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UNIVERSITY OF THE WITWATERSRAND
SCHOOL OF PUBLIC AND DEVELOPMENT MANAGEMENT

AID COORDINATION AND ITS EFFECTIVENESS: A CASE OF THE EDUCATION SECTOR IN MALAWI

By Wongani Grace Nkhoma Taulo

A research report submitted to the School of Public and Development Management, University of the Witwatersrand, in fulfilment of the requirements for the degree of Master of Management in the Field of Public and Development Management

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ABSTRACT

The 2008Accra meeting on Aid Effectiveness observed that aid is still fragmenting - that there are too many donors, financing too many projects, using different models. This has negative implications for aid effectiveness i.e. the extent to which aid efforts achieve intended results. Coordination of aid and activities is seen as a means to overcome these problems and achieve better impact. The purpose of this study was to explore the link between aid coordination and its effectiveness in the education sector in Malawi. The study used a case study design using qualitative methods for data collection and analysis. Data sources included interviews and documents analysis. In total, nine key informants were interviewed. These included donor representatives, government officials and representatives from civil society. A major finding of the study is that although there is a general agreement that aid coordination is necessary for achieving better impact of aid, it is practically difficult to achieve fully and only partial coordination is achievable at the moment. This is because donors lack confidence in the coordination mechanisms in place in particular the public financial systems and therefore large amounts of donor funding remain outside the coordinated mechanisms. Findings also show variations on the understanding of what aid coordination should look like in practice and the perceived roles of the different actors in the coordination processes.

DECLARATION

I declare that this report is my own, unaided work. It is submitted in partial fulfilment of the requirements of the degree of Master of Management in the field of Public and Development Management in the University of Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in any other University.

_____

Wongani Grace Nkhoma Taulo

28 February, 2013

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And God, your grace, mercy, compassion and awesome power helped me throughout this process, my strength, during the most trying times when I almost gave up – glory to your name.

GLOSSARY OF TERMS

Coordination – The planning and procurement by a recipient government of aid from its donor partners and its integration into national development goals and strategies as well as the effective implementation of development programmes that are supported by aid. This involves, among other factors, the development of common arrangements for planning, managing, and delivering aid, the gradual simplification of procedures and specific requirements in order to reduce their burden on partner governments, and the sharing of information to promote transparency and improved coordination (Wood, 2011).

SWAp – A collaborative programme with an established structure for negotiating strategic and management issues and reviewing sector performance against jointly agreed milestones and targets.

Effectiveness – Ability of aid to enable countries reach their development goals (OECD, 2008b).

Aid – External Resources provided to countries as grants, loans, subsidies or in-kind donations also known as development assistance.

Project Aid – Aid channelled to a recipient country through a project by project approach. Under a project, each donor insists on their own priorities, reporting systems, financial year and disbursement conditions (Adams, 1989).

General Budget Support – Support channelled through the national budget without earmarking the resources for specific use. This is aimed at providing fewer conditions for the implementation of a country's strategy for reducing poverty.

Sector Budget Support/Pooled Funding – Resources channelled through the Ministry of Finance to support a specific sector and thus accounted for using national systems. These usually constitute more predictable funding for the sector (EuropeAid, 2007).

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LIST OF ABBREVIATIONS

ADB	African Development Bank
AfriMap	Africa Advocacy and Governance Monitoring Project
AIMS	Aid Information Management Systems
AMP	Aid Management Platform
AU	African Union
CABS	Common Approach Budgetary Support
CIDA	Canadian International Development Agency
DAC	Development Assistance Committee
DAMD	Debt and Aid Management Department
DANIDA	Danish International Development Assistance
DAS	Development Assistance Strategy
DFID	Department for International Development
DoF	Director of Finance
DPD	Development Partners Dialogue
ECA	Economic Commission for Africa
ECDE	Early Childhood Development and Education
EFA	Education for All
EMIS	Education Management Information Systems
EP&D	Economic Planning and Development
ESWAp	Education Sector Wide Approach
EU	European Union
FPE	Free Primary Education
FTI	Fast Track Initiative
FY	Fiscal Year
GBS	General Budget Support
GCA	Global Coalition for Africa
GDP	Gross Domestic Product
GER	Gross Enrolment Rate
GIZ	German Cooperation Enterprise
GNP	Gross Net Product
GoM	Government of Malawi
GPE	Global Partnership for Education

HDI	Human Development Index
IDA	International Development Association
IFMIS	Integrated Financial Management Information Systems
JFA	Joint Financing Agreement
KfW	German Development Bank
MDG	Millennium Development Goals
MGDS	Malawi Growth Development Strategy
MoEST	Ministry of Education, Science and Technology
MoU	Memorandum of Understanding
NESP	National Education Sector Plan
NGO	Non-Governmental Organisation
ODPP	Office of the Director for Public Procurement
OECD	Organisation for Economic Co-operation and Development
PEFA	Public Finance Expenditure and Accountability
PFMS	Public Finance Management System
PIU	Programme/Project Implementation Union
PS	Permanent Secretary
PTR	Pupil Teacher Ratio
SACMEQ	Southern African Consortium for Monitoring Education Quality
SADC	Southern Africa Development Community
SCG	Sector Coordinating Group
SIP	Sector Implementation Plan
SIP	Sector Investment Plans
SPA	Special Programme for Africa
STF	Systems Task Force
SWAp	Sector Wide Approach
SWG	Sector Working Group
TWG	Technical Working Group
UNICEF	United Nations Children's Fund
USAID	United States Agency for International Development
WB	World Bank
WFP	World Food Programme
WHO	World Health Organisation

CHAPTER ONE

INTRODUCTION

This study explored the link between aid coordination and its effectiveness in making aid achieve better impact. The study focused on the education sector in Malawi to explore this link. Specifically, the study looked at how aid coordination impacts aid utilisation as well as the mechanisms that must be in place to facilitate effective coordination.

This study is important for a number of reasons. Africa, including Malawi, is a major recipient of development aid. Forty per cent of Malawi's budget is dependent on donor support. The education sector, in particular, is highly dependent on development aid. Yet, several studies (White, 1992; Boone, 1996; Lal, 2005; Martens, Mummert, Murrell & Seabright, 2002; and Easterly, 2003) have challenged the effectiveness of aid especially in Africa. The reasons are many but they point to bad governance as a major set-back for aid effectiveness, particularly poor policies and policy environments, inadequate human capacity and institutions for aid management, lack of transparency and accountability, and poor aid coordination, as well as lack of citizen participation and voice in the management of development aid, among other reasons.

The OECD (2005) Paris Declaration on Aid Effectiveness emphasises the need to ensure a conducive environment to make aid work (see framework in Appendix 1). The Paris Declaration emphasises the need for certain parameters to make aid more effective, one of which is better aid coordination with recipient countries taking ownership and leadership to coordinate aid. This study therefore focused on aid coordination at a country level to assess if there have been any improvements in the way aid is coordinated and if this has resulted in better use of the aid. The study particularly focused on what coordination mechanisms are necessary to facilitate better aid utilisation, what is working and areas requiring improvement. The study also addressed the question of whether aid coordination is indeed the solution or one of the solutions to make aid more effective. While there are various tiers for coordinating aid, at global, continental, national and sector levels, this study focused on the lowest tier of coordination and used the education sector in Malawi as an area of analysis.

The study built on an earlier one by AfriMap (2010), which showed that poor aid coordination at a country level is one of the challenges affecting effective delivery of public education services. This study was, however, limited to looking at policy for aid coordination and did not go into detail to look at coordination mechanisms and how these impact on aid utilisation. Other studies, like the Global Partnership for Education (2010), also evaluated aid utilisation in Malawi but in relation to the Paris declaration on Aid Effectiveness and how well the country has implemented the criteria set in the declaration. Little has been done to look at what coordination looks like in practice. This study was intended to fill this gap.

The study was conducted at a sector level on the basis that no studies had been done at this level in relation to aid coordination, as well as in consideration of the fact that it is at this level that aid coordination can be meaningful and produce better results in terms of impact (Crola & Saulière, 2011). By focusing on aid coordination, the intention of this study is to generate knowledge on how aid can be better managed and utilised particularly at sector level. The narrowed approach focusing on a sector gives a better and more comprehensive analysis of how aid coordination mechanisms and approaches can be used to make aid utilisation and management more effective than is currently the experience.

1.1 Background

Sub-Saharan Africa is home to some of the poorest and least developed countries in the world. According to the United Nations annual Human Development Index (HDI) for 2010, only three of the world's 38 least developed countries lay outside of this region. This is despite the billions of dollars in development aid that flow into sub-Saharan Africa year after year. For a long time, sub-Saharan Africa has been the most highly aided region of the developing world. The region receives nearly five times more aid than any other region, amounting to 16% of GDP in 2005 and 34% of the total developmental assistance given to all regions across the globe (Bigsten, 2007). Development aid, as it is popularly known, is intended to facilitate the development of low-income countries. Yet, the persistently disappointing performance of African countries generally, and sub-Saharan Africa specifically, raise continental and international concerns about the role and impact of aid.

Most of the aid to Africa has targeted socioeconomic development including human capital development, with education as a major recipient sector. The vital importance of education as

a driver of development and growth has resonated in the development debates globally. Combined with strong macroeconomic policies, the expansion of educational opportunity is deemed to be fundamental for the construction of globally competitive economies and democratic societies (Bruns, Birdsall & Sabot, 2003; Oketch, 2009). This has given impetus for the world especially in developing countries to focus on education, with a preponderant emphasis on basic education as a basic human right for all. Global commitments like the Dakar 2000 Education for All Framework goals (EFA) and the Millennium Development Goals (MDGs) only heightened the focus on education.

The onus is therefore on developing countries to expand mobilisation of domestic resources for education. However, domestic sources of financing are not enough and a large part of the financing comes in the form of development aid. This has compelled the donor community to commit and pledge to meet resource shortfalls in achieving education globally as witnessed at the G8 summit in Gleneagles in 2008. Since then total external aid to education has been increasing. Education globally receives the highest proportions of aid second only to health. Sub-Saharan Africa is a region that has received a substantial amount of aid for education. In fact, for most sub-Saharan African countries, aid is the only and most reliable source for education development in the sense that while public funding supports recurrent expenditures, it is development aid that is used for developing the sector in terms of infrastructure, curriculum teacher training and other development aspects of the sector. It does not seem at the moment that African countries are anywhere close to financing their education. It is imperative; therefore, that aid must work if Africa is to achieve its education aspirations.

1.1.1 Malawi Context

Malawi is a landlocked country bordered on the northwest by Zambia, on the north and northeast by Tanzania, and to the south, southeast and southwest by Mozambique. With a land area of 118,484 square kilometres and a population of slightly more than 13.5 million, Malawi is one of Southern Africa's most densely populated countries and has a young and growing population that is expected to reach 20 million by 2025 (Integrated Household Survey (IHS) 2010-2011, 2012) Malawi is one of the world's poorest countries, and is currently ranked 164 out of 174 countries on the United Nations Human Development Index for 2010. With an estimated GNP per capita of US$160, approximately 65 per cent of the

population lives below the national poverty line. Malawi's economy has been growing at a steady rate since 2005 mainly due to recent economic policies and favorable weather conditions for agriculture. The steady increase in economic growth allowed Malawi to reach a GDP per capita of around US$300 in 2008. However, in comparison to the entire Southern Africa Development Community (SADC) region, Malawi still has the third lowest GDP per capita and one of the five lowest in all of Africa. Despite the increases in the growth rate, the country is unable to finance its national budget and therefore relies heavily on bilateral and multilateral donors for budget support. Aid contributes close to 40 per cent of the national budget. For instance, for the 2010/11 budget the Government of Malawi (GoM) recorded $1,022 million in donor disbursements constituting a 7% increase from 2009/10, which recorded $955 million in donor disbursements (Malawi Aid Atlas, 2011).

Progress toward the Millennium Development Goals in Malawi is uneven. The country has exceeded its water and sanitation targets and has made significant strides in strengthening food security nationally. It is also on track to achieving the targets for reducing infant and child mortality and combating HIV and AIDS. Challenges remain, however, in achieving the goals for poverty reduction, maternal health, gender equality and universal primary education. Only 35% of children who enter grade one complete the full eight years of primary schooling. At the same time almost 22 per cent of primary school-aged girls do not attend school, while 60% of those enrolled do not attend regularly (World Bank, 2010).

The Malawian education system has to develop itself within a heavier demographic context than in its neighbouring countries. The country's population, estimated at 13.5 million, is increasing at the rate of 2.4% per year. The five to 16 age group represents 37% of the total population, which is the highest proportion for this age group compared to the entire SADC region. In addition, projections show that the primary school age group (six to 13 years old) will increase by 20% by 2018 (IHS, 2010-2011). The Adult (15+ years old) literacy rate is estimated at 69% which is lower than the SADC average (75%). Illiteracy of parents impedes the achievement of education because these parents are less likely to enrol their children in school compared to literate parents. The HIV/AIDS pandemic also dramatically affects the development of the education sector, because of the deaths of both teachers and parents. The pandemic also increases teachers' absenteeism and the number of orphans, who are less likely to go to school than non-orphan children. With the adult (15-49 years of age) prevalence rate

standing at 12%, AIDS orphans are counted to be 7% of children below 17 years old in addition to the 5% orphans due to other reasons (IHS, Ibid).

1.1.2 The Education Context

A focus on education is at the heart of the Malawi Growth and Development Strategy (MGDS) which is the leading policy document for the development of the country. In the MGDS, the Government of Malawi recognizes the role of an educated population as a necessary enabling environment for sustainable development. The education system in Malawi follows the eight-four-four system with eight years of primary school and four years of secondary and tertiary schooling respectively. Primary education, preschool education and non-formal education initiatives such as adult literacy all fall in the category of basic education, with the purpose to equip the population with basic knowledge and skills to allow them to function as competent and productive citizens in a free society. In basic education, the emphasis is on equipping students with basic knowledge and skills to enable them to function as competent and productive citizens. On the other hand, secondary education focuses on providing an academic basis for gainful employment in the informal, private and public sectors. At the tertiary level, the goal is to produce high quality professionals with relevant knowledge. The MGDS further identifies specific expected medium term outcomes related to these goals, namely: reducing absenteeism and dropouts, increasing enrolment, improving learning outcomes, and increasing access and achievement by girls, vulnerable children, and children with special learning needs. Malawi is also a signatory to the Education for All (EFA) and MDGs which promote education for all and has provided for the right to education in its constitution in addition to making primary education free.

Despite these commitments, Malawi is still a long way from achieving its education goals, particularly that of universal primary completion by 2015. Although access to standard one is almost universal (see Table 1.1), a high dropout rate leaves only a 35% primary completion rate. As illustrated in the table, gross enrolment rates for boys and girls as well as total enrolment are over 100 per cent meaning that more children including those above and below standard enrolment age are registering in schools. Retaining these children, however, remains a challenge with poor retention rate being highest among the rural poor. Economic difficulties and traditions such as early marriage, pregnancy, and family responsibilities explain the fragility of school demand. The lack of children friendly learning environments, for instance,

crowded classrooms, lack of sanitary facilities and clean water within easy reach, open-air or temporary classrooms, and incomplete schools; untrained teachers also contribute to the negative effect (Country Status Report (CSR), 2008/09). The internal efficiency of the system is weak, largely due to very high repetition rates, with public resources wasted on paying for repeaters or schooling for students who will not complete the cycle. The system currently requires 23 student years to produce one standard 8 graduate, instead of 8 years (CSR, Ibid). Globally, evidence shows that high repetition rates are not conducive to better mastery of learning, and have adverse effects on the pupil/teacher ratio and costs (World Bank, 2010).

