the technical members of staff at all the districts visited are men. In one district, they did not even have any water equipment, and when asked about it, they said the assets were poorly looked after and as such they got vandalised.

5.1. Decentralisation and District Expenditures

The process of implementing the national decentralization programme started in 1998 with the Local Government Act (1998) and the National Decentralization Policy. These instruments outline, among other things, procedures on the transfer of power and

authority in respect of finances from Central to Local Government and the various requirements, roles and responsibilities by both Central and Local Government. A number of ministries including MoIWD were listed to start devolving their functions. The official date for the commencement of fiscal decentralization was July 2003. However, the first allocation of funds directly to District Assembly came in 2005/06 budget. The district under study got the allocations as outlined in the Table 5.1.

Table 5.1 Selected Districts Budget Allocation for 2005/06 (MK)

District	MK
Ntcheu	233,436.00
Lilongwe	1,253,136.00
Salima	235,734.00
Nkhata-Bay	255,709.00
Mzimba	787,325.00
Mwanza	214,419.00
Machinga	257,708.00
Thyolo	815,699.00
Other Districts	5,866,373.00
Total	9,919,539.00

Apart from the allocation for respective ministries, most of the district assemblies have a District Development Fund (DDF). This is a like a pool account for all development funds from the government and different donors. In the first place the district, in consultation with different sections at district level, is supposed to come up with District Development Plans (DDP). The DDPs are supposed to be well defined, linking downwards to village levels upwards to national level. The NGOs and donors are then supposed to contribute finances into the DDF depending on the DDP. However, in the districts visited, it was noted that most of the NGOs and donors at district level did not trust the management of DDF such that each NGO or donor that wanted to contribute to the operations of the district assembly would request the assembly to open a separate account, for accountability purposes. In some districts, you would end up with at least fifteen accounts.

5.2. Management of the Water Sector

Without any allocation, one may ask, how have the districts been managing then? With the centralised nature of MoIWD, the district staff have been either more accountable to the Ministry Headquarters or the regional offices, than they do to the district assemblies, where they are supposed to be accountable to in decentralisation. Funds have trickled

down either from the Headquarters to the district through the regional offices, or the little money allocated to the regional offices getting down to the district levels. In certain cases, because the projects are done at district level, some officers have taken advantage of such projects, and end up having resources to maintain water points in the district. As already explained, most common in most of the districts was the presence of NGOs. Most officers spent time working for NGOs, or MASAF and other donors.

Functionality of boreholes was one of the major issues in the districts sampled. There is over a third (34.7%) of the water points not working in Mzimba District (see Table 5.2). Some of these require minor maintenance/repairs. With minimal funding for maintenance for example, as is the case in Mzimba with so many water points not working, it is feasible to improve water access and sanitation by maintaining and/or repairing the current water points. For Mzimba, the project will drill new and maintain boreholes and other water points. The percentage coverage of people accessing these water points in December 2005 was 51.86% (Table 5.3). The district water office reckons that by maintaining most of the water points and drilling some new boreholes the coverage can increase to 80%. The pattern, when compared with the 2004 data seems to be deteriorating. In 2004, 22% of people in Mzimba did not have access to safe water (see Table 5.3), and in December 2005, this number increased to about 48%.

Table 5.2 Summary of Physical Status of Water Supply Facilities in Mzimba (Dec 2005)

	Working	Not Working	% Not Working	Total
Boreholes	1398	526	27.3%	1924
Hand Dug Wells	1145	757	39.8%	1902
Gravity Scheme	529	340	39.1%	869
Springs	3	0	0%	3
Total	3065	1625	34.7%	4688

Table 5.3 Coverage of Water Supply Facilities in Mzimba (Dec 2005)

Sn	T/Authority	No of Water Points Working	No of Water Points not Working	Percentage Coverage
1	Chindi	442	257	52.87%
2	Jaravikuwa	122	61	61.69%
3	Kapingo Sibande	279	133	49.83%
4	Khosolo	73	38	26.64%
5	Mabilabo	363	246	56.56%
6	M'belwa	514	259	58.30%
7	Mpherembe	123	116	32.38%
8	Mtwalo	672	258	49.75%

9	Mzikubola	314	193	61.54%
10	Mzukuzuku	163	62	60.53%
	Total	3065	1625	51.86%

Source for Table 5.2 and Table 5.3: Mzimba Water Office

In the other districts visited similar problems were noticed. Table 5.4 below is a summary of the functionality of boreholes in five districts [visited during this assignment] using data collected in 2004. The percentage of water points not working is alarming in some districts.

