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LOCAL ACTION WITH INTERNATIONAL COOPERATION TO IMPROVE AND  
SUSTAIN WATER, SANITATION AND HYGIENE SERVICES

**Improving water point functionality in Malawi: making the  
case for minimum financing for direct support**

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*Due to decentralization policy in Malawi, district government water offices responsible for providing direct support for water service delivery find themselves with an increase in devolved responsibilities but without the corresponding funds to carry them out. EWB has been implementing a strategy to advocate for a realistic devolution of funds to district level government to carry out the minimum direct support necessary to improve water point functionality. This approach is focused on the generation of specific evidence, as well as mapping and coordination of sector stakeholders to generate a feasible plan for an increase in devolved funds. This case study highlights the key lessons learned in advocating for more resources to an underfunded sector in a competitive resource constrained context where most sectors remain severely underfunded.*

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## **Introduction**

After years of supporting district government water offices in Malawi to improve service delivery within existing resource constraints, Engineers Without Borders Canada (EWB) recognized that the resource envelope available to local government is too small to enable them to provide a basic standard of service. In 2015, EWB partnered with the Water and Environmental Sanitation Network with funding support from UNICEF Malawi to embark on an initiative to advocate for increased devolution of funds for use in direct support for O&M and water service delivery at district level.

Life-cycle costing approaches take into consideration not only costs related to initial development and training activities, but all recurrent costs associated with providing the water service over time including for operation and maintenance, and direct and indirect support for service delivery that encompasses everything from monitoring water points to policy making (IRC, 2015). However, in a low resource environment, advocating for full life-cycle costing does not provide the basis for specific feasible increases to recurrent budgets to local government.

In the context of Malawi the Water Sector Investment Plan recommended that over a 400% increase in the budget would be needed to adequately provide for rural water services and reach targets by 2030 (GoM, 2012). With government budgets as tight as they are, and future projections even less flexible, such costing does not identify an attainable target for government expenditure support. This paper presents a case study that reviews EWB's broader campaign approach and sheds light on how the portion of life-cycle costing approach relating to expenditure on direct support can be adapted to a low-resource environment.

## **Context**

In Malawi, District Water Offices are tasked with providing direct support to community level stakeholders for the provision and operation and maintenance (O&M) of water services (Chowns, 2014). In theory, District Water Offices are expected to form, train, and monitor committees, monitor borehole drilling, monitor borehole status and undertake major repairs, among other duties (Baumann & Danert, 2008). However, in practice, DWOs lack the financial and human capacity needed to effectively fulfill their responsibilities (Chowns, 2014). Specifically, the lack of experience of new District Water Officers, low

staff numbers, inadequate transport and poor resources means that the support to O&M of existing water supplies is negligible.” (Baumann & Danert, 2008)

Malawi's Decentralisation policy assigns districts the responsibility for management, maintenance and oversight of water services. However, there is no budget line dedicated to O&M activities (Baumann & Danert, 2008). In practice, the “Other Recurring Transactions” (ORT) budget line is the only recurrent and discretionary avenue used to channel funds to districts for O&M. Previous trends in allocations indicate that actual dispersal of ORT can reach as low 60% of what is budgeted, and some months, districts may go without receiving any ORT at all.<sup>1</sup> Tracking of ORT expenses in Balaka, Salima, Blantyre, Zomba, Nkhata Bay, Chitipa, and Nkhosakota reveal the reality of the value of ORT for providing a rural water service.<sup>2</sup> Each of these districts separately indicated that the ORT they received each month is first used to cover office costs such as utilities (electricity and water, telephone), repair and maintenance of vehicles, office supplies, computer costs, fuel and allowances.<sup>3</sup> The activities they are able to implement using ORT funds is negligible often limiting District Water Offices to acting reactively instead of preventatively. The need to put greater emphasis on preventative maintenance is particularly relevant when considered in light of estimates that a USD 193 million investment is needed in rural water supply to reach 98% coverage in Malawi by 2025 (Baumann & Danert, 2008). Increased support for O&M is integral to maximizing the efficacy of this investment.

Direct support from District Water Offices is also necessary to support the practice of Community Based Management (CBM). Evidence suggests that without external support, there is neglect of maintenance, slow and substandard repairs, and failure of committees to save sufficient funds for repairs (Chowns, 2014). This is the case in Malawi where resource constraints limit the amount of training Water Point Committees (WPC) receive. These committees are the central community structure for implementing CBM yet they only receive one round of training for skill development activities, such as training water users in community water management (O'Neil, 2014). That one training is supposed to enable communities to take responsibility for the complex challenge of ensuring long-term sustainability. However, concerns have been documented that WPC members are untrained, they provide poor quality of maintenance service, they fashion household items as spare parts, they lack the capacity to manage and undertake repairs, and they rely on inadequate funding mechanisms (Chowns, 2014). Evidently, without adequate government support, CBM cannot be relied upon to effectively maintain water services (Chowns, 2014).