Table 1.1: Gross Enrolment Rates

	GER		
Year	**Boys**	**Girls**	**Total Enrolment Rate**
2006	123	121	122
2007	117	115	116
2008	121	118	119
2009	115	115	115
2010	115	115	115
2011	112	114	113

Source: (EMIS, 2011)

The challenges in the education sector affect learning outcomes. According to The Southern African Consortium for Monitoring Education Quality, SACMEQ (2010), scores and national examination pass rates are poor. The number of children who reach a minimum level of mastery in English reading was barely 9%. Malawi is also characterized by a severe lack of pedagogical resources and infrastructure in education. There is a severe shortage of teachers (refer to table 1.2) with a high Pupil/Teacher Ratio (PTR) at primary level of 76:1 in 2011, the pupil-to-qualified-teacher ratio is even higher, at 92:1 (EMIS, 2011). Access to each level of education suffers even more from location and income disparities. The difference in the primary completion rate is 14% between boys and girls, and 34% between urban and rural students. And the disparity is still greater between the richest 20% of the population and the poorest 20%. Furthermore, university students from the poorest quintile make up only 0.7% of students, while the richest quintile accounts for 91% (EMIS, Ibid).

Table 1.2: Pupil/Teacher Ratio

Year	Pupil/Teacher Ratio	Pupil Trained Teacher Ratio
2006	76	84
2007	78	88
2008	78	90
2009	81	92
2010	80	91
2011	76	92

Source: (EMIS, 2011)

Despite these myriad challenges, the Government of Malawi has made commitments to ensure progress towards achieving the MDGs and EFA goals by 2015 by committing itself to a reform agenda that includes among others:

(i) Increasing accountability through providing grants to schools for the implementation of school improvement plans;
(ii) Hiring teacher assistants in rural schools to help address the high pupil/teacher ratio;
(iii) Reducing the barriers of entry into teaching for rurally based teachers;
(iv) Restricting repetition to a maximum level of eight per cent by 2013; and,
(v) Promotion of double shifting and multi-grade teaching.

These plans have been articulated in the education sector policy document, the National Education Sector Plan (NESP) for 2008–2017. The focus of this strategy is premised on three pillars of achieving access and equity, quality as well as good governance and management of the sector. This strategy has been translated into a Sector Implementation Plan (SIP) which is the implementation framework for the strategy.

1.1.3 Education Financing

The major sources of funding for the Ministry of Education, Science and Technology (MoEST) include national revenue (including donor general budget support), beneficiary contributions (fees) and donor funded projects. Budget allocation for the education sector has been fluctuating over the years, which is partly attributable to the lack of a clearly established

policy for financing the sector. Allocations have therefore in the past depended on government priorities at that particular moment in time. In 1994 for instance, when free primary education (FPE) was introduced, education expenditure increased from 20% of the total government expenditure in 1993/94, to 27% in 1994/95 – just over the recommended level of 26%. This was the highest allocation ever in terms of percentage of total budget the sector has ever experienced. However, this percentage has declined over the years to under 10–15%. In 2007/08 for instance, the total budget for MoEST was 14.1% of the national budget and in 2008/09 it was 12.1% of the national budget. However, government has since the development of the NESP committed itself to ensuring stabilised budgetary allocations to the sector. This is in line with the Education Sector Wide Approach (ESWAp) as well as conditions from the Global Partnership for Education (GPE) – formerly the Fast Track Initiative (FTI) that government allocates certain amounts to the sector in order to qualify for support. Currently, allocation to the sector is around 20% of the national budget.

The education sector is the one of the biggest social services sectors. It has various subsectors including Early Childhood Development and Education (ECDE), primary education, secondary education, non-formal education, skills and vocational education and tertiary education. The breadth of the sector means distribution of resources among the subsectors presents a big challenge, given inadequate funding that characterises the Malawi budget. See table 1.3 below.

Table 1.3: Subsector Percentage Budget Allocation 2007/08

Subsector	ECDE	Primary	Non-Formal and Adult Education	Secondary	Vocational Training	Tertiary	Teacher Training
% allocation	0.1	44.2	0.3	21.9	3.4	27.1	3.0

Source: (CSR, 2008/09)

Although primary education receives the largest share of the budget allocated to the sector, it does not necessarily translate into adequate funding and prioritisation when compared to allocations made to the other sectors. For instance recurrent expenditures were 44% in 2007/08 for primary education with 27% going to higher education, which is more than the 22% for secondary education. When looked at in terms of per capita cost, higher education

receives many times more than the other subsectors. Preschool (ECDE), literacy, vocational skills, and teacher training combined receive less than 7%. Very low priority is accorded to ECDE and literacy, each receiving less than 1%. This picture clearly shows the inadequacy in terms of funding for the sector. The picture also indicates the need for the rationalisation of the allocation of the resources across education subsectors.

.

1.1.3.1 Donor Financing of Education

Development partners play an important role in the financing of education (refer to Appendix 2). The Education sector is one of the most aid supported sectors in Malawi. For instance in the 2010-2011 budget, education was the second biggest recipient after health with 16% of the total disbursements. Health was the largest recipient sector of overall donor support in 2010/11 Fiscal Year (FY), receiving 29% of total aid flows (see table 1.4 below).

Table 1.4: Aid Funding per Sector 2010/11FY

Sector	Health	Education	Agriculture	Other Sectors
% of Aid funding	29	16	13.5	41.5

Source: Malawi Aid Atlas, 2011

Major donors include the United States Agency for International Development (USAID), the Canadian International Development Agency (CIDA), the African Development Bank (ADB), the Department for International Development (DFID), the German Development Bank (KfW), the Cooperation Enterprise (GIZ), the Japanese International Cooperation Agency (JICA) and others. According to the NESP (2008), donor support is focused on improving access and equity, quality and relevance, and on the planning and management capacity for all levels of the system. In the area of access and equity, the emphasis has been on the construction and rehabilitation of primary and secondary schools.

In the area of quality and relevance, the focus has been on

(i) Teacher training, including in-service teacher training;
(ii) The construction and rehabilitation of teacher-training colleges and teacher development centres;

(iii) Curriculum review and development; provision of text books;
(iv) School health and sanitation; provision of safe drinking water;
(v) Awareness creation related to HIV and AIDS;
(vi) Introduction and popularisation of the life skills' curriculum; and,
(vii) Improvement of school assessment systems.

With respect to management and planning, donor resources have been directed towards

(i) Development of national- and district-level education strategies;
(ii) National school mapping and census exercises;
(iii)Development of an education management information system;
(iv) Construction and rehabilitation of district education offices; and
(v) Training of educational managers, teachers and other educational stakeholder groups

Development partners' contributions play a critical role in the development budget of the government and in particular that of education. Available data on budgeting shows that for the period 2009/2010, donors contributed 98% of the education sector development budget. In the same fiscal year government spent US$127.3 million of which US$91.9 million was recurrent expenditure, meaning that almost all the funding for the education development budget came from donors (AfriMap, 2010). Development partners contribute to the education budget through three modalities; namely through budget support, which is pooled with GoM's contribution; through sector budget support or pooled funding funded directly by the development partners to GoM bank accounts; and through off budget' resources which are administered by the development partners themselves using their own bank accounts and so are not accounted for through the public financial systems. Table 1.5 below shows the average distribution of funding through these modalities (for more detailed information refer to Appendix 3).

Table 1.5: Donor Funding Modalities

Funding Modality	Direct Budget Support	Sector/Pooled funding	Project Funding
% Funding	21	23	56

Source (Mangani, 2009)

To facilitate the efficient use of aid resources, the government of Malawi established the Debt and Aid Management Division (DAMD) in the Ministry of Finance. One of the first steps that the DAMD took was to formulate the Development Assistance Strategy (DAS) for 2006–2011. The DAS was developed to facilitate better aid management including coordination through various coordination forums in order to ensure alignment of aid to national priorities. There are also various other means for coordinating support from development partners at sector level. All development partners have made a commitment to support the education sector's goals and plans as articulated in the NESP through a Sector Wide Approach for Education (ESWAp). This has been articulated through a Memorandum of Understanding (MoU) signed between the Malawi government and development partners. Some of these have gone a step further in coordination by committing to a thematic Sector Budget Strategy (pooled funding) through a Joint Financing Agreement (JFA). This is further elaborated in Chapter Four.

1.2 Problem Statement

1.2.1 Statement of the Problem

Malawi is significantly aid dependent. There are more than twenty-five (25) development partners supporting Malawi. Foreign aid therefore constitutes a significant portion of total public expenditure with about 40% of the national budget being supported by development partners. Crucially, an average of over 80% of the Government's annual development budget is financed by foreign grants and loans (Mangani, 2009). The percentage is higher for the education sector, at over 98% of the development budget being donor dependent. However, despite this high dependency on donor funding, the Malawi aid landscape is characterized by several challenges that include aid fragmentation; parallel project/programme implementation arrangements; weak coordination of development work between government and development partners; inadequate use of country coordinating systems by development partners; weak technical capacity to manage development aid, and ill functioning inclusive high-level coordination forums for government and development partners to agree on policies and plans among others (GPE, 2010).

Aid funding in Malawi remains poorly coordinated and managed. On average 56% of the aid is managed through direct project funding while only 21% is provided through General Budget Support (GBS) and 23% through pooled funding (Mangani, 2009). Only those donors that constitute the Common Approach to Budgetary Support (CABS) channel their funding through the general budget support. In all, most donors still channel their support through direct projects/programmes, a situation attributed to lack of confidence in the coordinating mechanisms as well as the government finance management and accountability system. For the education sector in particular, despite many of the development partners signing an MOU with government, only a few have committed to joining the JFA in pooled funding. This still leaves most of the aid uncoordinated and difficult to account for. Steps are in place, however, to lure the remaining donors to join the coordinating mechanisms, but this can only happen if there are positive gains being generated through the coordinating mechanisms and their effectiveness begins to be seen.

The establishment of the Debt and Aid Management Division (DAMD) in the Ministry of Finance to monitor aid flows and ensure alignment was a positive step to ensure coordination. This led to the formulation of the Development Assistance Strategy (DAS) for 2006 – 2011 that put in place a high-level forum for development partners and government for discussing and managing aid. In response to the DAS, at sector level, sixteen (16) Sector Work Groups aligned to the sectors as per the Malawi Growth and Development Strategy were put in place. This has over the years led to aid being coordinated through Sector Wide Approaches (SWAps) for some of the sectors that have managed to establish such a mechanism including agriculture, health and education. These mechanisms were further supported in 2007 with implementation of the Aid Information Management System (AIMS) to monitor aid flows and track progress and measure performance of development partners across all the sectors.

The aim of the Malawi government is that 70% of aid should be provided through budget support and pooled funding like the SWAps. This is yet to be fulfilled with only 44% combined usage of these modalities (Aid Atlas, 2011). In any case, most development partners state a preference for a balanced use of the various aid modalities, considering that each has its own merits and demerits as well as various other factors. For many donors incentives for coordination are weak and practice falls far short of policy intent. At the same time, the inclusive involvement of all the relevant stakeholders in coordination bodies remains a challenge, particularly the full participation of NGOs as well as the fact that the monitoring and evaluation of the coordination mechanisms remains poor. This is according to

a study conducted by Trocaire and Christian Aid (2005) in Mozambique to assess the levels of aid harmonisation in relation to the Paris Declaration.

For all the effort that has been made to coordinate aid in Malawi over the past ten years, it is not clear how effective this has been in leading to better utilisation of the aid. Though there have been studies conducted on aid effectiveness, they have been conducted as part of broader evaluations of aid to Malawi and its impact on economic growth and not specifically on whether coordination has led to better management and use of aid. The gap remains at a sector level as reviews have focused mainly at the national level.

1.2.2 Knowledge Gap

Aid coordination and donor reforms have been recurrent themes since the early 1980s amongst both scholars and development practitioners. There is a general acknowledgement among the key actors in development that improved aid coordination will lead to aid effectiveness, as well as the fact that recipient countries must be in the driving seat in coordinating aid (Paris Declaration, 2005). However, gaps remain in understanding what coordination should look like in practice, the mechanisms that need to be in place to ensure coordination and the conditions under which such mechanisms can operate effectively. It is also not clear what role each of the parties, donors, recipient governments and civil society must play and the level of control when it comes to coordinating aid. This is despite the notion that recipient countries must own the process. A study done by Bigsten (2006) on aid effectiveness shows that in reality this is not a clear cut factor as conflicts arise and donors in fact, still remain in control regardless of whether there is a clear aid coordination agenda or not.

While there is increasing call for aid coordination, studies show that in many low and lower-middle income countries, donors remain remarkably uncoordinated, and that where attempts at coordination are made, only a small portion of aid is directly managed by recipient countries through coordinated mechanisms while many donors continue to have bilateral relationships with governments through a Memorandum of Understanding (Trocaire & Christian Aid, 2005). What is lacking is information on why this remains the case as well as what the challenges are and the gaps with the existing coordinating mechanisms to ensure donor adherence. This is a gap that this study aimed to fill.

1.2.3 Context of the Study

The study focused on the basic education sector in Malawi as a case study. The education sector in Malawi is managed at different levels. Nationally, this is done through the Ministry of Education headquarters based in Lilongwe. On the second level are education zones. A zone is composed of districts, which comprise a number of schools, and these constitute the third level of management. It was the intention of this study to narrow down the focus of the study to a district or zone level but there were challenges in determining data on aid which is disaggregated according to these levels. Readily available data was only at a national level. The study therefore was limited to looking at the sector broadly.

1.2.3.1 Policy Environment

In Malawi, donor support has to be aligned with the country's national development priorities. These national priorities are outlined in two fundamental policy documents. The Malawi Vision 2020 was launched in 2000 and sets out long-term perspectives for Malawi's development. Secondly, the Malawi Growth and Development Strategy (MGDS) 2006–2011, which is the medium-term strategy that implements the Malawi Vision 2020 based on the following strategic pillars: sustainable pro-poor growth; human capital development; improving the quality of life of the most vulnerable; and governance, as well as cross cutting issues such as HIV and AIDS, gender, environment, science and technology. While this study was being conducted, a new national development strategy (MGDS II) was being developed for the period 2012–2016.

At the Education Sector level, development support is guided by two major policy documents, the National Education Sector Plan (NESP, 2008–2017) and the Education Sector Implementation Plan (ESIP, 2009–2013). These two documents were developed following a consultative process that included representatives of all major education stakeholders and support from various Ministry of Education Technical Working Groups. Both the NESP and ESIP were appraised and endorsed by the local education donors. In line with these polices, the Ministry of Education and the donor community work together to coordinate donor support to align with these policies.

1.2.3.2 Current Aid Coordination Mechanisms

Some progress has been made to enhance country level aid coordination in Malawi. For instance, the Development Assistance Strategy (DAS) 2006-2011 (a new policy was being developed when this study was being conducted) localised the 2005 Paris Declaration principles on Aid Effectiveness as well as the commitments in the 2008 Accra Agenda for Action. The policy aims at increasing coordination efforts of government, donors and other stakeholders in response to the development goals of the country. According to the Ministry of Finance 2010–2011 Aid Atlas Report, the government has agreed to a Joint Framework for budget support cooperation with some of its development partners, providing general budget support under the Common Approach to Budget Support (CABS) mechanism. The idea is that more partners should join this coordinating mechanism in order to be better able to monitor aid and its impact.

