

Power to the People:

A Public Expenditure Tracking Guide for Civil Society Organisations



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List of Abbreviations and Acronyms

ADC	Area Development Committee
AIP	Annual Investment Plan
CBOs	Community Based Organisations
CDF	Constituency Development Fund
CSOs	Civil Society Organisation
DC	District Commissioner
DDP	District Development Plan
DESP	District Education Sector Plan.
DHO	District Health Office
DOF	Director of Finance and Administration
DPD	Director of Planning and Development
DIP	District Investment Plan
FBOs	Faith-Based Organisations
GRF	General Resource Fund:
GoM	Government of Malawi
IDF	Infrastructure Development Fund
LDF	Local Development Fund
LDP	Local Development Plans
MDAs	Ministries, Departments Agencies
MGDS II	Malawi Growth and Development Strategy II
MLGRD	Ministry of Local Government and Rural Development
MP	Member of Parliament
NDI	National Democratic Institute for International Affairs
NGO	Non-Governmental Organisation
NLGFC	National Local Government Finance Committee
ORT	Other Recurrent Transactions
PET	Public Expenditure Tracking
PETS	Public Expenditure Tracking Surveys
VAP	Village Action Plans
VDC	Village Development Committee

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1.0 Introduction

This Public Expenditure Tracking (PET) guide has been designed for application by Civil Society Organisations (CSOs), interested citizens and other groups such as Area Development Committees (ADCs) and Village Development Committees (VDCs).

The expenditure tracking method used worldwide is based on gathering information to help Ward Councilors, citizens, and other interested stakeholders to track, understand, and discuss the flow of public money from the original source to the targeted beneficiaries. This process includes how money is spent, and whether the money is allocated according to defined local priorities. The guide focuses on diverse approaches to building accountability and transparency in the management of public resources. The key aspect of this approach relies on engagement from citizens working in collaboration with CSOs to demand accountability and transparency from their local governments.

Tracking the use of local government funds is part of Malawi Government's policy of decentralisation called *Mphamvu ku Anthu*. *Mphamvu ku Anthu* empowers citizens in a local area to express their needs to their elected officials and local government representatives. This concept applies to citizens, CSOs, ADC and VDC members, and other citizens who have an interest in following up on how public funds are being used. Equally important is the ability of citizens to monitor the quality of service delivery and implementation of development projects in their local areas. Attention must be provided to the way in which women and men can benefit from, and have access to, economic and financial resources and that gender equality perspectives be fully integrated in all economic decision-making including as they relate to public sector expenditures, private sector investments and development assistance. Both women and men are agents of change in their households and communities and contribute to local development. Bringing the perceptions, knowledge, experience, needs and priorities of both women and men to the centre of attention enriches development efforts. Gender equality should be seen as an indicator of sustainable people-centred development.

2.0 Who is this guide for?

This guide has been designed for CSOs to effectively track local government expenditures and implementation of development projects. It complements the Councilors' PET Guide but the focus of this recent guide is on how civil society can monitor and influence policies through monitoring and advocacy of local government expenditures.

Through diverse experiences worldwide on political process monitoring, citizens are more likely to engage in political processes and sustain that engagement when they feel that their efforts lead to concrete changes that will directly influence their lives. Engaging in budget monitoring, budget advocacy and expenditure tracking at the local level can provide citizens and citizen groups with near immediate tangible outcomes, often leading them to sustained, long-term civic participation. Political process monitoring initiatives related to the budget cycle are able to rally citizens around a cause that has the potential for very real results – increased funding for public services and infrastructure projects that they consider to be priorities. Operating at the local level allows citizen groups to interact with decision-makers with whom they may already be familiar, but perhaps more importantly, the changes made to local-level budgets are guaranteed to directly affect their community. Political process monitoring includes a broad range of citizen or CSO-driven initiatives that seek to hold government officials accountable by monitoring and reporting on their actions. The five types of political process monitoring are budget monitoring, budget advocacy and expenditure tracking; legislative monitoring; shadow reports; monitoring government follow-through; and campaign-related monitoring (NDI Political Process Monitoring Guide, 2010).

3.0 The functions and workings of local government in Malawi

To implement public expenditure tracking effectively in Malawi it is important for CSOs to know the key functions, services and mandates of local governments, how local governments work specifically in relation to the planning systems, funding sources, and the nature of the accountability system. Local Governments in Malawi are key institutions for promoting local development and providing services to Malawians for functions that have been decentralised to Councils. The National Decentralisation Policy (NDP) and the Local Government Act (CAP 22:01) provides a full list of functions and services that Councils are mandated to provide. The table below provides an example of these functions and services in three sectors, and of the Council Committees that have responsibility over such functions.