An increase in O&M funding can empower District Water Offices to carry out activities necessary to improve water point functionality rates. However, a review of the complex operating context underscores the importance of advocating for targeted and reasonable budget increases.

## Our approach

Our initial hurdle was to gain a strategic understanding of where the key influence points are in the water sector, of how they should be targeted to achieve sector budget devolution, and to document this process for those taking the campaign forward. From the outset, it was clear that many knowledge gaps exist about budget planning in the sector at all levels of the Ministry of Agriculture, Irrigation, and Water Development (MAIWD) and across other important Ministries as well, on the political and technical side of government and even among key non-governmental actors in the sector. Key challenges include: the convoluted structure of the water sector within government and the separation of district council budgets from the line Ministry due to decentralization, the lack of relevant information that is generated and packaged for key audiences and in particular for politicians, and the haphazard and sometimes contradictory efforts of NGOs to engage with advocacy in the sector. Our efforts have been directed at overcoming those challenges by taking a research-based approach, involving key actors in advocacy, and setting up the sector to grapple with these challenges.

Four major strands of work emerged over the course of this campaign. First, we are working to establish an **evidence base** from districts that highlights funding gaps for a minimum standard of direct support in the water sector, a sector stakeholder influence map, a national budget analysis and a study of the budgeting process itself. Initial and follow-up visits to districts were made to support understanding of current ORT uses and the possibility that improved service delivery could result from increased resources. For example, through several consultations, we determined a list of devolved functions for District Water Offices (see Table 1). Using data collected from districts in combination with a review of trends in the national budget over the last three years, we determined a percentage increase needed to ORT allocated to District Water Offices over time that would allow them to provide only basic services annually. An exercise on simulating

minimum budgets is further discussed in Box 1 below. At the outset of this campaign, there was little information regarding the budgeting process and even key actors involved in the budgeting process were unclear about who makes decisions on changing local government budgets to reflect costs of service delivery.

<b>Table 1. Devolved functions in the water sector</b>		
<b>Functions</b>	<b>Practically Devolved?</b>	<b>Financially Devolved?</b>
Management of water resources	Partially	No
Borehole siting, supervision of drilling, tendering	Partially	No
Rehabilitation of small dams	No	No
Catchment for small dams	No	No
Management of water supply and sanitation	Partially	No
Maintenance of piped systems, boreholes and community based management	Yes	Partially
Administrative support function	No	No

Second, we support relevant Ministries in **overcoming technical challenges** to the process of sector devolution by guiding conversations with key decision makers. Searching for the right information from the right people, we have uncovered many obstacles to the processes for sector devolution of the water sector. We have arrived at understanding the key processes necessary for revising the inter-governmental fiscal transfer formula that is used to partially determine budget allocations amongst District Water Offices and to push for decentralization components of the Ministry of Agriculture, Irrigation and Water Development. In partnership with line Ministry staff and the National Local Government Financing Committee, we have discussed how key revisions to the formula could lead to more appropriate allocation of ORT amongst districts based on the cost for service delivery. Through this work we have determined that decentralization has shifted responsibilities within government to advocate for adequate funds. The mandate of the water line Ministry is not to influence budgets for districts even though District Water Offices still report to that Ministry. Instead, the district commissioners for each district are mandated with making decisions about local government sector allocations and thus the Ministry of Local Government must work with the Ministry of Finance to set adequate budget allocations for the water sector.

Third, we are **engaging politicians** to prioritize water in national and district level budgets. We held a lobbying meeting inviting Members of Parliaments (MPs), the Malawi Local Government Association (MALGA), and other key stakeholders to push for prioritization of water in the National budget. We continue to engage Councilors through MALGA and to hold individual meetings with MPs, asking them to commit to prioritizing water ORT in the National budget, and to use district level budget windows such as the development budget, Local Development Fund, and even Constituency Development Fund for the water sector.

Lastly, we are developing a **Sector Advocacy Framework** for NGOs and Development Partners to strengthen coordination of advocacy in the sector. The framework includes a platform to access the evidence base we have generated and a profile of how organizations relate to key advocacy priorities in the sector. The Sector Advocacy Framework is being developed through multiple consultations with interested organizations to determine a set of harmonized advocacy principles and avenues for collaboration.