In an effort to coordinate aid and enhance transparency and accountability, the Government has developed an aid information management system known as Malawi's Aid Management Platform (AMP). According to the government, the AMP is a web-based tool, developed by Development Gateway, that allows governments and development partners to track aid flows, create customized reports, and coordinate activities. The system currently holds over 900 aid related activities and plays a significant role in compiling aid reports and assisting with the aid coordination process. The data is used by the government for every-day management and coordination. Additionally, many government ministries in Malawi are now using the system to track projects and coordinate aid.

Malawi has also established the Debt and Aid Management Division (DAMD) in the Ministry of Finance as the main agent of government responsible for managing aid and public debt portfolios. The aim of the DAMD is to bring under one umbrella all the debt and aid management functions which were previously performed by various Government Departments and agencies such as the Accountant General, the Ministry of Economic Planning and Development, the Ministry of Finance, the Ministry of Foreign Affairs and the Reserve Bank of Malawi.

At a sector level, government has established Sector Working Groups (SWGs) to coordinate aid. Members of SWGs are senior representatives from government, development partners,

NGOs and the private sector. At each sector level, efforts are being made to coordinate aid through Sector Wide Approaches (SWAps). Currently, aid in the education sector is being coordinated through the Education Sector Wide Approach (ESWAp). Other mechanisms have also been established at sector level to ensure policy coordination and flow of information among all parties concerned. Structures and institutions as well as procedures for managing aid have also been established to ensure that aid is better coordinated.

1.2.3 Rationale for the Research

The choice of focus for this study can be justified on several grounds. First, the existing literature lacks a strong analysis of the factors impacting effective aid utilisation and, in particular, aid coordination at sector level. At the same time, although the international donor community in Malawi has sponsored a number of studies (GPE, 2010; Florell & Magnusson, 2007; Sawyerr, 2010) that have evaluated aid utilisation and effectiveness, there has been no clear analysis as to the link between aid coordination and effective aid utilisation. For those that have conducted studies on this issue, it has been on how aid in Malawi has addressed indicators for aid effectiveness as stipulated in the Paris Declaration on Aid Effectiveness, in other words, ownership and leadership, alignment, harmonisation, managing for results and mutual accountability (GPE, 2010).

This study therefore contributes to a growing field of efforts to unpack, with a detailed sector analysis, the impact of aid coordination on its effective utilisation, and in particular to provide an understanding of what coordination looks like in practice. The study was based on the assumption that aid utilisation is likely to be more effective when executed in a context where there is a well-developed aid coordinating mechanism. Aid coordination mechanisms in this study focused on a number of issues: the existence of aid coordination policies, coordinating structures and institutions, procedures for budget management and reporting, as well as the communication channels and data and information flow between government, development partners and other stakeholders.

The study was also aimed at provoking more nuanced research to look at specific aid coordination conditions under which aid utilisation and management can be made more effective. This study therefore illuminated, by using an example of the education sector in

Malawi, how other sectors or countries can establish better and strong aid coordination mechanisms to make aid more effective.

1.3 Research Purpose

The purpose of this research was to explore the relationship between aid coordination and its effectiveness in making better use of aid in the education sector in Malawi.

1.3.1 Research Questions

The study sought to answer the following questions:

1. What does aid coordination look like in practice in the education sector in Malawi?
2. What are the existing aid coordinating mechanisms in the education sector in Malawi?
3. Has aid coordination made it easier for the education sector in Malawi to administer aid more efficiently and effectively?
4. What are the obstacles to the attainment of the goal of aid coordination in the sector?

CHAPTER TWO

LITERATURE REVIEW

There is little systematic academic research on the implications of coordination, or the lack thereof, on effective aid utilisation. There are some case studies available, however, and there have been some theoretical papers dealing with donor-recipient relationships and their implications for aid effectiveness, but little academic analysis has been conducted to look at aid coordination and what it looks like in practice. This study therefore aimed to address this gap and was premised on the hypothesis that there is a strong correlation between effective aid utilisation and the way in which aid is coordinated at sector or national level. The study is based on the assumption that if there is a functional and effective aid coordination mechanism at a sector or national level, then this will facilitate effective utilisation of the aid resulting in better impact of aid.

This chapter therefore looks at the existing literature on concepts that constitute aid coordination and how these relate to the utilisation and management of aid. The literature review involves looking at the evolution of the aid coordination discourse as well as looking at studies that have evaluated aid utilisation. The concept of aid coordination as defined by the Paris Declaration on Aid Effectiveness (2005) is used in this analysis and is further broken down into themes that covered: 1) aid coordination policies, 2) coordinating structures and institutions, 3) procedures for budget management and reporting and 4) the communication channels between government, development partners and other relevant stakeholders to ensure better coordination. These themes were used to guide data collection and analysis while others emerged during data collection.

2.1 Aid and Aid Effectiveness

The available literature on aid and aid utilisation is extensive and dates back over 30 years. However, although there is some literature on factors that impact effective aid utilisation, it remains underdeveloped and has not analysed each of the factors to a level of detail. The gap is more evident with country level and sector level specific analysis as much of the analysis has focused on the continental level, Africa especially.

Studies on effective aid utilisation followed the success of the Marshall Plan (also known as the European Recovery Plan) and almost immediately concerns arose over its impact on the ability of recipient governments to address economic challenges and to facilitate development. Although the Marshall Plan has been touted as successful (De Long, 1991), the analyses of subsequent aid programmes across the globe have not been as positive. To date the question of whether aid is effectively utilised to make the impact it is intended for remains a subject of debate. There are those who contend that aid works where it is effectively utilised and managed and is critical for addressing extreme levels of poverty and reducing inequality, especially in developing countries (World Bank, 1998; Lensink and White, 2001; Addison, Mavrotas & McGillivray, 2005). On the other hand there are also many skeptics of aid (White, 1992; Boone, 1996; Lal, 2005; Martens et al, 2002; Easterly, 2003) who believe that aid does not work, but only fuels corruption and keeps illegitimate governments in power, especially in Africa. Such skeptics are of the view that aid is keeping developing countries in a status quo of stagnant development because with the assurance of aid, many governments have not come up with alternatives for generating resources for development, and that where such resources exist they are diverted for other corrupt practices and substituted with aid for development. For those that say aid has not worked, the reasons for such are said to be bad governance, poor aid coordination being one of them (Bourguignon & Sundberg, 2007).

2.2 Aid Coordination

Questions around aid coordination date back to several International Conferences on Financing for Development, as well as aid effectiveness, held in Monterrey, Mexico in 2002 and in Paris in 2005. Ever since then, several steps have been taken at the international level to push for improved aid coordination, particularly at national level, in order to make aid more impactful. This was as a result of the realisation that unless donors and recipient countries established partnerships to coordinate aid, it would remain fragmented and with less impact. The Paris Declaration on Aid Effectiveness (2005) particularly emphasised, among other issues, aid coordination and country ownership and leadership to make aid more effective. The Paris Declaration emphasised the need for recipient countries to formulate and implement their own national development plans using their own planning and

implementation systems, and that donor support needed to be coordinated around these plans and systems.

Despite the Paris Declaration, factors affecting effective aid utilisation remain a question of debate amongst scholars, aid proponents and opponents. As stated above, reviews of aid effectiveness and impact have not been so positive since the Marshall Plan. Some of the challenges attributed to this stem from the realisation that for aid to be better utilised, there needs to be an effective system for coordinating it at all levels of support, be it at national or sector level. Already, there has been a realisation that some of the failures of aid emanate from problems associated with having a multitude of donors providing aid, but with no means to coordinate or align it to national policies and priorities. For instance, a study by Halonen-Akatwijuka (2004) showed that Lesotho had 61 separate donors financing 321 projects, and Vietnam had 25 official bilateral donors, 19 official multilateral donors, and about 350 international NGOs accounting for over 8 000 development projects.

Recent examples of development assistance in Haiti following the earthquake are good examples of challenges associated with uncoordinated aid and highlight the importance of rethinking the coordination of aid. The result is that aid coordination has subsequently become a key dimension in the operationalisation of aid. According to Crola & Saulière (2011), donors and recipients alike allocate increasing resources for aid coordination activities, with the understanding that efficient aid coordination generates efficient gains. It is not clear, however, what constitutes efficient aid coordination since studies in on this issue are limited.

According to Woods (2011, p.13), aid coordination refers to:

> ‘{the} planning and procurement by a recipient government of aid from its donor partners and its integration into national development goals and strategies as well as the effective implementation of development programmes that are supported by aid. This involves among other factors, the development of common arrangements for planning, managing, and delivering aid, the gradual simplification of procedures and specific requirements in order to reduce their burden on partner governments, and the sharing of information to promote transparency and improved coordination’.

Literature review showed that despite the increased attention accorded to aid coordination, there has been very limited analysis of what aid should constitute in practice. The existing literature points to propositions by the OECD (1992) and Buse &Walt (1997) on what constitutes aid coordination. These include:

1. Recipient countries taking leadership in managing and coordinating aid resources;
2. Donor partners providing technical assistance to enable recipient countries take this leadership role;
3. External resources being managed as part of a national development plan;
4. Recipient countries encouraging development partners to be involved in the formulation of national plans; and
5. Donors subverting their administrative requirements and other interests in pursuit of the objectives of the national plans.

An analysis of these recommendations, however, shows that these can easily be integrated in the agreements signed by recipient countries and development partners but may not necessarily be translated into practice. And indeed, agreements signed between recipient countries and donors stipulate these aspirations. At the same time, scholars are wary of the mix up between aid cooperation and coordination and emphasize that it is the latter that requires further study (Sawyerr, 2010), since there is already substantial cooperation happening at the international, national and sector levels.

A review of aid effectiveness by the OECD conducted in 2005 showed that aid is coordinated at two levels. The first is at a global level where large international meetings address particular issues, and the objective is to establish general consensus on key questions on aid. The first half of the 1990s saw a large number of such gatherings. These gatherings are important for reaching agreements on certain principles and standards against which all governments and donors in principle can be measured and held accountable. This is followed by regional or institutional arrangements that work on systemic and implementation issues. The OECD/DAC, the Special Program for Africa (SPA), the Paris Club and regional bodies like the Global Coalition for Africa (GCA), the Southern African Development Community (SADC), the Economic Commission for Africa (ECA) and the African Union (AU) are used to harmonize aid coordination approaches at the regional and sub-regional levels.

The second level of coordination is that which takes place at the national level. While international forums are critical in improving overarching principles for aid coordination, the country level mechanisms are the ones that determine to what extent impact is actually achieved. Even at a country level, the critical coordination experiences are those taking place at the sector level. This study focused at the sector level to generate evidence of how aid coordination can impact aid use and the parameters under which coordination should operate. The study focused on what coordinating mechanisms have been put in place at policy level, structures and institutions to coordinate aid, the procedures for managing and reporting aid, and the flow of information and communication among all stakeholders concerned. Data collection and analysis was guided by these thematic concepts, as is further analysed below.

2.2.1 Aid Coordination Policies

Burnside and Dollar (1997), published a World Bank Policy Research Working Paper titled "Aid, Policies, and Growth." The paper was subsequently published in the American Economic Review in 2000 and has since become an influential contribution to the debate on policy efficiency and aid effectiveness. The main findings of the paper showed that having a common set of policies and priorities within the government is critical to improving the relevance and efficacy of external financing. The paper argued that aid flowing to governments implementing ineffective policies was wasteful.

This is in agreement with the DAC Principles for Effective Aid – Development Assistance Manual (OECD, 1992), which states that aid utilisation can only be as effective as the policy, economic and administrative environment in which it works. Integration of aid into national policies and priorities should therefore be a key objective of donors to ensure effective aid use. This should be looked at not only from a programme perspective but a financial perspective as well. According to Hayman (2006), at the programme level, the formulation of the donors' country, sector or area programmes and projects should be substantively integrated into the recipient's national priorities and programmes. Equally at financial level, donor requirements should be integrated into the recipient economic and financial policies and systems.

At the same time, reviews of aid effectiveness also show that having a programme, sector or national policy or vision, and having donor support integrated into these, is not enough. There

is need to have clear policies that guide aid coordination be it at a national, sector or programme level. These are policies that relate not to recipient country development priorities but to policies that articulate how aid will be coordinated and managed.

2.2.2 Coordinating Structures and Institutions

McCormick & Schmitz (2009), argue that the existence of strong and well-capacitated structures and institutions is critical for effective coordination of aid. It is important therefore that there should be a framework for structures and institutions to guide aid coordination, and these must clearly articulate the division of responsibility between all parties involved in the management of aid. This should be done with the view to building the capacity of the recipient country to manage aid. However, the common practice is that most donors create parallel structures for managing aid, like for instance Project Implementation Units (PIU). In most cases these PIUs work independently of government operations.

Depending on structures and institutions adopted for aid coordination, gaps exist in how these facilitate the smooth flow of information and division of labour on who is responsible for what in the process and the chain of managing and coordinating aid. This study looks at what structures and institutions have been put in place in Malawi to coordinate aid and the division of roles and responsibilities, as well as how the different structures relate to each other and the corresponding implications on aid utilisation.

2.2.3 Communication and Flow of Information

The significance of communication and dialogue is essential in any form of aid coordination. The efficiency of aid coordination is therefore dependent on a well-functioning communication and information flow system between all the involved partners (Palm & Wiklund, 2006). Efficient communication also serves as a cornerstone for implementing a genuine partnership in aid coordination. In many countries aid coordination is determined predominantly through the nature of relations between donors and recipient countries and through information exchange between the two and other stakeholders. A study done by Florell & Magnusson (2007) found that communication can happen through various means, but also underlines the importance of having forums at country level for a dialogue between government and donors on procedural and substantive integration of aid into national

institutions and priorities. Such forums can be at a national, sector or subsector level and should allow for collection, processing and dissemination of information.

The literature also emphasizes that it is important that such forums should be free from any influence of power relations between the stakeholders involved. This is where the challenge lies because such forums are distorted structurally and according to status, both vertically and horizontally, between the different actors involved (Florell & Magnusson, ibid). A study done by Trocaire & Christian Aid (2005) shows that donors who are in possession of sought after resources, often dictate the functioning of such forums and their outcomes.

2.2.4 Procedures and Systems for Managing and Reporting Aid

According to Woods (2011), in coordinating aid, policies and priorities much as they are critical, it may not be so important since it is relatively easy to reach agreements on these. The real disagreements tend to appear with regard to procedures and practices. It is at this level that coordination gains are potentially the greatest, since differences in how activities are to be implemented, finances managed and reporting done tend to cause disagreements between donors and recipients.

The greatest challenge at this level is agreeing on financial disbursement, accounting and auditing, as well as procurement, personnel policies, tax and how reporting should be done (Garner, 2000). In most cases these are defined by donors' own deliberative bodies in their home countries, which means that once in the field, the confusion of harmonized procedures creates enormous challenges, as most of these fall outside the recipient's requirements. McCormick & Schmitz (2009), argue that to address these challenges, the onus rests with the government to establish a credible track record of acceptable results in terms of reporting and accounting for aid. This will compel donors to modify their own procedures so that they can take advantage of and become more or less integrated into the national practice without any challenges. This study therefore looks at the procedures that have been put in place to manage this critical element of aid coordination, and how donors have adhered to these and implications on effective aid use.

2.3 Conclusion

From the literature review it can be seen that the link between aid coordination and effective aid utilisation is a relationship that scholars and development practitioners have supported fully, although questions still persist on what coordination should look like and if it is indeed the solution to making aid work. Although coordination may not be the only factor to make aid work, it is nonetheless a critical element that cannot be ignored. The need to look at how this works in practice can therefore not be overemphasised. This study used the above four theoretical concepts to look at the impact that aid coordination has on effective use of aid and how this relationship plays out in the education sector in Malawi. The guiding questions (see Appendix 1) focused on whether aid coordination has improved over the years, the parameters under which it has been established, and whether such coordination has indeed positively impacted effective aid utilisation. As above, this study focused on four key areas of aid coordination, 1) aid coordination policies, 2) coordinating structures and institutions, 3) procedures for budget management and reporting, and 4) the communication and information flow between government, development partners and other relevant stakeholders to facilitate effective coordination. A fifth theme, of capacity building, emerged during the data collection.