Table 1: Examples of decentralised council functions and services from three sectors

Sector	Functions and Services	Responsible Service Committee
Education	Primary education	Education Committee
Health and Medical Services	Health centers, dispensaries, maternity clinics and health posts, control of communicable diseases, health education and environmental sanitation.	Health and Environment
Agriculture and Irrigation	Crops and Livestock extension services, control of livestock diseases, land husbandry, crop husbandry, food and nutrition, construction and rehabilitation of small dams.	Agriculture and Natural Resources

Source: Decentralisation Policy (1998).

Please refer to the Decentralisation Policy for details on how Council's business is conducted. The Malawi local government system is composed of two sections: a political section known as the Council and an administrative section called the Secretariat.

The Council

The political section of the Council is made up of Councilors and Members of Parliament (MP) as the voting members and also includes a Senior Chief and five representatives of other interests. The Council has *powers and functions* delegated to it by the Constitution of the Republic of Malawi to make local policy decisions regarding local governance and development on behalf of the citizens of the Local Government Area as follows:

- consolidate and promote local democratic institutions and participation
- promote infrastructure and economic development to the electorates
- mobilize local resources
- conduct oversight roles
- make by-laws

Council business is first considered in a committee or sub-committee and recommendations are provided to the full Council for discussion and approval. Council service committees are very important avenues through which Ward Councilors and Council members exercise their duties and influence decisions in the district.

The Secretariat

The Council Secretariat is made up of appointed officials and other employees of the Council. It is headed by a District Commissioner (in rural areas) or a Chief Executive Officer (in urban areas) who is responsible for implementing decisions taken by the Council. The District Commissioners (DC)/ Chief Executive Officers (CEO) are supported by senior managers called Directors, who head the

individual departments of the Council. The Directors are responsible for advising the Council and Committees on matters of procedure, legislation and policy to implement the Councils' decisions.

For the purpose of facilitating participation, local development planning and monitoring of service delivery and development projects, the Government of Malawi has put in place a District Development Planning System (DDPS). A District Development Planning Handbook, developed by the Ministry of Local Government and Rural Development provides primary guidance for local development planning. This Handbook, which was revised and adopted in 2001, also provides for the creation and roles of basic planning structures such as the District Executive Committee (DEC) at the district level, the Development and Executive Committees at the Area level, and Village Development Committee (VDC) at the community level.

3.1 District development planning system and key stakeholder roles

CSOs and the District Executive Committee

CSOs are regarded as fundamental to Government's service delivery and development efforts. These include charities, community-based organisations, non-governmental organisations, faith-based organisations, associations and trade unions, social movements and advocacy groups. In Malawi there are diverse local and international CSOs that implement a variety of projects in development areas such as governance, health, water, education and agriculture. Some even provide humanitarian services directly to the community while others advocate for development or service projects.

CSOs are also members of the DEC (MLGRD, 2001). The DEC is a technical advisory body of the Council that facilitates the District Development Planning (DDP) process and the implementation of projects and services included in the District Development Plan, and acts as a technical advisory body on local development and advises the District Council on sector policies and programmes.

CSOs play an important oversight role in the Council's implementation efforts, acting independently of Governments or in co-operation with them to track the flow of funds through established channels to ensure that disbursed amounts reach intended beneficiaries. CSOs have several advantages in this regard since they possess financial and technical resources, which can be dedicated towards finding information, analysing and publicizing the information. They can also assist Councilors to obtain and analyse expenditure information.

Village Development Committees and Area Development Committees

The VDC is a representative body from a group or groups of villages charged with the responsibility of facilitating planning and development at the grassroots. The functions of the VDC are (MLGRD, 2001) as follows:

1. Coordinate community-based issues with the ADC and DEC and communicate messages from the ADC and DEC to the communities
2. Encourage and mobilize community resources for popular participation in self-help activities
3. Assist in identifying, prioritizing, and preparing community needs, and submit the same to the ADC
4. Supervise, monitor, and evaluate the implementation of development activities in the villages
5. Solicit external funding for prioritised community-based projects
6. Initiate locally funded self-help activities
7. Report to the Group Village Headman (GVH) all activities and discussions of the committee.

The ADC is a representative body of VDCs under the jurisdiction of a Traditional Authority (TA). The ADC has the following responsibilities:

1. Organise monthly general meetings of the ADC in liaison with the relevant VDCs
2. Assist in the identification, prioritisation, and preparation of community needs which encompass more than one VDC and submit them to the DEC
3. Supervise, monitor, and evaluate the implementation of projects at TA level
4. Mobilise community resources and solicit funds
5. Receive, prioritise, and prepare project proposals from VDCs for submission to the DEC (MLGRD, 2001)

The critical question, however, remains whether citizens have the skills, capacity and tools to effectively monitor and evaluate service delivery and implementation of development projects in each of the sectors.

A review of a second National Decentralisation Plan (NDP II) in 2014 found that VDCs and ADCs have limited capacity, and play limited roles in monitoring the quality of service delivery and with assessing the implementation of development projects within the ADC. Their focus has largely been towards compiling development needs from communities and communicating them to the Council.