### Box 1. Simulated budget: expenditure on direct support

Given the meagre resources in the current district water office budgets, simulating an ideal budget for all direct support functions at district level would exceed a reasonable request from the national treasury. We therefore focused on characterizing the three key tasks to improve direct support to O&M at district level and simulating the smallest possible budget required to perform them.

We surveyed 9 districts in Malawi and asked them to identify the three most basic and critical activities that their office was responsible for that would contribute to improved O&M outcomes. A handful of activities came out but the top activities were supervision and support for Hand Pump Mechanics, supervision and support for Water Users Associations, and monitoring of water points including support to the associated committees.

For only these three critical activities, 5 districts developed simulated minimum budgets that would allow their office to implement in all areas of their district for a year.

District	Current 2016/17 ORT budget	Simulated minimum ORT budgets
Blantyre	5,968,830.54	14,804,800.00
Lilongwe	15,864,463.73	28,621,640.00
Machinga	6,042,151.64	21,333,600.00
Ntcheu	4,310,439.30	7,537,494.00
Salima	4,310,422.54	7,932,298.00
<b>Totals</b>	<b>36,496,307.76</b>	<b>80,229,832.00</b>

The analysis identified a need to increase ORT allocations by 119.8 % in the period of one financial year or to make gradual increases of 40% each year until the 2034/2035 in order to attain the most basic level of service delivery. The simulated minimum budgets are not meant to be determinative as they only capture the resources needed to partially carry out three activities under 1 of the 7 devolved water functions. Rather, they are an attempt to ascertain the smallest amount of funding needed to implement key direct support functions for improved service delivery.

Projected gradual increase in ORT required			
	2016/17	<i>Suggested increase</i>	
			2017/18
			2034/35
Current Funding	150,000,000.00	40%	210,000,000.00
			18,165,873,430.70

### Key lessons

- **Defining a reasonable ask.** Advocating for more resources to an underfunded sector doesn't work when all sectors are underfunded. The argument cannot end at "we are underfunded", it must include specific requests for specific functions and be communicated in a way that shows that it is not an ideal request but

a minimum request. Requesting for all the resources one would ideally like to have does not bode well for receiving a marginal increase that could have real impact on support for service delivery.

- **Bringing key decision makers into one discussion.** Budget decisions are not purely political. Much of the process falls to a process between technical ministries such as for water development, local government, and finance. Simply exposing evidence does not guarantee that those responsible to act on the information without heavy facilitation even if those responsible seem to be on board. This is especially true when budget decisions are so distributed that each actor can agree with the need for change but point the finger at another ministry. Putting all involved ministries in one room periodically helps to move towards action and away from finger pointing.
- **Bridging a disconnected system.** In the wake of decentralisation efforts where a whole ministry was created for the affairs of local government councils, has created a separation between the water line ministry and the budgets allocated for water at council level. This means that a non-sector specific ministry (local government) must lobby the treasury for a water-specific budget to be devolved to districts. It distances the line Ministry from representing their counterparts at district level.
- **Specify and prioritise budgets for direct support to O&M.** The overall allocation for the water sector disguises the fact that very little funding goes towards service delivery outcomes due to high infrastructure costs. It also biases reporting and allocation of resources towards coverage rather than functionality. An example of this is a fiscal transfer formula that allocates more funding to districts with less infrastructure, even though the mandate of the district is to maintain infrastructure (meaning that districts with more infrastructure should be allocated more operational funding).
- **Leverage multiple NGOs that work at different levels of the system.** In budget advocacy, this can bring a fuller voice to the campaign. An organisation that works directly with citizens will bring a different voice than those who focus at district or national level. One organisation doesn't need to do it all, there is strength in numbers and different perspectives on the same issue. When these organisations are not well-coordinated in their messaging they can also undermine each other in the pursuit of the same goal.

## Conclusion

Decentralization policy in Malawi has unfortunately resulted in many systemic challenges, and this is especially evident in the clear mismatch between the devolution of responsibilities and the devolution of funds to district level water offices. In the process of advocating for a minimum increase in funding, EWB has developed a strategy that caters to the resource strained context of Malawi. The strategy focuses on developing realistic evidence based arguments and working with key stakeholders to generate a pragmatic plan to advocate for the necessary devolution of funds.

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**Notes**

<sup>1</sup> ORT allocations and expenses are not consistently documented. Thus, the information about ORT was collected through multiple interviews and discussions with DWO staff and through surveys of ORT budgets and expense reports from the districts mentioned.

<sup>2</sup> Ibid.

<sup>3</sup> Ibid.

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