CHAPTER THREE

RESEARCH METHODOLOGY

This study used qualitative research methodology. The emphasis of the research was on social inquiry to develop an understanding of what aid coordination entails and how it impacts on effective aid use. In other words, this study is what is otherwise described by Patton (1990), as 'real-world' research, i.e. research conducted in real life situations to try and make sense of complex situations. Use of qualitative research methods for this study was preferred because it allowed for a critical analysis of what aid coordination constitutes, the mechanisms for effective aid coordination as well as how these facilitate improved aid utilisation. By using qualitative methods, it allowed for a deeper understanding of a phenomenon like aid coordination to be derived. Qualitative research methods and tools in this case were deemed suitable for collecting data to allow for such an analysis.

This research used a case study design. The selection of a case study was suitable for this nature of the study because it allowed for use of exploratory and explanatory questions of *what, how* and *why* to collect data and find patterns during data analysis (Yin, 2003). The following sections of this chapter further elaborate on the methodology used.

3.1 Study Design

A case study design was selected because it provided a valuable tool for understanding the dynamics of aid coordination within a specific setting (Sandy, 1992). A case study approach is a useful tool because it allows for the question of *'how'* to be explored in order to understand processes and relations. The decision to use a case study was also based on the nature of the study. Very few academic studies have been conducted on aid coordination and the concept itself is elusive and can have subjective interpretations. Because little academic study has been done on aid coordination, there are no clearly defined approaches on how the concept should be studied. Using a case study in this case allowed for the concept to be explored and a deeper understanding developed of how it should be implemented.

According to Yin (2003), case studies are by nature flexible and allow for modification in the course of inquiry. In designing data collection therefore, there was flexibility to allow for exploration through semi-structured questionnaires as well allowing for new themes to emerge which had not been predetermined in the research design. In terms of content, the study was designed to provide an in depth analysis of what constitutes aid coordination and the mechanisms necessary to coordinate aid.

3.2 Data Collection Methods

Qualitative data collection methods were used in this research. Both primary and secondary methods of data collection were therefore used. Data was gathered through interviews with target respondents relevant to the research topic and document analysis through literature obtained from relevant stakeholders. The study relied on key informants and these included:

(i) Donor representatives – heads of donor missions from the European Union, UNICEF, GIZ and DFID were interviewed,

(ii) Officials from the Ministry of Education – interviews were conducted with the Office of the Director of Planning and the Office of the ESWAp Coordinator

(iii) Officials from the Ministry of Finance - an interview was conducted with the Office of the Director of Finance

(iv) Officials from the Ministry of Economic Planning in Malawi - an interview was conducted with the Office of the Director of Planning

(v) Representatives from civil society – an interview was conducted with a representative from the Civil Society Education Coalition

The choice of these data collection methods as well as the key informants was based on the ability to generate adequate information for the research, cost-effectiveness and feasibility in relation to the subtleties of the time available for the study. Selection of key informants was also informed by the level of engagement of the selected participants in the area of study.

3.2.1 Interviews

The primary tool for collecting data for this study was key informant interviews. The study used key informants because of the nature of the study that required only those with expertise on the research topic to participate in the study. The study used a qualitative semi-structured questionnaire as a primary tool for collection of data. The choice for a semi-structured questionnaire was on the basis that it allows flexibility. According to Florell & Magnusson (2007), semi-structured interviews are based on a set of core questions, but allow for some variation from those questions in order to explore relevant topics that emerge in the interview process. This approach allowed for adequate collection of data and facilitated flexibility for respondents to participate in the creation of the data. Because semi-structured questions are flexible, allowing new questions to be brought up during the interview, it allowed for respondents to talk about issues they felt most comfortable with and knowledgeable about (Neuman, 2003). The interviews followed a broad interview guide that outlined the topics to be covered (see Appendix 5). Depending on the answers from the respondent, the interviewer probed for additional information and if necessary changed the line of inquiry. This was as a result of the flexibility allowed by the use of semi-structured questions.

Informants were selected using criteria that included the nature of their involvement with the topic under study. Because qualitative research analyses and outcomes are influenced by the quality and nature of interviews, ample time was set aside to conduct the interviews. The researcher approached the respondents in good time and allowed for the interviews to be planned and scheduled at times that were flexible for the respondents. Flexibility in scheduling the interviews also allowed for follow-up interviews to be carried out where necessary. The researcher also made sure that the interviews were conducted in an open and frank manner by employing techniques that allowed the respondents to feel comfortable to engage with the topic.

3.2.2 Document Analysis

The second source of data for this project was secondary data through document analysis. Together with interviews and observations, document analysis is one of the three most commonly used data sources for case studies (Yin, 2003). However, according to Merrium (1994), it is important to reflect critically on data obtained from document analysis

particularly in relation to the authenticity and quality of the data. For this research, the authenticity of the official documents was not a major concern since in most cases these had been checked by several parties. The quality, however, varied and disparities on data could be observed from documents from different sources although this was not a major problem. In some cases information obtained from this exercise had to be verified and cross-checked through interviews.

Data on the background and historical context of aid to Malawi and education specifically, as well as how aid coordination has evolved over the years, was largely gathered using document analysis and partly from the interviews, although most of the respondents did not have adequate information on the history of aid coordination for the country and sector. This data supplemented the data collected from the interviews. Minutes of meetings, policy and strategy statements, evaluation reports, aid reports and other relevant documents were analysed to develop an understanding of how aid coordination has been conducted in the sector. These documents were collected from the donor community, government and other relevant stakeholders like civil society.

3.3 Data Analysis

Stake (2005), describes two methods for analysing data in case study research designs i.e. direct interpretation and categorical aggregation where direct interpretation refers to a reading of a particular observation or reaction to information observed while categorical aggregation refers to when different instances are compiled to make a collective statement. This study relied on both methodologies. The analysis relied to a great degree on direct interpretation in terms of the reaction of the researcher to how respondents responded and reacted to certain questions or issues. On the other hand, categorical aggregation was used to analyse the different definitions and perceptions that respondents had on certain issues like for instance their reaction to what constitutes aid coordination and whether respondents were satisfied with current implementation.

This research also used concepts relating to aid coordination as discussed in the literature review to analyse data. This methodology is defined as conceptualisation. According to Neuman (2003), the researcher develops new concepts, formulates conceptual definitions and

examines the relationships among concepts and links the concepts to each other. In this study the research used the key concepts/themes as outlined in the literature review as well as those that emerged from the data collection to make sense of the data. The researcher looked at the responses from all the nine key informants to find patterns for respondents' reactions, dominant views, contrasts and justifications for their opinion. The researcher then used these narratives to establish a picture of the context for each theme/concept. Data was also analysed using tables, diagrams and quotes where necessary to organise ideas and to explain concepts or relationships between them. By establishing patterns or relationships in the process of collecting data, it meant that data analysis was less at the final stage of the research but one that stretched across all the stages of the research process (Neuman, ibid).

Data analysis also depended more on the data collected rather than the number of informants because of the nature of the research. To deepen the analysis, the researcher used 'outcropping' which according to Neuman (ibid), allows the researcher to recognise some features of the data as representing deeper structural relations. Given the nature of this research, which looked at relations between donors and a recipient government, such a situation could not be underestimated and was a recurring theme throughout the data collection exercise. This was important to avoid being misled by the data collected using document analysis which could not show the issues of power relations in the coordination processes. This was also necessary to avoid false conclusions on making misleading inferences.

3.4 Sampling Methods

Since this was a qualitative inquiry it focused on a relatively small sample of key informants. This is because the relevance to the topic of the sampled key informants is of more importance rather than their representativeness in determining the selected informants. The researcher therefore used nonprobability or nonrandom sampling methods to select the key informants. Neuman (2003, pp.220) defines nonprobability sampling as a 'method in which the sampling elements are selected using something other than a mathematically random process'. Due to the nature of the study topic, nonprobability sampling methods were relevant because information could only be derived from a specific sample relevant to the topic. To determine the sample, the research used purposive sampling.

According to Neuman (ibid), this method is used in exploratory research to select a sample that is informative and knowledgeable on the research topic. This is in agreement with Patton (1990), who states that the ultimate goal of purposeful sampling is to obtain cases deemed information-rich for the purposes of study. This sampling method suited the nature of this study because only those involved in the aid architecture in education were of relevance to the research topic thereby allowing for an in depth investigation of the topic. This sampling method was appropriate for this study because it allowed for the use of judgment to select a sample with a specific purpose in mind. At the same time use of this method allowed the researcher to conduct a deep investigation of the research topic by involving only those that are relevant to the area of study.

A purposive sampling strategy was used to ensure appropriate representation and target participants that would bring particular experiences to the discussion. It is important to note that in constructing the sample, deliberate efforts were made to ensure the participation of key informants. The key informants were those in position of leadership including donor representatives, representatives from the Ministries of Finance, Economic Planning and Development and Education as well as a representative from civil society. Selection of these respondents was based on criteria that included how long the respondent had been involved in aid coordination as well as their level of interaction with the concerned parties in coordinating aid. A total of nine key informants were involved in the study.

Second, the researcher used snowball sampling to identify two of the respondents in this study. According to Neuman (2003, p.223), 'snowball sampling is a method that allows the researcher to begin with one case and then, based on the information about interrelationships from that case, identify other cases and repeats the process again and again'. This method depended on a referral mechanism where one of the key informants recommended that the researcher interviews these informants because of their relevance to the study and the key roles they play in the coordination process. This sampling method was relevant in this study because it allowed for one respondent to recommend other informants who were knowledgeable on the topic.

3.5 Significance of the Study

Over the years, aid has been solely evaluated by looking at the economic performance as in growth indicators of recipient countries. Recently, however, aid effectiveness has become a central notion in the lexicon of the aid industry in as far as it impacts on development. This is in contrast to three to four decades ago, when aid was looked at in terms of figures and as a reflection of the nature of bilateral or multilateral relationships between developed and under developed countries. Increasingly, development practitioners are beginning to question whether aid is effective and the factors that make it work. As a result, aid practitioners at global, regional and national levels are coming up with ways informed by studies and evaluations to make aid more effective. Global forums like the Paris Declaration on Aid Effectiveness have developed globally acclaimed minimum standards for executing and managing aid. While these are critical and necessary to ensuring aid effectiveness, it is important to have a clear understanding of the factors that make aid effective at a lower level.

Past aid analyses have provided some picture of the complexities of aid, from the number of donors, private trusts, philanthropies, international NGOs working in a country and the nature of work being conducted, to the procedures for executing aid to the amounts involved. In as much as aid coordination has been on the agenda for development, it is only recently in the past decade that it has received increased attention. This is as a result of the trends in the increasing numbers and diversity of external agencies as well as the increasing volume of aid (Buse & Walt, 1997). In most cases despite the increasing volumes of aid, it has remained uncoordinated and fragmented and often with very little tangible outcomes. A review of aid in Mozambique and Haiti has shown how such scenarios, in cases where there is no clear coordination of aid, can impact on its effectiveness.

Over the recent years, there has been an increased call for coordination of aid. This has been driven by the arguments for efficiency and effectiveness, efficiency in terms of better use of resources and effectiveness in terms of better outcomes and impact of the aid efforts (Sundewell, 2009). While there is a general agreement on the need for coordinated aid, there is no consensus on what coordination entails, its nature and the mechanisms that can ensure effective coordination. It is also not clear as to the level at which this should be done. This study sought to analyse what coordination entails at a sector level using the education sector in Malawi as a case study. The analysis looked at the mechanisms employed in the past ten

years and those currently in place to coordinate aid and how effective these have been in making better use of aid. Such an analysis provides a case for reference on how to coordinate aid both for governments and the donor community. The study also underscores the need for further research on aid coordination.

3.6 Limitations and Ethical Considerations

3.6.1 Study Limitations

Data for this research was collected mainly from interviews and interviews can be associated with subjectivity and ambiguities which are inherent in such data collection methods. It was important therefore to have clarity on the interview guide and how the interviews were going to be conducted to minimize such challenges. An interview guide was developed to shape interviews. The researcher also allowed for ample time for the interviews and allowed for flexibility so that interviews could be conducted at times most suitable to the respondents.

Despite the limited time within which data collection was conducted, there was adequate time allowed for each interview and no challenges were experienced in that respect. Second, the availability of key informants for the interview was anticipated as another limiting factor. Most of the key informants for the research were people who held high positions, especially in the donor community and in government. Given the time within which this research was conducted, this could have proven to be a challenge. To mitigate this factor early preparation and arrangements of the interviews were made to try and get most of the targeted key informants. All except two of the nine respondents who were requested to participate in the interviews were available. Through snowball sampling the two were substituted. A total of nine respondents were involved in the data collection exercise.

3.6.2 Ethical Considerations

A number of ethical considerations were taken into account. First, the principle of **voluntary participation** was applied to ensure that people were not coerced into participating in the research. Second, application of **informed consent** meant that respondents were fully informed about the nature of the study and the procedure and were requested to give their consent to participate.

At the same time two standards were applied in order to help protect the privacy of research participants. The researcher guaranteed the participants' **confidentiality**. This meant that participants were assured that information and data would not be made available to anyone unless permission was granted by the informant. In addition to this, **anonymity** of the respondents was guaranteed and participants remained anonymous throughout the study. With these guarantees, the overall risk for the respondents was seen to be low. However, due to the sensitivity and nature of the study in terms of the respondent's perceptions of coordination which touched on issues of governance, corruption accountability and regulation of aid, it made it more important to preserve anonymity.

3.7 Reliability and Validity

For this research, Neuman's definitions of reliability and validity were adopted. According to Neuman (2003), reliability refers to dependability of research findings and its processes, while validity refers to the truthfulness of the findings. Neuman (ibid), proposes different ways of establishing reliability and validity, including: member checks, triangulation, peer debriefing, prolonged engagement, negative case analysis, auditability, confirmability, bracketing, and balance. In this inquiry, the researcher used triangulation and prolonged engagement to validate and improve on the reliability of the research findings. These are described below.

3.7.1 Triangulation

In triangulation, the researcher uses multiple and different sources and methods to strengthen the validity and reliability of the findings (Creswell, 2007). For this study, data collection relied on two different sources, namely interviews and document analysis. While document analysis provided valuable information on the evolution and history of aid coordination and the policies available to coordinate aid, it could not address the questions of the nature of aid coordination in practice. At the same time, information generated from document analysis had to be triangulated through interviews to verify its authenticity and accuracy. Second, due to the complexity of the issue of coordination and the many actors involved in the process, the research had to verify data collected from one informant with data from another. This allowed the researcher to compare and contrast respondents' perspectives on issues as well as the contradictions among various respondents. The researcher also triangulated information and data by follow-up telephone calls to some of the respondents for whom it was necessary

to do so. These multi-varied sources and methods of data collection and triangulation significantly improved the validity and reliability of the study findings.

3.7.2 Prolonged Engagement

Prolonged engagement is useful for validity and reliability as it allows for persistent observations in the field. It also allows for room to be familiar with the culture and to build trust with the participants and check for misinformation (Neuman, 2003). The researcher took advantage of being familiar with the context of having worked in the education sector as part of the development partner's community for over five years. Although a few years had passed since this period at the time of collecting data, familiarity with the context as well as the relationships established with some of the key respondents made it easy to obtain information for document analysis and to conduct interviews from a position of trust. Due to such familiarity, the researcher was able to follow up on interviews with some of the respondents through telephone calls to verify some of the data and ensure accurate representation of data generated from the interviews.