The idea therefore is that this guide should help strengthen the monitoring and assessment role of service delivery and development projects by VDCs and ADCs working in collaboration with CSOs.

KEY POINT:

ADC and VDC members have a duty to supervise, monitor, and evaluate the implementation of services and development activities in their respective territories. CSOs working together with ADCs and VDCs can provide important checks and balances on local government expenditures.



3.2 Democratic Principles in Malawi's Local Government System

The Malawi Constitution (1994) and the Local Government Act (CAP 22:01) require that the exercise of Local Government mandates should be done in a *participatory, transparent, and accountable* manner. Section 3 of the Local Government Act (CAP 22: 01) states that the objectives of Local Government in Malawi shall be to further the constitutional order based on democratic principles, *accountability, transparency, and participation of the people* in decision-making and development processes. Councilors and other Council members need to understand these three constitutional principles and ensure that they are being adhered to and continually enforced.

CONSTITUTIONAL PRINCIPLES

- a) *Participation* implies the involvement of different social categories of citizens during the process of decision making at different steps of planning, execution and monitoring of Council programmes, resources and projects. What is paramount for participation is the issue of inclusion whereby women, the youth, people with disabilities and other disadvantaged and vulnerable groups are fully engaged in local governance and development.
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- b) **Transparency** requires that decisions and actions are taken openly and that sufficient information is available so that other agencies and the general public can assess whether the relevant procedures are followed, in agreement with the given mandate of the Council.
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- c) **Accountability** simply means the duty to be answerable for actions taken in the exercise of delegated functions, powers, and resources. Narayan (2002) defines accountability as “the ability to call public officials, private employers, or service providers to account, requiring that they be answerable for their policies, actions, and use of funds.”

3.3 Accountability in local government

There are two forms of accountability in any local government system: horizontal and vertical accountability.

Horizontal accountability refers to the capacity of public officials and authorities to oversee and hold accountable other public entities. In this case, horizontal accountability is the ability of the council's individual officials to check abuses of power by other officials. In this case the Council Secretariat i.e. The District Commissioner (DC) and all other Council officers are responsible and accountable to the Council for ensuring that the work of the different directorates is coordinated, making sure the Council runs efficiently and that funds are put to proper use. In many circumstances, horizontal accountability hinges on the appointed officials reporting and providing the relevant information to the elected officials. By tracking budgets throughout their implementation, Councilors and other CSOs can hold district officials accountable by assessing whether public resources are being spent as they should be. Within the system, the Council also responds to the Central Government, and cooperating partners in other governmental agencies through financial and programme reports, external audits and performance management systems.

Vertical accountability refers to the accountability of government to the citizens, CSOs, the media, etc. In this case, elected representatives such as Ward Councilors and MPs are accountable to the citizens who elected them for ensuring that local government delivers services effectively and that public funds received and generated in the Council are put to intended use. In this sense, elected officials are expected to provide information on the projects and programmes implemented at the district and community level, and on corresponding budgets to facilitate community monitoring, budget tracking and performance evaluation of service delivery. Regular meetings and mechanisms of communication between elected officials and citizens are fundamental.

4.0 Key steps in Public Expenditure Tracking

STEP 1: Getting familiar with sources of information for public expenditure tracking

Public expenditure tracking is a continuous process that requires access to and knowledge of latest Council budgets, DDP, VAPs, monthly or periodic funding instructions, monthly and quarterly management reports.

In Malawi, each Council produces a DDP every five years as mandated by the Local Government Act. The DDP is produced through a VAP process and contains a list of key developmental priorities (ranked in order of priority) to be addressed during the period. Each priority area is further developed to include programmes and projects to be implemented to address the identified issues and an annual investment plan of the projects. Communities, local leaders, NGOs and other development agencies are recommended to use these documents in project identification and implementation.

Table 1: Example of some of the information contained in the DDP

Key Priority issues: The DDP for Ntcheu for 2010-2013 show that after a consultative process the first five prioritised issues that needed attention in the district were as follows: 1) Food insecurity at household level, 2) Limited access to portable water, 3) Inadequate health services, 4) High prevalence rate of HIV/AIDS, 5) High Illiteracy level

Programmes and projects per prioritised issue: Each issue is then expanded as illustrated with an example of Development Issue 3: Inadequate Health Services. Development Objective: To improve Health Services

Project Name	Description	Beneficiaries by gender	Location	Implementation period	Funding	Lead
Construction of health facilities & maternity wings	Health centers and maternity wings in dispensaries	Community	ADCs	2010-2013	33,000,00	DHO
Equipment & drug supply	Procurement of drugs	Same as above	ADCs	2010-2013		DHO
Pilferage control project	Reducing Drug Pilferage	Same as above	ADCs	2010-2013		DHO
Maternal Child Health Programme	Reducing Maternal and Infant mortality rate	Same as above	ADCs	2010-2013		DHO

Source: extracted from Ntcheu District Development Plan (2010-2013).