Table 5.4 Summary of Functionality of Boreholes and Accessibility of Safe Water (2004 data)

District	Number of Water Points	Functionality of Water Points (%)	Population Accessing Water	NOT Safe	% of People Accessing Water	NOT Safe
NkhataBay	1229	64%		3658		3%
Mzimba	4670	73%		104689		22%
Salima	1148	78%		66541		30%
Machinga	2121	59%		125395		37%
Mwanza-Neno	789	72%		41140		32%

6. EFFECTIVENESS OF WSS SECTOR FINANCING

Good WSS Sector Financing can only be effective if a number of issues are addressed at different levels. During the study, we identified a few areas, which this section addresses, starting with the Ministry, other stakeholders, and then other general areas.

6.1. MoIWD

6.1.1. Capacity Problems

The Ministry is faced with huge capacity problems. Despite good management structure and nicely worded strategic plans to implement water and sanitation programs, there are few technical people who can handle this especially at district levels. The staffing level as the Ministry was presenting its 2005/06 budget was only 55.5%¹². A further analysis shows big gap in middle level personnel, those with required technical expertise.

Table 6.1: Staffing Levels MoIWD

¹² See Budget Document No 4: Draft Estimates of Expenditure on Recurrent and Capital Accounts for the Fiscal Year 2005/06 (Output Based), page 286.

Grade	Authorised Establishment	Filled Posts as at July 2004	Posts Estimated for 2005/06
C	1	1	1
D	2	2	2
E	9	8	9
F	17	9	15
G	32	9	26
H	70	27	53
I	96	20	56
J	45	15	15
K	147	66	92
L	76	16	14
M	531	235	381
N	4	2	2
O	32	20	21
P	190	127	146
Industrial/Temp	351	351	351
Total	1603	908	1184

Training of the Water Officers has not been very adequate at both national and district level. This is most usually the case when the budget is mostly composed of development projects. The fact that the projects come in for a short period and wind up as soon as it came, implies that there is little capacity building, which the officials at the ministry have complained about. The University of Malawi curriculum too has not been very helpful in putting more experts in water onto the market.

6.1.2. Financial Clarity

The decentralisation has also imposed a big challenge to the sector. In 2005/06 the Ministry was advised to reduce their budget to take into account the direct funding from the Ministry of Finance to districts on water development. The ministry indeed reduced the funding by about MK10m, but the MoF has not been able to pass on the money to the districts.

6.2. Other Stakeholders

There are a lot of NGOs working in the water sector in Malawi but that information is not available at all at the ministry headquarters level because there has not been good interaction between the ministry and the stakeholders. Most of the NGOs contacted expressed satisfaction working with government officials only at district level but expressed little knowledge of the national water policy that was revised in 2005, neither

were they aware of the draft policy on sanitation. The only NGOs that expressed awareness of these documents were the ones that are into advocacy too. This implies that some NGOs did not have proper opportunities to have their input regarding these important government documents. For a sector that has over 40% financial contribution by NGOs, that is a big oversight.

6.3. Equity and Sustainability

In a number of studies undertaken on water and sanitation, equitable distribution was an issue, where in most cases it was found that certain areas are getting more than enough water points and other areas are getting less.

Appendix 3 outlines the detailed distribution in the 5 of the districts sampled. One good example is in Machinga where one TA has over 60% of people not having access to safe water, and in another part of the district you have less than 19% having access to safe water.

6.4. Low Priority in Sanitation

In 2003, participants from 40 African countries including Malawi attended an African Sanitation and Hygiene Conference held in Johannesburg. During the conference a strong plea was made for improved sanitation and hygiene measures that could cut down the rates of disease and death affecting thousands of Africans, mostly children. Participants noted that of the 800 million inhabitants in the continent, over 300 million (37.5%) lack adequate sanitation facilities. The participants unanimously agreed that sanitation and hygiene were fundamental to good health, increased productivity and dignity of human beings. Good sanitation and hygiene also contribute to a nation's economic growth and productivity, education, quality of life, and environmental protection –in short, to sustainable development. The participants also stressed that good sanitation and hygiene enhance the life prospects of people living with HIV/AIDS by reducing their vulnerability and exposure to infections.

While the Malawian delegation attended the Sanitation and Hygiene conference during that 2003, the amount actually allocated to sanitation activities in the development budget of MoWID was only 2.5% (see Table 6.2). This just showed the low level of importance that the ministry and donors give sanitation. In the subsequent years there

has been little or no improvement. The coming of the sanitation policy may make some changes though.