CHAPTER FOUR

RESEARCH FINDINGS

4.1 Overview of Findings

The study established that there is a general consensus among the respondents in the education sector that aid coordination is necessary to make aid utilisation effective. However, there are varying perceptions of what aid coordination should look like in practice, the roles and responsibilities for each of the actors and the indicators to measure whether the coordination is effective, as well as variations in terms of satisfaction with the way coordination is being conducted. In summary, respondents were of the view that as much as there is a general appreciation of the positive gains brought about as a result of coordination in the sector, it is almost impossible to achieve ideal coordination, and that only partial coordination can be achieved. A donor respondent had this to say on the topic:

> *"On paper it (coordination) looks achievable and a desirable thing to do, but in practice it is difficult to – the bottlenecks are overwhelming. Even in the next ten years we will still talking about the same issues".*

Perceptions from most of the respondents were in agreement and alluded to the fact that not much had been achieved to attain coordination in its ideal sense, largely because of failures to make progress in administrative efficiency resulting in large amounts of aid that is being executed outside the coordinating mechanisms. Many of the donors also lack confidence in the coordination as it is currently in place (refer to Appendix 4). The positive gains include improved predictability of funding, and increasingly donors are showing interest in joining the coordination mechanisms although this was disputed by some of the donor representatives:

> *"How can we say there is improvement when only four of the donors in the sector have pooled their funding through the JFA? Even those in the JFA still have a large portion of their budgets being administered through projects – no, donors are reluctant to join this mechanism, it has some challenges that are of major concern among the donors".*

There was general agreement, however, on the fact that coordination has facilitated improved reporting and monitoring of aid resources as well as participation of donors and civil society in the development of national plans, although the civil society voice and influence still remain minimal.

The study also found out that, although there is a general appreciation of the mechanisms put in place to coordinate aid, there are varying degrees of satisfaction with the mechanisms, and many of the respondents were of the view that a lot more could be done to make the mechanisms more effective. In general, respondents agree that government has made considerable effort to put in place aid coordination mechanisms. Respondents from the government felt more strongly than the others that there has been considerable progress with the coordination process.

> *"There is commitment on the part of government to ensure coordination works for us, we want to be in control, it is good for planning, accountability and the development of this country".*

Most of the respondents also agreed that structures and institutions have been put in place to coordinate aid, although there is a general dissatisfaction with the way the ESWAp (being the main modality for coordinating aid in the sector) is being implemented. Respondents also expressed satisfaction with some of the policies put in place to coordinate aid and with the existence of mechanisms for communication and data and information flow. However, several respondents expressed concern with the procedures and processes for managing and reporting aid, and indicated that this is the biggest bone of contention and the major reason why some of the development partners were reluctant to join the coordination mechanisms.

4.2 Understanding of Aid Coordination

The study findings came up with no common definition of coordination among the respondents and these differed according to the sectors of location. The three categories of respondents all looked at coordination from the perspective of their own role and influence in the coordination mechanisms and processes. For the development partners, coordination is

seen as a means for improved efficiency, accountability and better systems for managing and reporting for resources. Coordination should also entail a role for donors in the definition of priorities and development of plans as well as the review and monitoring thereof. This point was strongly emphasised by the donors

> *"We need to be involved in the determination of the priorities, we are custodians of tax payer's money from our countries, we need to be accountable. The priorities we support must be those we also feel are indeed priorities we cannot give support for the sake of diplomatic relations".*

On the other hand, government respondents look at coordination as country led, with the government owning the process, determining how it should be practiced and providing leadership on the disbursement and management of resources. Government respondents also perceive coordination to mean country priorities take precedence over donor priorities. Civil society, on the one hand, sees coordination from the perspective of participation and voice on how national plans are derived and resources allocated, utilised and monitored.

In summary the differences were observed to be largely in relation to whether aid coordination is concerned with donor coordination or aid coordination, who should take leadership, what constitutes pooled funding and who should be involved in the coordination, the Ministry of Finance, the sector Ministry, civil society, governments or donors. Questions also arose around whether coordination should apply at sector level or whether basket funding was adequate. On the part of government, respondents questioned coordination in as far as it relates to ownership as many are of the view that they didn't feel they owned the process or that they were indeed exercising their leadership role. One respondent expressed the following concern:

> *"If coordination is really about country ownership and leadership, then we have gotten it twisted here because in many cases, we still find ourselves responding to donor demands and conditionalities. It is a question of who has the power".*

Although interviews resulted in no single definition and perception of what coordination should look like in practice, there were some commonalities among the respondents. For instance respondents agreed that coordination is about reducing duplication, improved

relations among stakeholders, common accountability, and pursuit of national priorities, as well as the effective use of resources both foreign and indigenous. Respondents also saw aid coordination as critical to addressing the fragmentation and challenges associated with a project type of funding. Aid coordination is also perceived as important to making donors align their support to country priorities and plans. Although there was no single definition of coordination, the researcher was of the view that this is largely as a result of each actor's position in the process and what the role of each actor should be. Given these variations of the practice of aid coordination, the study noted that the concept needs further review and analysis by all actors involved in order to derive a common understanding of what coordination should look like in practice.

It was also observed that while the stakeholders are generally content with the idea of coordination, there are disagreements about the extent to which government leads or has ownership over the implementation process. Respondents were of the view that government did not fully own coordination since its genesis is that of a top-to-bottom policy approach, in other words, dictated by the international community to be implemented at a lower level without necessarily looking at the context and the power relations between donors and recipient governments. On the other hand, government respondents were of the view that development partners are not willing to relinquish their power and that as much as this had been done on paper, in practice power still remained with the donors. Questions were also raised around ownership of country strategy plans as well as the agreements signed between donors and governments. These issues were raised in particular in relation to the education sector strategy plan, the NESP, as well as the Joint Financing Agreement (JFA). Some respondents from the donor representatives attributed this to the lack of capacity of recipient countries to take leadership over the coordination process.

"We want them to lead, but they lack the capacity…".

The study also observed different perceptions in the way aid coordination (attribution) is understood, which is a result of the one 'size fits all approach' as agreed at the international level. According to respondents this is a result of the conflict between such an approach to individual donor and government's own institutional requirements and regulations that for instance, may not allow disbursement of funding in the absence of a bilateral agreement or the differences in reporting requirements. According to a number of respondents from the

donor community, the identities of the actors are more important and many are not willing to lose such identities in pursuit of coordination. This could be an explanation as to why most donor funding remains outside the coordinating mechanism.

It was my conclusion that the general lack of common understanding of aid coordination has reduced the practice of coordination to being mimetic, in other words, the desire to look like other actors (DiMaggio & Powell, 1983) without necessarily being fully committed to the cause. Many of the development partners joining the coordination mechanisms may be doing that as a result of pressure from other donors, and to be seen to be in conformity with internationally agreed standards which their parent countries have committed to. This explains, in part, why, despite being part of the coordination mechanisms, many of the development partners still maintain a large part of their budgets as project based.

4.3 Effectiveness of the Current Aid Coordination Mechanisms

Respondents were of varying opinions in terms of the necessity and effectiveness of the various mechanisms put in place to coordinate aid in the sector. While most of the respondents agreed that it is necessary to have policies in place for coordinating aid, they were also of the view that the policies remain largely on paper and that the practice is different. At the same time, respondents were also of the view that the policies in themselves are conflicting, and that they did not really facilitate country ownerships because policies and agreements guiding coordinated funding are overridden by bilateral policies between governments and individual donors. Second, respondents generally agreed that government has put in place adequate structures and institutions to coordinate aid but that these have created a bureaucracy that has impacted negatively on administrative efficiency. A common feeling is that too many structures have been put in place and that participation in these has been overly broadened rendering decision making difficult and time consuming.

Third, respondents agreed that to enhance coordination, there is need for an effective communication flow among all the actors and that the channels for communication must be clearly defined as well as roles and responsibilities. However, because there are too many structures in place to ensure coordination and that participation in these has been broadened, there are too many meetings, too much documentation and information making it difficult to

establish a clear picture of what is happening where, and to facilitate easy implementation and follow up of decisions. Another major challenge with the mechanisms is seen to be the systems and procedures that are in place to manage aid disbursement, utilisation and reporting. Many of the respondents expressed dissatisfaction with what is in place and attributed this as the major reason why many other donors refrain from joining the coordinated mechanisms for managing aid. Lastly, a theme that emerged during data collection is the issue of capacity – particularly at national and sector level to effectively provide leadership in the management of the coordination processes.

This section further looks at the ESWAp, which is the main model put in place to coordinate aid in the sector. Respondents had differing perceptions on the model itself and whether it has indeed facilitated easy coordination in the sector. Major concerns with the ESWAp approach centre around its complex and broadened structure and the many actors involved that have resulted in the creation of a bureaucracy.

4.3.1 Aid Coordination Policies

Existence of aid coordinating policies has led to changes in practice of how aid is disbursed and managed. Findings in this study show that today there are formal agreements and structures in place and there is continuous dialogue between donors, government and other actors largely due to the existence of these policies. Mosse (2005), however, argues that existence of a policy is less a driver of practice than the complex relationships and organisational culture of the actors involved. This element was observed from respondents' perceptions of whether existence of aid coordination policies has resulted in improved aid coordination or not.

Development aid at the national level in Malawi is guided by the Development Assistance Strategy (DAS) which is a policy document development by the Government of Malawi to domesticate the Paris Declaration on Aid Effectiveness (2005) and to align development assistance to the Malawi Growth and Development Strategy (MGDS). Developed in 2006, the 2006–2011 DAS was aligned to the implementation period of the MDGS and is currently under review in order to align it with the recently approved MGDS II. In order to align development assistance to the MGDS, the DAS sets out some principles for donor funding. Among others, the DAS requires that all development partners inform the Ministries of

Finance and Economic Planning and Development (EP&D) on all the projects and activities they intend to fund. These ministries then engage the relevant Ministries for involvement. The DAS also seeks to promote General Budget Support (GBS) as promoted by the Paris Declaration. The strategy is aimed at better coordination of aid, alignment to national priorities, country ownership and ensuring management for results and accountability.

There are four main forums for ensuring implementation of the DAS as well as coordination of aid under the DAS.

(i) The high-level forum for aid coordination which is chaired by the Ministry of Finance and includes representatives from Economic Planning and Development as well as donor representatives. The forum is responsible for resolving difficult policy issues.

(ii) Sector coordinating groups or sector working groups (SCG or SWG) which are chaired by the relevant sector Permanent Secretary (PS),

(iii) The intra-government coordinating group which is a forum for all Ministries.

(iv) The Development Partners Dialogue (DPD) group and the MGDS annual review group which is open to all stakeholders to review coordination as it relates to the MGDS.

At the education sector level, the National Education Sector Plan is the overarching policy document to which all aid must be aligned. This has been translated into the Education Sector Wide Approach (ESWAp) model in order to enhance coordination. This policy has been translated into action through two major agreements signed by donors and government. In October 2009, a Memorandum of Understanding (MoU) was signed by the Government and ten of the education development partners, and it outlines the collaboration among partners and between the development partners and the Government. Second, for a subset of the partners that intend to pool funds, a Joint Financing Agreement (JFA) was also signed that lays out the institutional and financial mechanisms for the pooled fund. The difference between the two is that the donors who are part of the MOU mainly use project funding and own systems, but in alignment to the NESP and the ESWAp, while those that have signed the

JFA pool their funding together and it is channelled through the government systems. This is represented diagrammatically in Table 4.1 below.

Table 4.1: Development Partner under MoU and JFA

MOU	**Pooled Funding (JFA)**
USAID	DFID
JICA	IDA
ADB	GDC/KFW (Germany)
CIDA	UNICEF
EU	
GDC/KFW Germany	
WB (IDA)	
DFID	
WFP	
UNICEF	

Source: (MoU, 2009; JFA, 2009)

While the MoU articulates general funding parameters, the JFA is the major framework for coordination and stipulates how decision making will be done, joint reviews of performance, common procedures on disbursement, reporting and audits. However the JFA is overridden by the signing of separate bilateral agreements between GoM and each of the pool partners individually.

> "Each of the pool partners enters into an individual agreement or understanding with the GoM that takes precedence over the JFA but which is compatible with the spirit and provisions of the JFA and will refrain from setting conditions that contradict or diverge from the spirit of this JFA" (JFA, 2009 p. 3).

At the same time, the financial commitments of the pool partners are confirmed within the individual Bilateral Agreements/MoUs concluded between the GoM and each one of them.

According to government respondents, these many and sometimes conflicting agreements undermine the whole spirit of coordination and often government finds itself responding to

individual donor demands. This is against the concept of country ownership and leadership. Government respondents also expressed concern that the multilateral (pooled) agreements are usually undermined and the bilateral agreements take precedence. No clear reasons could be adduced as to why, after having signed a pooled funding agreement, donors sign individual ones in addition. Donor representatives indicated that this is partly because of individual identities, and that many of them have their own standard agreements without which funding disbursement cannot be effected.

All respondents were of the view that the presence of sector policy and agreements for financing the policy have positively contributed to better coordination of aid. Among the achievements is the increased funding to the sector. For instance, the year 2010/11 was the first year of implementation of the Joint Financing Arrangement (JFA) under the ESWAp. This brought an extra K4.07bn budgeted funds to the sector from development partners. In addition, the Government increased its own contribution by a further K6.84bn resulting in an overall budget of K48.21bn for 2010/11, which corresponds to a 29.2% increase in overall funds budgeted to the Sector compared to the previous year. This trend continued into the approved budget for the past year, 2011/12, with an increase of K8.23bn in the overall budget to K56.44bn, which translated into a further 17.1% year-on-year growth (Malawi Aid Atlas, 2011). This means that development partners are increasingly using government systems, a sign of growing confidence in government systems. It is anticipated that this should strengthen the systems in the long run. At the same time, this pooled mechanism has reduced the number of projects being funded outside these mechanisms, making monitoring easier.

According to respondents, by all accounts the implementation of the JFA appears to be positive and likely to continue, but there is need to ensure improvement in the financial systems (explained further in the follow-up sections). This will attract more donors to join the pooled funding mechanism. The challenge, however, is that two of the largest donors, namely the European Union (EU) institutions and the United States, remain outside of these mechanisms. Unless these are part of the mechanism, a large percentage of funding for the sector will remain outside these coordinating mechanisms. However, the question remains as to why these are yet to join the mechanism. One of the two indicated that outcomes of the SWAp and the pooled funding are yet to be established, particularly in terms of outcome indicators for the sector, and that at the same time no clear evidence has been generated to show that these mechanisms positively improve administrative efficiency.

In summary, all respondents hailed the presence of aid coordination policies and sector policies and plans. They indicated that this is a positive step in enhancing coordination. However, the implementation of the policies and in particular the financing agreements due to the conflicting nature in some cases of the bilateral and multilateral agreements is a major challenge. Government in this case needs to showcase true leadership in ensuring that the agreements are not conflicting and that the spirit of coordination should dictate the policies and financing agreements. This will result in improved efficiency as government will be spending less time addressing the needs of individual donors in terms of monitoring and accountability.