KEY POINT:

It is recommended CSOs become familiar with the district development priorities contained in the DDP, the locally identified development priorities of the ward contained in the VAP, the sector specific plans and how they are linked to the budget.



Alongside the DDP, there are also VAPs and sector specific plans such as the District Education Sector Plan (DESP). VAPs provide information on the key priorities determined by local communities. Sector Plans provide information on sector priorities in relation to the DDP and the project activities that will be undertaken to achieve these priorities.

Section 42 of the Local Government Act provides for the public's right to Local Government information including financial information. Access to information is one of the key challenges facing many local governments today. The offices of the DC and responsible Sector Heads are the primary entry points for accessing information. In local governments where this is a big challenge, it is important for Councilors to be proactive in demanding the necessary information through their Council Chairperson or even work in collaboration with other actors such as other government institutions and CSOs to access the relevant information. The table below summarises key documents that are important in budget and public expenditure tracking.

Table 2: Sources of Information for public expenditure tracking

Key Document	Information it contains	Where the document can be sourced
Council Budgets	Estimates of revenues and what the Council and the Sectors spending allocation for the financial year.	DC, Director of Finance (DOF)
District Development Plan	Key development priorities of the Council and planned programmes and projects for a five year period	DC, District Planning Director (DPD)
Annual Investment Plans	Prioritised projects in the Council to be implemented in a particular financial year	DC/DPD
District Sector & Village Action Plan	Contains information on sector and key development priorities of an area within a given period	DPD, Heads of Sectors
Monthly, quarterly and annual financial reports	Detailed financial report produced on a monthly basis by the Council management showing the trends in revenue and expenditures in comparison with the budget	DC, DOF and Finance Committee
Postings of receipt of funds/funding instructions	Posts of all information on funds received	DC, DOF
Council Resolutions	Contains information on all key agreements made during Council meetings	DC, DPD

Step 2: Stakeholder mapping and engagement

Public expenditure tracking is designed to help local governments, CSOs and citizens to have a shared understanding of the services that public funds provide for, appreciate challenges in budget implementation and to ensure policies are responsive. As such, stakeholder engagement should be given priority throughout the process since it represents an element of advocacy and allows for greater understanding of how public funds are used and incorporated in the decision-making process. It is important to speak with key representatives and interested groups about public expenditure tracking and its advantages, to identify key stakeholders, and hold discussions with other Council members, Council officers, and with CSOs that are active in local government to gain their buy-in and support for active participation in the process. It is essential to think in terms of three groups of actors in the relevant sectors outlined below, and how to promote cooperative working relationships with them:

- **Stakeholders:** All relevant groups or individuals who have an interest in public expenditure tracking such as ADCs, business leaders, CSO activists, community leaders, Councilors, cultural groups, media, MPs, labor groups, VDCs , etc.
- **Information holders:** Individuals who hold key information that is important for conducting the PET effectively.
- **Influencers:** Groups/individuals, institutional representatives who can influence decision makers or those who may work against the initiative.



Exercise I

Identify and list key individuals among the three groups in your local government:

- Stakeholders**
- Information Holders,**
- Influencers for or against.**

Develop a work plan of how you are going to engage with each of the actors in order to create a positive climate for public expenditure tracking in your Council.

Step 3: Understanding local government budgets

Table 1: Annual budget cycle

Local Government Annual Budget Calendar	
Period	Activity
July - October	Preparation of final accounts
November – December	Audit by National Audit Office
November – December	Consultation with communities on Annual Investment Plan (AIP) and Local Development Plans (LDP)
December	Release of indicative ceilings, budget guidelines & framework
January	Consultation with communities on AIP and approval of AIP
	Development of budgets
February	Budget consultations, finalising budgets by local governments
March	Approval of budgets by assembly
April - May	Assessment and consolidation of local government budgets by National Local Government Finance Committee (NLGFC)
June	Presentation of budgets to parliament for voting

a) What is a Local Government Budget?

A local government budget is an approved plan of revenue and expenditure for a given period usually 12 months. It shows sources of funds and areas for expenditure by department within the local government.

b) Types of Local Government Expenditures

There are two major expenditure categories; recurrent and development expenditures, which are recorded in the recurrent and development budget.

c) Recurrent Budget:

The recurrent budget refers to sources of revenues and expenditures that are used for ordinary day-to-day Council administration activities such as salaries and other operations-related expenditures such as electricity, transport, water, servicing of meetings, etc.

d) Development Budget:

The development budget contains the sources of development funds and expenditures of a capital nature. Normally this is supposed to be in line with the priorities and projects identified in the District Development and Sector Development Plans. The 2015/16 budget indicates that some development funding has started flowing to Councils through the budget, although the Development Budget has not been fully devolved to Councils. Most of the development activities are still controlled by the Central Government and others are implemented directly by NGOs and donors in the districts. This explains why for years it has been difficult to implement priorities contained in the DDPs. However, it is important for Councilors, in collaboration with others to advocate for full devolution of the development budget and for by-laws that will ensure that NGOs, donors and other actors support Councils in the implementation of projects already identified in the DDPs and VAPs.