Table 6.2: The MoWD Development Budget by use (2003/04)

	MK'000	% of Total
Admin /Capacity Building	152,383.00	9.45
Boreholes	305,556.30	18.94
Piped Water	159,666.40	9.90
Water Resources	312,965.10	19.40
Urban	641,950.40	39.79
Sanitation	40,678.50	2.52
Total	1,613,199.70	

7. CONCLUSIONS AND RECOMMENDATIONS

Overall, the water and sanitation sector is not receiving as much priority as it should have been accorded. However, within the sector, this report's findings show that water is receiving some priority than sanitation in Malawi. In terms of finance, the government needs to show good commitment in supporting the sector. Comparatively, the financing from government alone is still extremely low compared to other social sectors. Without an improvement in this area neither the problem of equity in safe water availability will be fully addressed, nor will the sanitation problem be resolved.

There are also a number of areas that need improvement regarding the sector as a whole in order to improve its effectiveness and coverage. First, it appears that the sector is mostly donor and NGO dependent. The role of government seems to be passive in terms of both policy support and grassroots implementation. The district offices need to be fully empowered so that problem of equity within the districts is addressed. This can only happen with sufficient resources available to them.

Secondly, support from the donors need to be well coordinated, so that the right targets for achieving good results are realised. The health sector has shown considerable progress in SWAp, which is basically a shift from individual project approaches to a new arrangement where donors contribute to the strengthening of the entire sector based on agreed priorities. The current situation in the sector shows a lot of different projects spread geographically, with some areas getting a better share than others. With well-coordinated support, all players can effectively take an active role. This can start with

good planning, implementation, and then, monitoring and evaluation, right from the village level to ministry headquarters level.

Finally, the overall civil society involved in water sector is also not well coordinated, and has little interface with the government and donors at national levels. NGOs are not in the mainstream of issues despite their good share of the budget in the sector. These organisations have a potential to play a major role in monitoring the sector in terms of general development, equity on distribution of water points, sustainability of the interventions, and above all, push the government on funding of the sector. There is an absence of a good active network of organisations in the sector and neither is there a Parliamentary Committee on water to represent such issues in the legislature.

From the foregoing, we would like to make recommendations/ suggestions for the situation to improve:

7.1. The 2006/07 Budget

During this coming budget (2006/07):

- The government needs to make some deliberate efforts to improve on Water and Sanitation funding;
- The allocations for the district should be implemented and funds be timely remitted to district assemblies;
- There is some mention of irrigation as a priority sector. Since irrigation is within the Ministry, there is need to make sure that Water and Sanitation issues are not swallowed by irrigation needs, just like the way sanitation has been swallowed by water needs over the years;
- The legislators should have some good understanding of the implications of poor safe water and sanitation to the economy; and
- Push for creation of a Parliamentary Committee on Water and Sanitation.

7.1.1. The Government

In following up the areas proposed for recommendation during the budget session, the government should consider:

- Prioritise the creation of an all-inclusive forum at national level, similar to SWAp in health;

- improve coordination of donors and NGOs at national, regional and district levels
- Seriously look at capacity building for both the communities and staff; and
- Discuss with the University of Malawi regarding the gap on water professionals

7.2. Other Stakeholders (NGOs and Donors)

Donors and NGOs should consider the following areas to improve the situation:

- Donors should support the creation of a SWAP that includes all stakeholders. This should enable the sector to effectively articulate its needs to the finance ministry
- Take on board local NGOs in the official coordination forum, so that they have a chance to input into policy making
- Make sure that water projects are integrated with sanitation and hygiene promotion, and this should be complemented with use of lowest appropriate efficient and cost-effective technologies;
- Supporting initiatives to reduce Malawi's debts, or preferably looking at debt cancellation and part of the resources go to water and sanitation;
- Procuring parts from local suppliers and encouraging local private sector participation;
- Carrying out research on sustainability;
- Emphasise capacity building for local communities so that they are able to manage their own water schemes; and
- Civil society should lead in having an active network. The WSSCC membership could be the starting point.