4.3.2 Structures and Institutions

For aid coordination efforts to be effective there is need for established institutions and structures to manage the processes and operations for coordinating the aid (Loxley & Sackey, 2008). The ESWAp model would be ineffective in the absence of clearly defined structures and institutions to ensure its operation and to be responsible for deliverables. To guarantee implementation of the ESWAp, a number of structures have been put in place. All financial processes and procedures are done through the Ministry of Finance using government's established Public Financial Management Systems (PFMS). The DAMD, also within the Ministry of Finance, is also responsible for coordinating and managing aid. The Ministry of Education liaises with these two to facilitate disbursement, allocation, utilisation and reporting of aid funding.

At a technical level, several structures have been put in place for the implementation of the ESWAp and aid coordination. At the highest level is the Sector Working Group (SWG), which is chaired by the Secretary for Education. Composition of the SWG includes MoEST (all subsectors and institutions), development partners, civil society and private providers. The SWG provides overall policy direction in the SWAp process, and approves major policy proposals and strategies. The SWG is also responsible for adhering to the fundamentals of the ESWAp and more importantly aid coordination. The SWG meets quarterly and its major output is the quarterly performance report and plan for the sector.

The SWG is supported by the ESWAp technical committee, which is chaired by the permanent secretary in the Ministry. The composition of the technical committee includes the two permanent secretaries in the Ministry (basic and higher education), directors in the Ministry, two representatives from the donor community and the ESWAp secretariat (coordinator, deputy coordinator and secretary). The technical committee meets bi-monthly and its main role is to supervise the operations of the ESWAp Secretariat, the subsectors (implementing agencies), the Technical Working Groups (TWGs) and the Systems Task Forces (STFs).

On the next tier are Technical Working Groups (TWG) which are chaired by a Director/Unit Coordinator and co-chaired by a development partner. TWGs comprise individuals and organizations/institutions with expertise in a particular subsector and meet monthly. Duties of the TWG include reviewing subsector performance, providing professional advice on subsector policy and strategy development and budget review. Last in the tier are Systems Task Forces (STFs) which are under the governance and management of TWGs. STFs are responsible for finance and procurement, research, planning, monitoring and evaluation, communication and information management and capacity development. (Refer to Appendix 5 for the organogram of the ESWAp Structures.)

Annually, the Ministry conducts a Joint Sector Review (JSR) to take stock of the performance of the sector against the targets set for the previous year. All stakeholders in the sector take part in the JSR. The JSR also facilitates constructive and open dialogue between MoEST and stakeholders to develop and agree on actions against which progress would be assessed in the next review, and identifying lessons learned and key issues needing attention during the implementation. In reaction to the effectiveness of these structures and institutions, concerns were raised during interviews on the complexity of the structures, in terms of both numbers and participants. Other concerns centered around the mix-up in roles and responsibilities among the different structures, the many levels and structures for decision making, and the impracticality of follow-up and implementation of decisions.

All stakeholders, however, agreed that establishment of the above structures has enhanced aid coordination because these forums provide space for donors to make clear their commitments. At the same time, these structures have allowed for broad participation of different stakeholders in development of plans and decisions on national priorities. These

arrangements have also facilitated increased accountability among the various actors involved since data on aid commitments is openly shared. Establishment of these structures has also led to the improvement of monitoring and reporting. This is as a result of joint monitoring missions that are conducted involving representatives of all stakeholders to monitor implementation of sector plans. Because participants in these structures are largely local, ownership has been enhanced although questions still arise of where real power still lies. These positive outcomes are however not without their challenges.

A major concern raised by most representatives from the donor community is the complexities that have resulted from these structures. Many of the donors are of the view that there are too many structures and levels of operation and that this affects efficiency. Some of the structured roles and responsibilities also overlap and making sense of the whole sector therefore becomes a challenge. There are too many structures, too many meetings and too many layers for making decisions, and this is a challenge when it comes to implementation and following up of actions and decisions. This was emphasised by a representative from civil society.

> *"The structure is too complex, participation too broad and it has become a jamboree of so many activities happening – one is not sure what is happening where and what meetings are taking place where".*

Respondents also indicated that although the different structures strive to share information like minute and reports, it is impossible to follow up because in the end there are just too many reports and too many minutes to be reviewed and read. Another concern raised is in regard to the broad participation in these structures. There are too many participants involved in the different structures and as a result reaching consensus and making decisions becomes difficult and time consuming. For the same reason, participants have the tendency to promote their own field of work and priorities, making it difficult to reach consensus in some cases. Respondents were also of the view that much as coordination should facilitate broad participation, it is important to ensure that is it productive participation and not necessarily that of numbers.

The question of leadership in each of these structures was also raised as an issue that requires consideration. Most, if not all of these structures are chaired by representatives from the

Ministry with the aim of enhancing ownership. The effectiveness of the structure is therefore also dependent on the competence and proactiveness of the chairperson. A concern was raised that some of these lack leadership capacity and the technical know-how of the group they are chairing and as a result some of the groups are not functioning, meaning that some important subsectors could be lagging behind in the process. On the other hand government respondents raised issues around power-relations within the structures indicating that much as the groups were chaired by Ministry representatives, the power still lay with development partners, and that their influence in decision making should not be underestimated.

In general, respondents agreed that there are too many structures and groups resulting in complexities and inefficiency in the coordination process. Many of the respondents saw this as a reason why transaction costs are not seen to be reducing. Calls were therefore put forward to reassess the coordination structure to ensure that only those structures critical for aid coordination must be in place and only those stakeholders, and in reasonable numbers, participate in the structures.

4.3.3 Communication and Information Flow

Communication is critical if any coordination is to be effective. Both donors and recipient governments must therefore ensure that effective communication channels and flow of information are in place. It is also important to be clear on what information and data must be shared and through which channels (Loxley & Sackey, 2008). This ensures that the appropriate information and data is shared with the right people for action or decision making or following up. In the education sector several mechanisms have been put in place to ensure that there is communication and easy flow of information. A major channel for communication is through meetings of the several coordinating structures discussed above. These forums allow for discussion of important issues, facilitate sharing of information and data, the review of progress and sharing of reports as well as sharing of lessons, policy and activities planning.

As discussed above, the sector working groups conduct quarterly review meetings where quarterly progress, informed by quarterly reports, is discussed and plans for the following quarter agreed on. These are informed by reports generated at the technical working group level. The ESWAp secretariat meets bimonthly while the TWGs and STFs meet monthly. The

sector also conducts budget reviews (half year and annual) where budget implementation is discussed. A major forum for broader participation and communication within the sector is the annual Joint Sector Review (JSR). The JSR also serves as a consultative meeting to discuss overall progress for the previous financial year based on the annual performance report prepared by the MoEST. Information on aid is also shared through the Aid Management Platform (AMP) which is a computerised programme that allows for sharing of information and data on donor funding, areas of engagement and activities.

Findings in this study indicate that respondents are generally happy with the communication channels as well the flow of information and data. Respondents also agree that with the push for coordination, communication has improved among the various actors in the sector and that the quality of information and data is continually improving although this is an area that still requires improvement. Respondents also agreed that communication within the sector has improved the way aid is coordinated due to the open sharing of aid information and utilisation. This has resulted in improved donor transparency in the sector and improved reporting since parties are aware that the reports and data that they produce will be shared with a bigger audience and will be scrutinised.

Despite these positive sentiments, respondents were of the view that a lot more could be done to make communication even more effective and meaningful. Delayed sharing of information and meeting minutes is a major challenge and affects decision making and following on agreed items. At the same time, communication channels are loaded with too much information and data which is not relevant for part of the audience and is often discarded. Respondents agreed that it is important that all stakeholders involved agree on what information and data is necessary, and for which audience, to make the communication more effective. Issues were also raised about the quality of data which needs to be improved and also shared with the appropriate audience.

A major concern was also raised by many of the respondents on the number of meetings taking place within the various structures. A donor representative had this to say about the number of meetings.

"There are just too many meetings taking place, one can easily spend a week attending meetings because they belong to various groups – it is time consuming and

unproductive".

Respondents indicated that beyond having many meetings, the meetings themselves are not well coordinated and often consume too much time because they are too long. This is attributed to the number of stakeholders participating in these meetings and each one wanting to express their views. To address this, respondents called for better coordination of the meetings particularly in terms of meeting objectives and outcomes to reduce the time spent in them. On another note, civil society and government bemoaned the fact that many of these meetings are usually cosmetic and that decisions are made elsewhere due to the power play among the stakeholders. Civil society indicated that they feel that their participation in these meetings is just a matter of tokenism and that power still remains with development partners while government is just an implementer. This is an issue that requires further analysis to establish what the power dynamics are and what needs to be done so that stakeholders feel their participation in these forums adds value and not just a matter of tokenism and ticking the box.

4.3.4 Procedures and Systems for Managing and Reporting Aid

The education sector largely operates within the national Public Finance Management Systems (PFMS) and as such the Ministry ensures that all accounts for the NESP are kept in accordance with the requirements of the Public Finance Management Act. No. 7 of 2003, and the Public Audit Act of 2003. All pooled donor funding is therefore managed within this system. Government has also put in place the Integrated Financial Management Information Systems (IFMIS) using the AMP to ensure readily available data of government finances including donor funding. According to the Paris Declaration, if country coordination is to be effective and ownership and leadership achieved, recipient countries need to have in place effective public finance management systems in order to build confidence among donors to channel their support through direct budget support, or through pooled funding which is managed within this public system. As stated earlier, among all the other mechanisms in place to coordinate aid, financial management of aid is one that raises a lot of concern, particularly among the donors.

Within the JFA, donors have called on the Ministry to

> "Manage and maintain a financial management system that enables compliance with Treasury Instructions and the Accountant General's Manual of Procedures and is adequate to reflect the transactions, resources, expenditure, assets and liabilities under the NESP and one that will ensure that the GoM is able to produce timely, relevant and reliable financial information for planning and implementation of the NESP" (JFA, 2009, p. 5).

The agreement also calls on the Ministry to ensure accountability to other oversight bodies including the Parliamentary Committee on Education, and the Office of the Auditor General and the Office of the Director of Public Procurement (ODPP).

According to the findings of this study, many issues remain to be resolved in order to increase donor confidence in the public financial management system, and to attract other donors who are still operating outside this framework to join for better aid coordination. There are improvements, however, and respondents reported that improvements have been made in the quality of tools and systems for planning, executing and reporting on finances for the education sector. Respondents also commended improvements associated with the implementation and roll-out of the IFMIS system, resulting in completeness and quality issues with regard to reports produced. At the same time, notwithstanding general weaknesses in the wider public procurement process, and education sector-specific weaknesses in procurement, as noted in the 2011 Education PEFA, aspects of public procurement have been strengthened in the education sector as a result of implementation of the ESWAp. Some of the key procurement positions in headquarters have been filled, the status of the procurement function has been upgraded and a full-time technical adviser (TA) is now in place. Procurement plans are now prepared with attempts to align these as appropriate to budgets.

Other than these positive developments, respondents raised a number of concerns. Of particular concern is the extent to which adherence to the budget calendar appears to rely on a supportive political alignment. The main area of weakness, however, concerns the multi-year perspective in fiscal planning, expenditure policy and budgeting. Evidence suggests a lack of coherence in multi-year fiscal forecasts and the absence of a link between multi-year estimates and the subsequent setting of annual budget ceilings. In the absence of political

leadership, this remains a huge challenge especially in as far as it allows donors to align their own financial plans to that of the government. Respondents, particularly donors and civil society, bemoaned delays in the development of costed sector strategies and plans, and their quality in terms of costing and in terms of their consistency with fiscal constraints. Other issues were also raised in terms of adherence to budgets when it comes to expenditures and as the quality of reporting and delays in the production of reports.

Procurement is perhaps the major area of concern with regard to weakness of systems, as evidenced in the 2011 PEFA and with regard to the impact of these weaknesses, as evidenced in recent procurement audits from the Office of the Auditor General. Critical procurement weaknesses raised include staffing constraints as key positions in the procurement department remain unfilled, poor procurement planning and inadequate monitoring and controls due to inadequate capacity and *'Undesirable influences'* on awarding of large contracts such as for notebooks, as raised by one of the respondents. Respondents from the donor community also bemoaned the poor oversight by the Office of the Director of Public Procurement (ODPP) as a major issue that reduces donor confidence in the procurement of services.

In addition, respondents also raised concerns related to weaknesses in the important function of internal audit and the Ministry's capacity to respond to reported control failures. Donors also raised concerns related to a lack of adherence to the JFA like for instance the requirement that budget preparation be a joint process, involving development partners in an annual budget workshop to set priorities and approve the annual Plan of Work (PoW), before it is translated into the budget estimates submitted to the MoF. Donors indicated that this process is sometimes not followed, as was the case in the 2010/2011 fiscal year (FY).

A donor representative also bemoaned the quality of reports in relation to informational errors, particularly those related to incorrect information on pooled resources:

> *"We get reports that indicate amounts that are less than what we disbursed, expenditure that is inaccurate, distorted pictures of what we have put in the pool. It is not surprising that other donors are hesitant to join the pool. Our own system gives us more coherent and accurate reports"*.

Findings of this study in as far as financial management issues are concerned, agree with findings of the CIDA and DFID report on the Education Sector fiduciary environment (2010), which noted some fiduciary risks arising from weak controls in the sector and low levels of financial management and procurement. Government respondents, however, were of the view that the sector has improved in terms of its financial management and procurement. They cited recruitment of positions in the procurement unit, the establishment of an internal audit unit within the Ministry and improvements in reporting and quality of reports. They indicated, however, that sometimes donor demands affect the way they manage finances, given that much as there are agreed frameworks for managing aid within the government systems, individual donors still make their own demands which in some instances may be conflicting.

This study shows that if aid coordination is to be effective in the education sector, a lot of focus needs to be directed to making the finance management, procurement in particular and the public finance management system in general, more effective and efficient in order to increase donor confidence, and most importantly facilitate prudent management of public resources. Key to achieving this is capacity building for those involved in these processes in order to make the systems more efficient and effective. The next section discusses this in detail. Generally, however, whatever is in place at the moment has significantly contributed to making aid coordination easier, since resources are accounted for centrally and reporting made easier since all information and data is located centrally.

4.3.5 Capacity Development

The issue of capacity in managing and coordinating aid was a recurring theme that respondents raised. All three categories (donors, government and civil society) raised this issue, indicating that aid coordination will not be effective or sustainable if it is not accompanied with a clearly articulated capacity development strategy. At the national level, the Ministries of Finance, Economic Development and Planning have articulated capacity development in as far as it relates to aid management and coordination in the Development Assistance Strategy (DAS). However, the government is yet to develop a national and sector capacity building strategies.

Respondents in the study indicated that the absence of a clearly articulated capacity development strategy, coupled with failure to retain available capacity and the continued existence of Programme/Project Implementation Units (PIUs), undermine all efforts at strengthening the capacity of government to manage and coordinate aid. Of particular concern is the inadequate capacity for financial management, reporting and procurement as raised in the preceding sections.

Respondents raised concerns that, at the moment, the education sector still relies heavily upon technical assistance provided by foreign agencies like the World Bank. It is not clear how such arrangements are facilitating the transfer of skills to local staff. Second, as a way of addressing capacity weaknesses, the activities under the JFA include capacity-building initiatives, especially strengthening the internal audit function, together with measures to ensure the timely review of audit findings and implementation. All these initiatives, however, are questionable if they will not result in the development of local capacities. Government respondents indicated that due to such scenarios, it is almost impossible to reduce transaction costs as considerable amounts of funding continue to be spent on technical assistance. Even though agreements indicate that recruitment of technical assistance personnel will primarily consider available national and regional human resources as far as possible, and only when necessary will it be procured internationally. Practice shows that technical assistance is procured from the donor country as emphasised by a representative from the government.