Councils in Malawi have three budget documents that summarise the recurrent and development expenditures as follows: i) Detailed Budgets that contain financial information for recurrent expenditures, ii) Output-Based Budgets containing outputs to be achieved within the financial year; and Development and Capital Budget which contains information of development projects to be implemented and capital items to be procured within a given period.

Reading and Understanding an Output Based Budget

Public expenditure tracking starts with knowledge of how much resources have actually been provided for a given sector or department. The Output-Based Budget is a useful document for outlining key outputs for each sector. It summarises the mission, objectives and strategies for each council, achievements of the previous year, medium-term priorities, and the sectoral allocations and planned outputs for the budget year per sector. In an Output-Based Budget, Councilors should pay attention to two key areas: Sectoral revenue allocations and annual and quarterly planned outputs and targets.



KEY POINT:

Public expenditure tracking starts with knowledge of how much resources have actually been provided for a given sector or department in a given budget year.

Table 2 provides a sample of sectoral revenue allocations for a given budget year in selected sectors to illustrate how the information is summarised in the Output Budget.

Table 2: Example of revenue allocations for selected sectors (2012/13)

Sector	2011/12 approved	2011/12 revised	2012/13 estimate	% Change
Agriculture	19,491,404	19,491,404	19,491,404	0
Education	86,875,132	169,445,132	216,438,235	149
Health	457,923,008	428,272,925	415,446,363	-9
Water	962,056	962,056	962,056	0
Gender	5,036,678	5,036,678	5,036,678	0

To link the allocated resources to key expenditures, organisations need to have information on planned outputs and targets for each sector or department. The Output-Based Budget also provides information on each sector's sub programmes, its outputs and targets.

Table 3 below shows how the information is displayed using the example of the agriculture sector.

Table 3: Annual and Quarterly Planned Outputs and Targets for the Agriculture sector

Sector	Sub Programme	Planned Output	Annual Target	Q1 Target	Q2 Target	Q3 Target	Q4 Target
Agriculture	Crop Production and Management	Hectares under modern farming practices and inputs	75834	0	17278	47282	11274
		Small-scale silos in use	10	0	5	0	5
		Fruit trees planted	260	0	160	100	
	Land resource management	Hectares under soil and water conservation measures	13600	5533	3000	0	5067
	Extension services	Farmers reached with extension services	189588	0	43196	118206	28186
	Agribusiness development	Agro based groups linked to formal markets	5	2	1	0	2
		Farmers trained in agro processing skills	1000	300	300	0	400

Reading and Understanding the Consolidated Detailed Budget Estimates

The Consolidated Detailed Budget Estimates is an important document for expenditure tracking since it is used by accountants for preparing cash flows for disbursing resources. It is also used for expenditure control by comparing what is spent against what was budgeted. This document provides detailed revenue and expenditure figures for each of the sector's sub programmes. Table 4 illustrates the detailed recurrent revenue amounts allocated for each sub programme using the same example of the agriculture sector.

Table 4: Budget allocations to sector sub programmes for the Agriculture sector

Sub programme	ORT
Crop Production and Management	5,763,500
Land Resources Management	3,600,223
Extension services	10,500,256
Agribusiness development	6,756,400

This information is available for all the sectors in the Detailed Consolidated estimates document. As with exercise 2, organisations can use sample table 4 to extract allocated revenue amounts for each sector sub-programme.

Table 5: An extract from the Capital and Development Budget

No	Project title	Location	Sector	Start Date	End Date	Output	Output Monitoring Indicator	Output Target	Approved Budget	Source of Funds
1	CDF-Micro projects	All Constituencies	Various	Jul -15	Jun -16	CDF projects implemented	Number of projects implemented	To be identified	60,000,000.00	CDF
2	Rehabilitation of sanitary facilities in markets	Boma Offices & Market, Nthaire Market	Head-quarters	Jul -15	May 16	Sanitary facilities rehabilitated	Number of sanitary facilities maintained and rehabilitated	Various	7,738,380.00	Locally Generated Revenue
3	Procurement of Computers	DEMs Office	Education	Sept-15	Oct -16	Computers procured	Number of computers procured	2	1,149,250.00	ORT
4	Construction of a Guardian Shelter at Makhwira Health Centre	DHOs Office	Health	Aug-15	April -16	Guardian Shelter Constructed	Number of Guardian Shelters Constructed	1		Development Budget



Exercise 2

Get a copy of the Output Based Budget of your Council.

Using the example provided in Table 3, extract the outputs, annual as well as quarterly targets for a sector. The outputs you have extracted represent the planned services which the sector has to deliver with the allocated resources.

Compare the planned outputs with community priorities in the various Development Plans.

Track which priorities did not receive a budget allocation, and how is the money being spent?