7.3. Specific for the districts

- The MoIWD should facilitate and conduct training in planning, management and implementation for the district so that the district will operate with a plan (with targets set) and budget for each financial year. The Ministry needs to institute quarterly/yearly reporting from districts;
- The Ministry needs to hire the requisite staff at all levels, especially districts;
- The central government should timely and effectively provide operating funds to the districts;

- Since resources will always be limited, the districts on their part should learn to do more with less and work with the other government sectors and NGOs at the district level;
- Adopt and promote sustainable sanitation (ecological sanitation) for rural areas like the one promoted in Mzimba with Livingstonia CCAP around Embangweni Mission;
- The district should conduct training in the use of assets like motor cycles, computers and responsibilities assigned for the efficient use of such equipment;
- There is need to make formal partnership agreements between NGOs and the government in the form of memoranda of understanding (MOUs); and
- For data collected by the districts, it is important that the district keeps the data in raw form as well.

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APPENDIX 1 - List of people consulted

NAME	ORGANISATION	POSITION
Ms Mbalame	Central Region Water Office (min of Water and Development)	Regional Water Development Officer
Ms Kanjaye	Ministry of Water and Irrigation Development	Deputy Director – Water Resources
Mr Lwanda	Ministry of Water and Irrigation Development	Principal Accountant
Mr J F Njewa	Central Region Water Office (min of Water and Development)	Community Based Management Coordinator
Mr R Kampala	Water Aid	Country Rep
Mr A Chigwenembe	Water Aid	Policy and Advocacy manager
Mr M Bamusi	MEJN	Acting Executive Director
Mr M Kuseri	Salima District Assembly (Water Dev Office)	Water Monitoring Assistant
Mr L Mwenepembe	Lilongwe District Assembly (Water Development Office)	Senior Assistant Community Water Officer
Mr W Botha	Mwanza District Assembly (Water Development Office)	District Water Development Officer
Mr A J Makwinja	Machinga District Assembly	District Water Development Officer
Mr P.K.T Munthali	Ntcheu District Assembly (Water Dev Office)	Hydrological Officer
Mr C Makwiza	COMWASH (Thyolo Office)	Finance and Admin Officer
Mr J Mselera	Thyolo District Assembly (Water Dev)	District Water Development Officer
Mr R Chirwa	CPAR (Nkhata-Bay Office)	Programme manager
Mr E C Mbeba	Mzimba District Assembly (Water Dev Office)	District Community Water Supply Officer
Mr K W Ndhuli	Nkhata-Bay District Assembly (Water Dev Office)	District Water Officer
Mr B Gondwe	Ministry of Water and Irrigation Development	Director, Water and Sanitation Services
Mr Nhlema	Ministry of Water and Irrigation Development	Controller of Accounting Services
Mr S Msukwa	Water Supply and Sanitation Collaborative Council	National Coordinator
Mr C Simwaka	Ministry of Finance	Deputy Director
Mr H Mauwa	Ministry of Finance	Desk Officer, Water Development

Appendix 2 – Terms of Reference

WATER SUPPLY AND SANITATION SECTOR FINANCING

Research Consultancy

Terms of Reference

1. Introduction

WaterAid Malawi in partnership with the **Malawi Economic Justice Network** is carrying out a study of the Water and Sanitation sector financing and expenditure to determine the levels of investment into the sector. The research will be conducted in 8 selected districts in the country. At present, the sector in Malawi does not have readily available data to assist it in determining the country's position to meet its water and sanitation Millennium Development Goals. This status quo is a challenge to any attempt to make estimates required to meet the targets by 2015.

Over the years, the Government of Malawi has made allocations in its national budget for the water and sanitation sector so have been most of the donor agencies and Non-Governmental organizations albeit uncoordinated. The areas and amounts of expenditure, the current level of funding commitments and related trends over the few years past, are a subject due for exploration.

2. Purpose and Scope of the Research

The research seeks to determine the levels of investment from the national budgets and other sources of funding and establish allocations as approved by parliament and actual funding trends for the fiscal years July 2000 to end June 2005 (last five years). This study will therefore establish trends on the following:

- (a) Budgetary allocations to the water supply and sanitation sector from the national budget and actual funds disbursed to the District Assemblies from central government.
- (b) Expenditure from the actual funding, analyzing amounts expended on recurrent transactions and on capital investment for the water sector both at the central and local government levels.

- (c) Sector financing by donors and non-government organizations (NGOs) in the public service delivery sector.
- (d) The link, if any, between fiscal decentralization and nature of financing to the water sector for the period under review.