> *"It is a cycle, we talk local capacity development, but still we rely on technical assistance year in year out"*.

Respondents also indicated that failure to develop capacity is also largely attributed to the continued use of Project Implementation Units (PIUs) by the donors who are not part of the pooled coordinating mechanisms. A PIU is said to be 'parallel' when it is created by the donor and operates outside existing country institutional and administrative structures. In the short term, parallel PIUs can play a useful role in establishing good practice and promoting effective project management. However, in the long run, parallel PIUs often tend to undermine national capacity development efforts, distort salaries and weaken accountability. The consequence is that efforts to develop capacity within government remains a major challenge since those with skills move to PIUs or other donor or international organisations.

This is despite the Paris Declaration that encourages donors to "avoid, to the maximum extent possible, creating dedicated structures for day-to-day management and implementation of aid-financed projects and programmes" (OECD, 2005).

Although implementation of the ESWAp has led to the reduction of the number of PIUs, a lot more still exist within the sector and in other sectors. Malawi has made substantial progress since 2005 in strengthening capacity through avoiding parallel PIUs. The number of parallel project implementation units in 2010, twenty six, was roughly half that recorded for 2007 (51) (Malawi Aid Atlas, 2011). The majority of units are operated by the World Bank, the EU, the United Nations and the United States, although the latter has made substantial reductions since 2005. Most notably the government in 2010 issued a directive for all parallel project implementation units to be phased out, and it is expected that this would be achieved by the end of 2011, a target that was not met. Donors, however, remain sceptical about the government's ability to build better alternative capacity for delivery.

This study clearly shows that donor confidence in government capacity to ably coordinate and manage donor funding remains questionable, as evidenced from the amount of donor funding that remains outside the coordinated mechanisms and the continued reliance by donors on the use of Programme/Project Implementation Units. The absence of a coherent capacity development strategy and plan at the national and sector levels compounds this problem. No clear reasons were articulated as to why these plans were not yet in place, but indications seemed to point to the fact that processes were in place to develop them. This is an area that must be prioritised if coordination efforts are to bear any fruits.

4.4 Effectiveness of the ESWAp

Sector Wide Approaches (SWAps) were introduced in the 1980s at the same time when debates around aid coordination heightened. However, implementation did not take place until in the 1990s and early 2000s. The rationale behind SWAps was that project approaches were undermining government ownership and that conflicting donor priorities constrained recipient countries to manage and lead the development process (Sundewell, 2009). The global pioneers of the SWAp approach, the World Health Organisation (WHO), Danish International Development Assistance (DANIDA), DFID and the European Commission, in a publication on the SWAp model defined SWAp as;

> "A partnership led by national authorities involving arms of government, groups from civil society and donor agencies with the goal of achieving improvements in (health) and contributing to national development objectives in the context of a coherent sector, defined by an appropriate institutional structure and national financing programme, through a collaborative programme of work with an established structure for negotiating strategic and management issues and reviewing sectoral performance against jointly agreed milestones and targets" (Cassels, 1997, p.11)

Originally launched within the health sector, the model has been adopted and is being implemented in other sectors, notably education and agriculture in Malawi. The model has since been further redefined with an emphasis of ensuring that all significant funding agencies direct their funding in support of a shared policy and strategy. The model has been promoted on the argument that the approach increases coordination of the sector, promotes country leadership and ownership and strengthens the management and delivery system, and in turn the effects of aid.

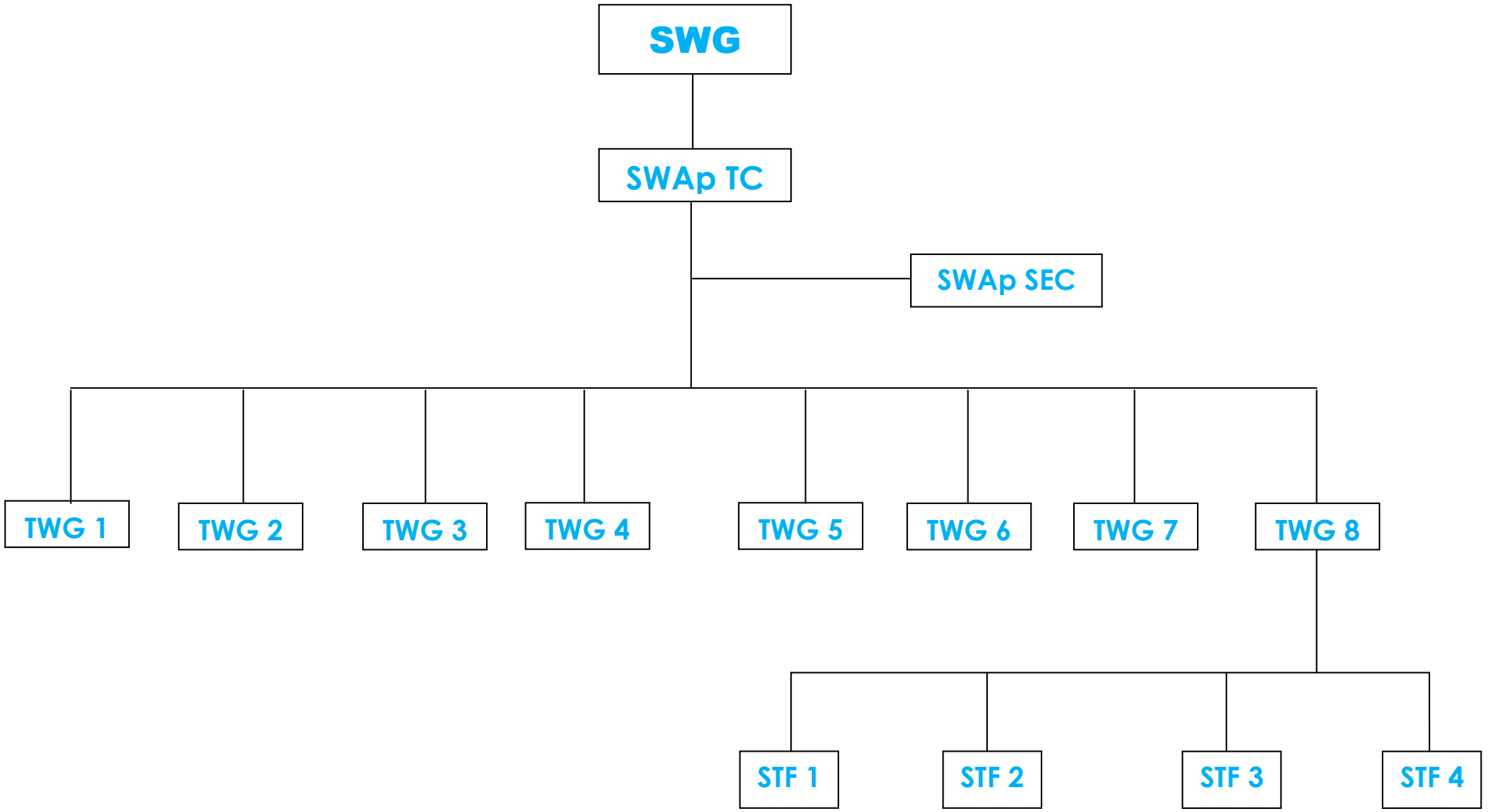
In Malawi, the SWAp started in the health sector and has recently been adopted in the education sector. Judging by responses from the interviews, it is not clear, however, if in adopting the model in the education sector, the experiences of the health sector were used to inform its implementation. Within the framework of the ESWAp, government and donors have signed two agreements, a Memorandum of Understanding (MoU) and a Joint Financing Arrangement (JFA) to support the education sector in a more coordinated and harmonised fashion. The ESWAp is managed through a secretariat in the Ministry headed by the ESWAp Coordinator (with a Deputy), Director of Finance (DoF), Technical Assistants (TAs) and other secretariat officers. The secretariat is responsible for facilitating interaction/dialogue between MoEST and partners, including other institutions, for example, monthly meetings with MoF, the World Bank and others, facilitating monitoring of progress through SWGs and JSR reports, formulation and review of planning instruments and facilitating the honoring of JFA commitments, among other duties.

According to respondents, there is consensus that the model has altered the way donors and government collaborate. Respondents were of the view that the ESWAp has shifted donor and government dialogue from that of different technical areas or subsectors to covering the

entire sector. There is optimism that such an approach will produce better results for the sector, although there are a few dissident voices that insist on a targeted approach to avoid losing those groups in the sector who, in the absence of such approaches, will continue to miss out.

The study findings also showed that respondents agree that the ESWAp has led to improved relations between donors and governments, better planning and improved predictability of funding. At the same time, the model has improved the way monitoring and reporting is done in the sector, attributed largely to the joint sector review as earlier described, and the model has allowed for boarder participation in the development and review of policies and plans to include other actors like civil society. Some respondents, however, expressed concern regarding this broadened participation, particularly on who should participate in this model, and whether this has led to too many structures to the detriment of efficiency, particularly when it comes to decision making and implementation of decisions (see Figure 4.1 below).

Figure 4.1 ESWAp Management Organisational Structure (NESP, 2008)



KEY

SWG SWAp Sector Working Group

SWAp TC SWAp Technical Committee

SWAp SEC SWAp Secretariat

Technical Working Groups

TWG 1 Technical Working Group 1: Basic Education

TWG 2 Technical Working Group 2: Secondary Education

TWG 3 Technical Working Group 3: Tertiary Education (Tec, Voc & Higher Education)

TWG 4 Technical Working Group 4: Teacher Development & Management

TWG 5 Technical Working Group 5: Infrastructure

TWG 6 Technical Working Group 6: Crosscutting Issues (School Health, Special Education and Gender)

TWG 7 Technical Working Group 7: Quality and Standards

TWG 8 Technical Working Group 8: Management & Governance

System Task Forces

STF 1 System Task Force 1: Finance & Procurement

STF 2 System Task Force 2: Communication & Information Management

STF 3 System Task Force 3: Research, Planning, Monitoring & Evaluation

STF 4 System Task Force 4: Capacity Development

One respondent had this to say regarding the complexities brought about by the introduction of the ESWAp and its adopted structures:

> *"Education is one of the biggest services sectors, the ESWAp, much as it has led to improved coordination, has brought its own challenges. There are so many structures, sector working group, technical working groups and many more – how does one follow up with all these structures? We have everyone participating and expressing their own priorities and opinions, it is just unmanageable".*

The question of who should participate in the ESWAp is one that needs to be addressed. According to respondents, broadening participation is a good idea, but this should not be at the expense of achieving efficiency and impact on transaction costs. The sensitivity of the nature of issues was also raised by representatives from the donor community, and they felt uncomfortable to raise some sensitive issues in forums where everyone else is participating. On the other hand government respondents were satisfied that such participation has made the education agenda an agenda for all. Government respondents were also of the view that the ESWAp still remained a donor driven agenda, and that broadening its participation enhanced its position as leaders, although the extent to which this is true in practice remains questionable.

On another note, respondents were of the view that the ESWAp has led to the reduction of the risk of duplication of interventions among the donors putting their resources in the ESWAp. This is a positive development in increasing government ownership, reporting and monitoring of activities as well as accountability. On administrative efficiency, however, the ESWAp shows mixed results, increased predictability of funding and improved allocation but no clear-cut outcomes. Respondents were not clear if the model had led to the reduction of transaction costs and many were of the view that this was not the case. These findings correspond with other findings on the effectiveness of the SWAp model. For instance, a World Bank review of the Health, Nutrition, and Population Support concluded that experiences with the SWAp have yielded little evidence of improvements in efficiency or reduced transaction costs (IEG, 2006). This is an area that needs further analysis in order to establish whether the model indeed improves administrative efficiency.

Another challenge remains that substantial donor funding for the sector still remains outside of the ESWAp. Of the donors supporting education, only four have pooled their funding and only one has expressed an interest to join. Despite joining the pooled mechanisms, these donors also have large percentages of their funding as project aid. This potentially undermines the effectiveness of the model. Respondents were, however, quick to indicate that it is too early to draw this conclusion as many of the donors were still assessing the effectiveness of the model and expressing their intention to join. A major barrier is related to the effectiveness of the financial management systems at the government level, and many donors still rely on their own systems, which is why they still maintain project funding models. Many were of the view that improved finance management systems, including procurement systems in particular, would attract many more donors to channel their support through this mechanism.

Much as the ESWAp is seen to be a positive step in coordinating aid in the education sector, more indepth reviews of its effectiveness are necessary to explore the degree to which the desirable outcomes have been attained. The question of national level leadership is one that needs to be looked into as well as how far broad participation should stretch. More critically, it is important to ensure that efficient and watertight systems and procedures are put in place for financial management and reporting. Currently, many donors lack confidence in this system and prefer using their own systems. This does not address the question of country ownership and leadership if a lot of the funding for the sector still remains project based. It dilutes the whole concept of coordination.

CHAPTER FIVE

CONCLUSIONS

5.1 Summary

In this thesis, I have set out to contribute to the body of empirical evidence on aid coordination, how it is being defined at the global level and how it is practiced at the local level, using a case study of the education sector in Malawi. The study has also looked at the mechanisms that have been put in place to coordinate aid and whether these are indeed effective in making better use of aid. Findings of this study show that although there is general agreement that aid coordination is necessary in making aid effective, achieving the ideal coordination and reaching an understanding of what it implies in practice is difficult. Though there are positive developments and strides that have been made as a result of coordination, the negatives and challenges are insurmountable, meaning that what can be achieved is only partial coordination.

The study also found that for coordination to be effective there is need to ensure that there are adequate and functioning mechanisms in place to facilitate it. These should include, among others, clearly articulated policies to guide coordination, sound and manageable structures and institutions to manage aid, clear communication channels and information and data flow and a clear agreement of the required data and information. Most importantly, credible systems and procedures for administering and managing aid, as well as a clear capacity-building plan to ensure effective coordination and its sustainability.

Investment in aid coordination has clearly positive results for the sector. A number of positive results have been pointed out in the findings. First, aid coordination has led to better coordination of development policy. For instance, the link between the Malawi Growth and Development Strategy and sectoral planning and budgeting has been enhanced, although room for improvement remains. Second, aid coordination has improved trust between government and donors and other stakeholders, although this still remains fragile to some extent. This trust has improved due to the regular meetings that are held between government and donors. In this context, the preparation and appraisal of the NESP and ESIP through the

Joint Sector Review, consisting of the Government of Malawi, development partners, NGOs and other relevant stakeholders, are said to be instrumental in increasing openness and trust. A result of this has been improvements in harmonisation among the key stakeholders in identifying and prioritizing key issues in the sector to support the development of sound education plans. Third, improvements have also been observed in increased transparency and accountability within the sector, as well as in monitoring and reporting aid funding. This is a result of open sharing of aid information, plans and budgets, and joint monitoring of the plans. Fourth, it was established that the ESWAp, the model adopted for coordinating aid in the sector, has led to the reduction of the project type of funding in that aid support is coordinated through this mechanism, although some if the donors are yet to be part of it. Last and more critical is that coordination efforts have resulted in improved predictability of aid funding which has in turn led to increased budgetary allocation to the sector.

The study established, however, that despite the above achievements, stated coordination efforts in the sector are yet to produce optimum results and are yet to be realised in the ideal sense of coordination. A most worrying factor is that the sector is still made up of a series of isolated projects and as such substantial aid amounts remain outside of the coordinated mechanism – meaning that there is limited trust in the coordination mechanism. This raises more concern because even for the donors that have joined pooled mechanisms, large proportions of their funding still remain project focused. This is largely attributed to weak public financial systems which reduce donor confidence to channel their funding through these systems. This is despite the fact that the public financial management system in Malawi has undergone reforms resulting in the improvement of budget execution, finance reporting, auditing and the timeliness of audit reports.