Reading and Understanding Consolidated Capital and Development Budget Estimates

This contains information on capital expenditure for procurement of capital items and development projects that will be implemented in a particular financial year.

Step 4: Public expenditure tracking methodology

Once information from the Output and Detailed Consolidated and development budget is collected, it is now possible to begin collecting data on actual expenditures against the budgeted amounts on a monthly basis. It is advisable, when starting to focus on particular departments or specific sectors such as health, education, agriculture and water.

Stage I:

The first stage is to compile data on amounts allocated in the Council budget per department or sector against the actual amounts the Council received from various sources, and the actual amount that was spent by the sector/department per month. Data must be collected at various levels and from various sources to ensure accuracy and reliability (e.g Community level frontline service delivery facilities and projects), local government level, central government level (NLGFC & LDF) and Donors who fund Local Authorities directly. This will help CSOs to determine how much of the budgeted revenues are actually received, and compared with the actual amounts being spent per sector. Achievement of planned service delivery outputs depends very much on the availability of budgeted resources and application of the available resources to planned activities. Use table 6 to summarise the information collected.

Table 6: Expenditure Tracking I:

Comparing budgeted amounts with amounts received and used per sector

Sector/Department	Budgeted annual amount	Amount received per month	Amount spent per month	Balances
Health				
Education				
Agriculture				
Water				

KEY POINT:

If there are any balances, investigate the reasons for the balances and how the balances are used.



Stage 2:

The second stage is to examine the purposes for which the funds were spent in line with the planned outputs and targets. Several tables can be constructed for each of the sectors and its sub programmes. At this stage it is important to document your key observations of how the money is being used whether planned sub programmes and outputs or for other activities. A key question to ask here is: if resources are not being used for planned outputs, then what are they being used for?

Table 7a: Expenditure Tracking 2: Comparing amount spent by sector per month with allocations to sub programmes- Agriculture Sector

Sub Programme	Amounts spent per sub-programme per month	Activities on which the money was spent	Key observations on use of funds
Crop Production and Management			
Land resource management			
Extension services			
Agribusiness development			

Table 7b: Expenditure Tracking 2: Comparing amount spent by sector per month with allocations to sub programmes- Education Sector

Sub Programme	Amounts spent per sub-programme per month	Activities on which the money was spent	Key observations on use of funds
Preprimary education			
Primary Education			
Adult Literacy			

Table 7c: Expenditure Tracking 2: Comparing amount spent by sector per month with allocations to sub programmes- Health Sector

Sub Programme	Amounts spent per sub-programme per month	Activities on which the money was used	Key observations on use of funds
HIV and AIDS			
Nutrition services			
Medical Infrastructure, Equipment, Facilities			
Preventive Health Services			
Curative Health Services			
Environmental Health Services			

Stage 3:

The third stage is to track the achievement of planned targets per quarter. As highlighted in Table 3, the Output-Based Budget will provide information on each sector sub programme, planned outputs and targets. After checking spending patterns, it is also important to track achievement or non-achievement of planned targets per quarter. Table 8 below is a sample of how information on tracking targets can be completed.

Table 8: *Tracking output targets per sector using the agriculture example*

Sector	Sub Programme	Planned Output	Target for the quarter	Actual achievement for the quarter	Major reasons for achievement or under/over achievement
Agriculture	Crop Production and Management	Hectares under modern farming practices and inputs			
		Small scale silos in use			
		Fruit trees planted			
	Land resource management	Hectares under soil and water conservation measures			
	Extension services	Farmers reached with extension services			
	Agribusiness development	Agro based groups linked to formal markets			
		Farmers trained in agro processing skills			

Step 5: Data Analysis

The data that is collected monthly should be analyzed so that quarterly reports can be generated for sharing with stakeholders. Analysis will help identify strengths, weaknesses or problems in the flow and use of funds in each sector. It will also help to identify correction actions that the Council should take in order to improve service delivery. The analysis should pay attention to the following:

- i) The relationship between planned outputs and District or sector Plans
- ii) Major source of funds for each sector
- iii) Differences between budgeted amounts and actual funds received by the sector on a monthly basis
- iv) How well is the money received being spent?
 - a. Are there any monthly balances? How are the balances used?
 - b. What are the spending patterns per sector? Are the funds being spent on intended/planned outputs as indicated in the budget
 - c. If the funds are not being used for planned outputs, what are they being used for? What are the major factors contributing to the observed spending patterns
- v) Are the planned targets being achieved? Why or why not?
- vi) What corrective action should be put in place to deal with the observed problems?

5.0 The Value of social auditing in local governments

Social audits are on-going processes of policy dialogue and continuous improvement, which can provide a way of measuring public sector performance against planned objectives (UNDP, 2011). A social audit rests on the belief that when Government officials are monitored, they feel greater pressure to respond to their constituents' demands and have fewer incentives to abuse their power.