Specifically, the study will explore to analyze:

- i. Budgetary allocations in the current (FY05/06) national budget for the water and sanitation sector in the country in comparison with allocations to statutory expenditure areas, and also establish levels of compliance by the Malawi government to internationally recommended levels of allocation to the water sector.
- ii. The actual amounts transferred to District Assemblies and/or district budgets¹³ for implementing water and sanitation related projects in the 8 purposively sampled districts.
- iii. The amounts of money set aside for water and sanitation in the last five financial years by key development partners or their agencies and their expenditure on direct capital investment.¹⁴
- iv. The amounts put into the sector by civil society organizations like major faith-based development agencies, key international and local NGOs, disaggregating it into operational costs and the actual capital investment.

3. Expected Output

The main output will be a research and analysis report with the following as its main features:

- a) Comparative estimates and/or the actual figures of resource allocations to the Water Supply and Sanitation in Malawi by the national government, donors and the selected Non-Governmental Organizations; major comparators being health, agriculture and education sectors.
- b) Government, donor and NGO expenditure reports on WSS in the selected districts in Malawi.

¹³ It is assumed that District Assemblies have made such strides as to allocate funds from the national budget to implement water supply and sanitation projects. Districts could also have other organizations that might have put funds directly into the District Development Funds—these should be treated separately.

¹⁴ Capital investments should be differentiated from direct project costs where all overheads are included.

- c) Description of trends and patterns of funding by government, donors and NGOs in respect of funding and analysis of main reasons for the trends.
- d) Description of the impact and changes taking place on water supply and sanitation resource allocations and expenditures as a result of decentralization policy.

4. Research Methodology

It is expected that the method of this research will include and not limited to Desk Reviews, face-to-face interviews with relevant officials,. Specifically this will include:

- (i) Reviewing documents within WaterAid and the Malawi Economic Justice Network; reviewing figures and estimates as provided for in data banks like the National Statistics office / MASEDA; and the Ministry of Finance, Ministry of Water, and the 8 local assemblies.
- (ii) Interviewing relevant Government officials and agreed relevant individual donor agencies and NGO officials (summaries of interview transcripts will be presented to WaterAid Malawi and MEJN prior to the completion of the research report);
- (iii) Reviewing the Malawi government's actual funding sheets and list of PPE (Pro-Poor Expenditure) allocations and check relevant Water Supply and Sanitation items;
- (iv) Reviewing allocations to WSS in the MPRSP, and in the 2000 – 2005 national budgets, separating recurrent expenditures from capital investments;
- (v) Travelling to the 8 Districts to conduct face-to-face interviews. In some cases, it will require carrying out phone interviews with relevant officials from government, donors and NGOs;
- (vi) Collecting and collating annual/expenditure reports of donors/NGOs in Malawi into WSS
- (vii) In respect of direct and indirect project funding, establish trends of government, donors and key NGOs and explain the trends;

5. Management of the Research

WaterAid Malawi and the Malawi Economic Justice Network will jointly manage the project. WaterAid, who is also a budget holder, will handle all financial transactions to

this consultancy while MEJN will manage the consultant and provide technical support in the research processes to ensure quality of research findings.

6. Time Scale

It is expected that the study be completed and a final report submitted by April 30, 2006.

7. Competencies and Skills Required

The study requires that the consultant must have analytical skills. He/She must have:

- A minimum qualification of a Bachelors Degree preferably in Public Administration or Social Sciences with bias in Public Finance Management or a related field.
- A demonstrable track record of previous experience in carrying out similar studies
- Excellent verbal and written communication skills