In addition, the government has also rolled out the Integrated Financial Management and Information Systems to improve financial reporting. However, systemic challenges still remain. Corruption, flawed procurement processes, inaccuracy of reporting, the quality of the reports and delays in reporting raise concerns among the donors. The risks of channelling funding through such a system therefore outweigh those associated with using the project-funding approach. Challenges in financial systems and management are largely attributed to poor capacity that is characterised by lack of adequately qualified staff, uncompetitive remuneration which result in high attrition among staff and a lack of a capacity-development

plan. Unless this challenge is addressed the sector will continue to be faced with the same cycle of deficiencies, meaning that ideal coordination can never be achieved.

The study also established that although it is generally agreed that coordination processes should take place at a country level, with the recipient country taking ownership and leadership of the process, this cannot be achieved as long as issues of power relations between donors and recipient countries continue to be a deterrent to achieving effective coordination. These power relations are resources driven, and those who have the resources generally yield more power. This is even more evident in contexts where there is weak capacity on the part of government to take leadership and control the processes. Donors hold the resources and the power, and because agreements like the Paris Declaration are not legally mandated, it is not possible to force donors to conform. The expectation is that donors will oblige in the spirit of international cooperation and relations. This, however, is not always the case. Crucially, the power dynamic is not just limited to the project type of funding, where the donors more or less have the monopoly over decisions; even when funding is pooled and recipient governments are expected to be in control, it is still donors that yield power. This is a major bottleneck to achieving aid coordination because it is unlikely that this dynamic will shift in the foreseeable future.

A third obstacle was seen to be the questions associated with the main model of donor coordination in the sector, the ESWAp. Country ownership of the model and the leadership capacity of the government to implement the model are key areas of concern. Questions are also raised regarding the effectiveness of the sector-wide approach. There are those who are of the view that the model runs the risk of overlooking other subsectors within the sector that require targeted intervention. Many donors want to see their aid generate impact by investing in targeted interventions, and in a model like the ESWAp that space may not be there. This leads most of the donors to prefer the project approach as it allows them to demonstrate impact despite challenges associated with this approach. The sector wide approach is also questioned in terms of its ability to reduce transaction costs, given elements of broad participation and government capacity to deliver the model. World Bank reviews of the approach in other countries have come up with mixed results on the effectiveness of the model, and in the absence of demonstrable results, not many donors are willing to put their resources there.

In addition to the above challenges, there appears to be a lack of clearly defined tools and indicators for assessing aid coordination effectiveness. As has been seen in this study, the indicators used are those related to processes and not necessarily to outcomes of the sector. Although there is a consensus that improvements in the processes will result in better education outcomes, it is important to come up with outcome-related indicators that can be evaluated over time to assess the impact of aid coordination. Unless donors are able to observe a demonstrable link between aid coordination and outcomes in the sector level beyond the processes, it will be difficult to convince them to channel their funding through the coordinated mechanisms.

Findings of this study show mixed results of the effectiveness of aid coordination. Much as there are positive developments brought about by aid coordination, there are also overwhelming negatives that are to a large extent insurmountable. It is the conclusion of this study that challenges with the financial systems and procedures, which are at the core of success or failure of coordination, will not be addressed in the foreseeable future. This means that coordination will not be fully achieved soon, and that the sector has to do with the partial coordination that is currently in place.

The gains made need to be institutionalised. They provide a springboard for improved aid coordination. For other sectors or countries intending to implement coordination the issues raised in this study should provide lessons and factors that need to be considered when embarking on aid coordination processes. While it may seem ideal to coordinate aid, it is important to appreciate the fact that there are associated shortfalls, and that it may not provide a complete solution because of the challenges associated with achieving total coordination.

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Appendix 1 - Paris Declaration Framework

Overview: Paris Principles & Adapted Paris Indicators Adapted to the Education Sector **COUNTRY OWNERSHIP** is a core principle in the context of the aid effectiveness agenda. Country ownership means that partner countries exercise leadership over their development policies and strategies, strengthen their institutions, and coordinate development action.1 It refers to Government's commitment to a broad country-level policy dialogue with parliament, local authorities and civil society organizations.2	
Indicator 1	Shows the existence of an education plan endorsed by the local donor partners.
ALIGNMENT means that donors base their overall support on partner countries' national development strategies, institutions and procedures. This includes Government and donor efforts to improve the quality and capacity of national systems and donors' coordinated support for capacity development, including avoiding parallel structures and untying aid.	
Indicator 2	Quality of national public financial management and procurement systems. Data on Indicator 2 was not collected in this monitoring exercise.
Indicator 3	Share of education aid flows to the government sector that are reported on recipient government's budget
Indicator 4	Share of donor technical assistance provided through coordinated programs consistent with the priorities of the partner government's capacity development priorities
Indicator 5a	Share of education aid to the government sector that uses PFM systems
Indicator 5b	Share of education aid to the government sector that uses country procurement systems
Indicator 6	Number of parallel PIUs in the education sector as reported by the donors
Indicator 7	Share of aid disbursements released within a fiscal year for which it was scheduled within an annual or multi-year framework

Indicator 8	Share of untied aid in the education sector. Data on Indicator 2 was not collected in this monitoring exercise.
HARMONISATION refers to cooperation between donors to improve the efficiency of aid delivery, this includes avoiding duplication, simplifying procedures and agreeing a better division of labour with partner countries. Harmonisation aims at reducing transaction costs and extra burdens on the partner country administration resulting from aid fragmentation. In the Paris Declaration (2005), donors committed to develop common arrangements for planning, funding, monitoring, evaluating and reporting on aid flows, and to reducing the number of separate field missions and analysis.	
Indicator 9	Share of education aid provided in a context of a program-based approach
Indicator 10a	Share of donor missions in the education sector undertaken jointly
Indicator 10b	Share of donor analytic work in the education sector undertaken jointly
MANAGING FOR RESULTS means ensuring that all development activities – by Government, donor partners and other development stakeholders – are focused toward achieving the results envisioned for the development of a country and to improve the lives of its people. Managing for results requires the availability of data and performance information of each activity – from project to country development strategies – to feed into decision-making processes.	
Indicator 11	Results framework to monitor and evaluate progress in the education sector is in place
MUTUAL ACCOUNTABILITY means that partner countries and donors are accountable to achieving development results and to the transparent use of development resources. This requires existence or putting in place structures to hold partners at both sides accountable, specifically in development partnerships that have agreed on objectives and goals.	
Indicator 12	A process for regular Joint Sec

Source: OECD (2005)

Appendix 2 - Major Education Donors (2008/09FY -2010/11FY, USD)

	2008/09FY	**2009/10FY**	**2010/11FY**
Education	**$73,383,459**	**$101,905,529**	**$167,676,973**
AfDB	$1,707,457	$10,745,544	$7,511,129
Of which Education SWAp - Discrete	*$1,707,457*	*$10,745,544*	*$7,511,129*
Canada	$7,752,387	$3,730,901	$2,181,898
DfID	$20,254,365	$20,800,887	$20,659,846
Of which Education SWAp - Discrete	*$0*	*$231,439*	*$862,522*
Of which Education SWAp - Pooled	*$0*	*$29,330*	*$18,052,963*
EU	$124,230	$0	$0
GDC	$5,706,763	$3,447,245	$11,927,240
Of which Education SWAp - Pooled	*$0*	*$0*	*$7,343,337*
ICEIDA	$2,098,270	$361,010	$459,239
Ireland	$431,607	$372,760	$0
Japan	$2,307,681	$3,931,821	$4,905,980
People's Republic of China	$0	$30,000,000	$39,959,749
UNICEF	$0	$4,218,321	$7,614,965
Education SWAp - Pooled	*$0*	*$0*	*$648,341*
UNESCO	$0	$48,773	$231,351
USAID	$5,778,640	$6,015,634	$19,327,512
World Bank	$10,090,656	$13,149,594	$41,473,218
Of which Education SWAp - Pooled	*$0*	*$0*	*$20,180,600*
WFP	$17,261,317	$5,205,402	$11,557,705

Source: Malawi Aid Atlas (2011)

Appendix 3 - Aid Disbursement by Sector by Modality (2008/09FY -2010/11FY)

Sector	**2008/09Fy**	**2009/10FY**	**2010/11FY**
Agriculture	$67,446,443	$115,853,927	$79, 729,345
Budget Support (EU Food Facility)	*$0*	*$21,590,186*	*$0*
Direct Project Support	*$45,532,081*	*$64,000,322*	*$43,795,511*
Farm Input Subsidy Program - Discrete	*$10,625,473*	*$7,055,228*	*$4,654,841*
Farm Input Subsidy Program - Pooled	*$11,288,889*	*$23,208,191*	*$30,171,475*
Democratic Governance	$64,497,758	$74,168,590	$18,103,206
Direct Project Support	*$64,497,758*	*$74,168,590*	*$18,103,206*
Economic Governance	$181,823,712	$224,472,799	$126,611,618
Budget Support	*$164,483,596*	*$206,979,860*	*$100,408,850*
Direct Project Support	*$17,340,116*	*$17,492,939*	*$25,935,618*
Education	$73,383,459	$101,905,529	$167,676,973
Direct Project Support	*$71,676,003*	*$90,899,215*	*$113,078,082*
Education SWAp - Discrete	*$1,707,457*	*$10,976,983*	*$8,373,650*
Education SWAp - Pooled	*$0*	*$29,330*	*$46,225,241*
Energy and Mining	$1,744,255	$3,624,115	$4,819,394
Direct Project Support	*$1,744,255*	*$3,624,115*	*$4,819,394*
Environment, Lands and Natural Resources	$17,841,528	$19,577,513	$26,121,112

Direct Project Support	*$17,841,528*	*$19,577,513*	*$26,121,112*
Gender, Youth Development and Sports	$10,887,100	$5,345,455	$8,954,127
Direct Project Support	*$10,887,100*	*$5,345,455*	*$8,526,053*
HEALTH	$254,019,865	$191,780,695	$298,199,442
Direct Project Support	*$80,235,597*	*$104,838,695*	*$144,272,944*
Health SWAp - Discrete	*$6,774,527*	*$3,957,356*	*$21,395,398*
Health SWAp - Pooled	*$78,388,242*	*$48,063,421*	*$79,728,702*
Sector Support - NAC	*$88,621,500*	*$34,921,222*	*$52,802,295*
Information Technology	$888,386	$9,633,484	$823,593
Direct Project Support	*$888,386*	*$9,633,484*	*$823,593*
Integrated Rural Development	$21,131,276	$16,914,477	$11,785,985
Direct Project Support	*$21,131,276*	*$16,914,477*	*$11,785,985*
Public Administration	$2,064,679	$5,512,247	$9,242,094
Direct Project Support	*$2,064,679*	*$5,512,247*	*$9,242,094*
Roads, Public Works and Transport	$44,381,338	$61,242,346	$99,245,198
Direct Project Support	*$44,381,338*	*$61,242,346*	*$99,245,198*

Road Sector-Pooled	*$0*	*$0*	*$0*
Tourism, Wildlife and Culture	$705,789	$30,699,016	$33,549,073
Direct Project Support	*$705,789*	*$30,699,016*	*$33,549,073*
Trade, Industry and Private Sector Development	$7,635,528	$5,872,146	$28,111,982
Direct Project Support	*$7,635,528*	*$5,872,146*	*$28,111,982*
Vulnerability, Disaster and Risk Management	$31,484,842	$18,128,441	$19,984,024
Direct Project Support	*$31,484,842*	*$18,128,441*	*$19,984,024*
Water, Sanitation and Irrigation	$27,364,286	$70,429,975	$89,304,971
Direct Project Support	*$27,364,286*	*$70,429,975*	*$89,304,971*
TOTAL	**$807,430,156**	**$955,393,530**	**$1,022,398,739**

Source: Malawi Aid Atlas (2011)

Appendix 4 - Aid Fragmentation by Sector (2010/11FY)

	Total Disbursement 2010/11FY	**Number of Projects**	**Number of Donors**	**Average Disbursement per Project**	**Average Disbursement per Donor**
Agriculture	$79,729,345	82	12	$972,309	$6,644,112
Democratic Governance	$18,103,206	41	10	$441,542	$1,810,321
Economic Governance	$126,611,618	34	11	$3,723,871	$11,510,147
Education	$167,676,973	41	12	$4,089,682	$13,973,081
Energy and Mining	$4,819,394	6	4	$803,232	$1,204,849
Environment, Lands and Natural Resources	$26,121,112	13	6	$2,009,316	$4,353,519
Gender, Youth Development and Sports	$8,954,127	24	8	$373,089	$1,119,266
Health	$298,199,442	115	21	$2,593,039	$14,199,973
Information Technology	$823,593	1	1	$823,593	$823,593
Integrated Rural Development	$11,785,985	13	9	$906,614	$1,309,554
Public Administration	$9,242,094	2	2	$4,621,047	$4,621,047
Roads, Public Works and Transport	$99,245,198	17	8	$5,837,953	$12,405,650

Tourism, Wildlife and Culture	$33,549,073	8	3	$4,193,634	$11,183,024
Trade, Industry and Private Sector Development	$28,111,982	11	7	$2,555,635	$4,015,997
Vulnerability, Disaster and Risk Management	$19,984,024	22	7	$908,365	$2,854,861
Water, Sanitation and Irrigation	$89,304,971	17	10	$5,253,234	$8,930,497
TOTAL	**$1,022,398,739**	**446**	**29**	**$2,292,374**	**$35,255,129**

Source: Malawi Aid Atlas (2011)

Appendix 5: Interview Guide

1. **General questions on Aid Coordination**
    a. What has been your understanding of donor coordination in the Malawi context?
    b. How has donor coordination been conducted over the years? Are there improvements?
    c. How has donor coordination facilitated or not facilitated effective aid utilisation?
    d. Who are the main actors in the coordination processes? What is the level of adherence to the mechanisms in place for coordinating aid among 1) donors? 2) Ministry? 3) Other parties involved?

2. **Aid Coordination policies**
    a. Is there a policy for coordinating donor support in the sector? How does this relate to the national policies? What is the level of participation of all stakeholders in development of this policy/ies?

    b. Does the education sector have an overarching sectoral policy? What is the level of participation of all stakeholders in development of this policy? How does this relate to the national policies? Has this policy facilitated donor coordination in the sector?

3. **Communication and Information Flow**
    a. Are there forums for information sharing on donor coordination at the sector level? Who is participates in these forums?
    b. Do all the parties involved in these forums have equal chances of getting their voice through? How is this ensured?
    c. How does information flow between the parties involved in this for a/
    d. How are decisions made? Are there ways for following up on implementation of the decisions? Who is responsible for following up?
    e. How often are meetings held?
    f. Are there other means of communicating or for sharing information to ensure donor coordination?

1. Structures and Institutions for Coordinating Aid

a. What structure are there both horizontal and vertical for aid coordination? How do these relate to each other?
b. What institutions have been put in place to ensure donor coordination at the Ministry level? Donor's level? How do these relate to each other?
c. Do the structures and institutions put in place have the capacity to coordinate aid effectively? What are the gaps?
d. Are there plans and budgets for capacity building on aid coordination for these structures and institutions?

4. Procedures for Budget management

a. Does the education sector have in place policies and procedures for financial management to guide aid use?
b. Do these policies and procedures spell out procurement, taxation, disbursements for aid?
c. What is the level of adherence for all parties involved in aid utilisation to these policies and procedure? How is adherence and accountability ensured?
d. How often are reports required?