Social Auditing is one of the approaches of promoting vertical accountability of local governments. It works by strengthening the voice and capacity of citizens to directly demand greater accountability from government and elected officials. By tracking budgets and monitoring service delivery projects throughout their implementation, citizens can hold local government officials accountable. Social auditing can bring attention to issues regarding responsiveness of local governments to priorities defined by communities, the quality and performance of service delivery.

In service delivery and project implementation, it is important to know who is doing what in the district, ward, and the ADC so that you get to know the stakeholders and where to collect relevant information. Malawi's Local Councils are in a unique position because the local service delivery and implementation of development activities is undertaken by a variety of actors such as Central government, donors, NGOs, as well as the Council.

The reality is that there are many development projects implemented in each district and resources often do not go through the Council budgets. Therefore to conduct social audits effectively, it is important to collect information that provides a comprehensive picture of projects under each sector, in addition to those that are financed through Council budgets. Some of the key questions in need of answers in the social audit might be as follows:

1. What were the activities (outputs) allocated in budgets in the sector you are monitoring for the chosen period?
2. What was the geographical distribution of those projects and the populations being served?
3. What is the amount of resources that was allocated in the budget for each of the outputs?
4. What funds were actually used on the project?
5. Was the project completed? Why or why not?
6. What other community priorities were not allocated a budget and how were they financed?
7. What other activities were supported with other financing actors outside Council budgets? These activities can also be subjected to similar questions, as raised above.
8. What is the situation of women and men for each programme in this sector?
9. How can the sector address the needs of females and males in the activities, outputs and budget of each programme and sub-programme?
10. Is there sufficient money allocated to undertake strategic activities that address the described needs?
11. What kind of indicators can be used to measure progress in implementing the activities in terms of outputs, outcomes and impacts?
12. How does the sector take into account the implication of the budget on employment, revenues, access to credit and factors that influence obstacles and opportunities for men and women as economic and social actors?

Table 9 provides a template that can be used to summarise the collected information.

Table 9: Mapping of development projects implemented in your Council/Area per quarter

Name & Nature of projects being implemented	Location of the project: Name of Ward, ADC	Who is financing it? Is it through Council Budgets or outside	Amount of resources allocated for the project	Project completed or not?	Ward Population



Exercise 3

In collaboration with ADCs and VDCs, and CSOs working in the district, collect project implementation information for your district and use sample Table 1 to compile the information you collect.

or analyse the nature and number of projects being implemented per sector, the distribution of the projects per ward versus populations, the amount of resources allocated for the implementation of each project versus the actual cost

Or Analyse the projects funded through Council budgets in comparison with those funded outside the budget and compare with Council planned outputs.

This information will assist the Council and other stakeholders with knowing what has actually been done or completed in the communities using budget inputs and offbudget inputs, and how responsive the service providers are to community priorities. It is also important to assess the project completion rate and any other factors behind any non-completion rates.

Engaging local governments

Lessons from the Kalondolondo programme in Malawi have shown that proactive engagement with existing contacts or potentially sympathetic (and influential) members of the DEC prior to an initial presentation of the community-based monitoring programme was useful in ensuring a good reception for the programme (ODI, 2011). Gaining support for activities at the district level and with traditional leaders prior to beginning activities is important to create and maintain a constructive relationship with policy makers.



KEY POINT:

Kalondolondo is a DFID supported community-based monitoring program. Based on the use of citizen scorecard methodology, community leaders are trained to assess the provision of services by the government within their communities. Each year a specific service is surveyed. So far, services include health, agriculture, infrastructure development, education and water. This information is then shared with the media, national and local government officials to generate improvements in service delivery or reforms in a particular sector.

It is also important to assure local government officials that the process is meant to promote positive change and enhance the relationship between citizens and their Council. Joint monitoring how resources (money) are spent promotes a more collaborative approach to ensuring that public funds are spent efficiently and effectively. When actors come together and work toward common goals, the result can be a more effective system of local governance, better service delivery and improved citizen perception of government (NDI, 2010). The idea is that as identified problems or weaknesses are reported, local governments have an opportunity to respond to identified weaknesses.

Citizen/Community scorecard methodology to assess quality of service delivery and satisfaction

Community or citizen scorecards are used to facilitate feedback on services and quality of public services. According to the World Bank the emphasis of this activity at community level is more on immediate feedback and accountability, and less on actual data. The implementation time is between a short period of three to six weeks, and information is collected through focus group discussions. Citizen scorecards entail a participatory methodology to collect citizen perceptions on quality and satisfaction with public services.

Another mechanism used in social auditing is the Citizen Report Card methodology which includes use of questionnaires for individuals or households to develop an analysis on performance of services based on performance scores. Report cards are systematic and are carried out for a period of three to six months. Findings are then shared with the media, and with government officials who present the findings.

The scorecard methodology is carried out with CSOs that have a particular sector expertise or interest. They often receive training on how to conduct the scorecard focus group dialogue. Preparatory work includes the identification and training of an implementing partner and subsequent engagement with local government officials and community leaders.