APPENDIX 3 – Water Points Functionality in 5 Districts

District Code	District/TA Name	SURVEY SUMMARY FIGURES			INVESTMENT			FUNCTIONALITY		ACCESS TO SAFE WATER	
		Population	nb. Of EA.s	nb of wtppts	DEN04	DEN98	1998-2004	FUN04	Funct.	Pop. without access	
<i>number</i>	<i>units</i>	<i>people</i>	<i>number</i>	<i>number</i>	<i>water point per 1,000 people</i>			<i>WP per 1,000</i>	<i>%</i>	<i>people</i>	<i>%</i>
103	NKHATA BAY	138,390	103	1229	7.43	3.52	3.91	4.73	64%	3,658	3%
	TA Boghoyo	1,158	1	11	7.44	6.92	0.52	6.58	88%	0	0%
	SC Nyaluwanga	4,163	3	64	9.90	5.53	4.37	7.21	73%	0	0%
	SC Mkumbira	7,602	6	85	8.30	3.37	4.94	5.90	71%	49	1%
	SC Mkondowe	1,677	1	9	3.56	1.92	1.64	2.81	79%	6	0%
	SC Malanda	11,250	10	100	5.09	1.64	3.44	4.60	90%	487	4%
	SC Fukamalaza	7,499	6	76	9.66	3.80	5.86	6.02	62%	190	3%
	TA Fukamapiri	8,891	9	86	8.96	3.91	5.05	5.90	66%	70	1%
	TA Kabunduli	27,877	21	220	7.25	2.41	4.84	4.25	59%	313	1%
	TA Malenga Mzoma	8,441	6	70	7.52	2.95	4.57	4.98	66%	94	1%
	TA Mankhambira	17,118	11	124	6.87	4.63	2.24	3.24	47%	1,804	11%
	TA Musisya	9,359	6	108	4.13	3.61	0.52	2.78	67%	143	2%
	TA Timbiri	24,101	17	188	8.15	4.87	3.28	4.63	57%	334	1%
	SC Zilakoma	9,254	6	88	8.12	3.16	4.97	5.84	72%	169	2%
105	MZIMBA DISTRICT	480,242	347	4670	8.92	3.81	5.11	6.52	73%	104,689	22%
	SC Jaravikuba Munthali	9,290	8	98	0.22	0.14	0.08	0.11	49%	2,597	28%
	SC Kampingo Sibande	35,208	31	362	8.87	2.81	6.06	6.36	72%	13,720	39%
	SC Khosolo Gwaza	25,615	17	97	0.24	0.14	0.10	0.17	73%	9,541	37%

	Jere										
	TA Chindi	90,688	54	600	6.58	2.29	4.30	4.17	63%	15,184	17%
	TA Mabulabo	43,148	30	571	12.62	8.62	4.00	8.56	68%	18,812	44%
	TA M'Mbelwa	84,474	60	663	7.81	2.57	5.24	5.71	73%	11,354	13%
	TA Mpherembe	35,229	21	228	6.24	2.18	4.05	4.13	66%	5,838	17%
	TA Mtwalo	91,456	72	1327	11.74	3.88	7.85	8.74	74%	23,702	26%
	TA Mzikubola	44,577	36	517	13.09	8.25	4.84	10.73	82%	2,465	6%
	TA Mzukuzuku	20,557	18	207	9.21	4.05	5.16	7.51	82%	1,475	7%
205	SALIMA DISTRICT	219,730	192	1148	4.85	2.53	2.32	3.78	78%	66,541	30%
	SC Kambalame	9,843	9	58	6.20	4.83	1.37	4.80	77%	3,012	31%
	SC Kambwiri	19,642	14	102	5.45	3.11	2.34	4.76	87%	4,404	22%
	SC Msosa	4,418	4	6	1.79	0.56	1.22	1.56	87%	2,670	60%
	SC Mwanza	12,609	13	47	3.62	1.64	1.99	2.49	69%	5,384	43%
	TA Karonga	42,147	34	260	5.16	2.79	2.37	4.12	80%	7,298	17%
	TA Khombedza	44,119	44	226	4.51	2.12	2.39	3.69	82%	12,441	28%
	TA Kuluunda	9,372	7	50	4.45	1.01	3.44	3.79	85%	826	9%
	TA Maganga	35,315	22	139	3.75	1.51	2.25	2.54	68%	15,640	44%
	TA Ndindi	26,825	27	204	6.54	4.52	2.02	4.88	75%	6,328	24%
	TA Pemba	15,440	18	56	4.49	1.41	3.08	3.44	77%	8,537	55%
302	Machinga District	338,889	338	2121	6.05	4.34		3.54	59%	125,395	37%
	SC Chamba	16,394	16	113	6.71	4.24	2.47	3.89	58%	5,459	33%
	SC Chikweo	36,089	34	179	4.68	2.95	1.73	2.38	51%	16,923	47%
	SC Chiwalo	10,951	11	80	6.58	4.55	2.04	3.92	59%	3,549	32%
	SC Mlomba	26,774	28	256	8.84	6.33	2.51	4.89	55%	5,042	19%
	SC Mposa	17,205	17	124	6.81	4.72	2.09	3.46	51%	5,377	31%
	SC Ngokwe	20,476	19	58	2.93	1.63	1.30	1.54	52%	12,406	61%
	SC Sitola	31,299	35	318	9.32	7.25	2.08	6.78	73%	6,577	21%
	TA Kawinga	79,771	81	564	6.80	5.24	1.56	3.10	46%	30,318	38%