To implement the scorecards, participants are divided into focus groups. For example, in the education sector the Kalondolondo programme, the process involved separating the community into groups by type of stakeholder including students, teachers and head teacher, parents, chiefs and so on. Each group would then collectively provide a 'score' against specific categories such as pupil behavior, teacher performance, or the quality of school buildings. NDI Malawi recommends in districts where Service Charters or Social Contracts have been developed and signed, that communities be allowed to assess the quality and performance of service delivery against the service standards defined in the Charter or commitments made by the elected officials in the Social Contracts.

Dissemination of results arising from scorecard analysis requires careful planning and separate meetings for specific audiences:

- a) It is important to present the scorecard results at a community meeting or forum that brings together community members and local leaders with relevant local government officials such as Councilors, DCs, ADC and VDC representatives, relevant sector managers, MP and other non-state service providers. The meetings should have clear resolutions with Joint Action Plans developed to address the problems identified.
- b) It is recommended that reports produced are presented in Council Service Committees and Council quarterly meetings to seek commitments on how local government officials can respond to the issues raised in the report. Where possible, CSOs can formulate action plans to address problems and present them as recommendations to local governments. The implementation of the commitments and action plans should also be monitored. The report should be used as an important tool for engaging citizens and community leaders who have primary interest in the projects and services that local governments provide. The district- wide reports can also be shared with national level actors such as NLGFC and other governmental institutions with supervisory roles over the Councils.

6.0 Five overarching steps of gender responsive budgeting



KEY POINT:

Gender responsive budgets (GRB) ensures that the needs and interests of individuals from different social groups (sex, age, class, ethnicity, caste and location) are addressed in public expenditures and revenue policies. GRB is not about separate budgets for women or men nor about budgets divided equally. It is about determining where the needs of men and women are the same, and where they differ. Where the needs are different, allocations should be different. GRB helps governments decide how policies need to be adjusted, and where resources need to be allocated to address poverty and gender inequalities.

Step 1

Analyse the situation of different subgroups of women and men; girls and boys in your sector. This will give you a list of issues and gaps that need to be addressed for each group (gender issues).

Step 2

Assess the extent to which your sector's laws, policies, or programmes address the gender issues and gaps that have been identified.

Step 3

Assess if adequate budget allocations have been made to help the sector to implement more concrete interventions and programmes that are relevant to the needs of women and men; girls and boys (gender responsive interventions & programmes). If possible, articulate how allocations have been made to meet these needs in your sector's budget statement.

Step 4

Monitor if money in your sector was spent as planned. Ask the question, what was delivered and to whom? Establish this by disaggregating data by sex, and exploring reasons behind successes and challenges.

Step 5

Assess the impact of your policies, programmes and budgets in order to identify the extent to which the situation under Step 1 has changed in order to bring about more gender equality between women and men; and girls and boys in your sector.

7.0 Key features of successful expenditure tracking

Collaboration:

Promoting relationships and working together as a team is essential. As the saying goes, *‘Mutu Umodzi susenzadenga’*, *‘Kukhala awiri simantha’*, --it is important for CSOs to know and acknowledge the comparative strengths of other actors so that they can develop collaborative and working relationships with others who will help them to achieve effective accountability efforts. The Kalondolondo implementation Unit can be a useful collaborative partner in providing capacity building on the scorecard methodology. CSOs are also recommended to work in collaboration with ADCs and VDCs as an important strategy of skills transfer of the local committees and follow on sustainability.

Continuous monitoring:

This process should not be viewed as a one off activity. In an effort to institutionalise positive change in local governments, expenditure tracking should be a continuous and integral activity of CSOs working in collaboration with ADCs and VDCs.

Resources for further reading

- Malawi Local Government Association (2014). A Handbook for Councillors and other Council Members. Lilongwe, MALGA
- International Budget Partnership: www.internationalbudget.org: The International Budget Partnership collaborates with civil society around the world to use budget analysis and advocacy as a tool to improve effective governance and reduce poverty.
- National Democratic Institute (NDI) political process monitoring guide: https://www.ndi.org/political-process_monitoring_guide : This guide was developed to primarily explore the work that the Institute and its partner groups have conducted across five types of political-process monitoring , legislative monitoring; budget monitoring, budget advocacy and expenditure tracking; shadow reporting; monitoring government follow-through; and election campaign-related monitoring.
- National Democratic Institute (2010). Supporting Local Governance in Yemen. Steps to Improving Relationships between Citizens and Government: Manual for Local Councillors, Civil Society Organisations and Citizens
- Narayan, D. (2002). Empowerment and poverty reduction: A sourcebook, Washington, DC: The World Bank
- UNIFEM, <http://www.gender-budgets.org/content/view/13/214/>



The National Democratic Institute is a nonprofit, nonpartisan organization working to support and strengthen democratic institutions worldwide through citizen participation, openness and accountability in government.

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